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## Conflict of Interest Issues in Parliament

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### Summary of Proceedings from the Conference on Effective Legislatures

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This session sought to highlight issues concerning conflict of interest of Members of Parliament. How is conflict of interest defined in the Indian context? What are the situations in which conflict of interest may arise? How do we mitigate such situations? The speakers on the panel included Mr. Prakash Javadekar (MP, Rajya Sabha, BJP), Mr. D Raja (MP, Rajya Sabha, CPI), and Ms. Supriya Sule (MP, Lok Sabha, NCP). The session was moderated by Professor Pratap Bhanu Mehta (President, Centre for Policy Research). The main points made by the speakers are summarised below. The video recordings of the proceedings are available on the PRS website ([www.prsindia.org](http://www.prsindia.org)).

#### **Professor Pratap Bhanu Mehta (President, Centre for Policy Research)**

- Although the topic of conflict of interest is on the minds of many, there is ambiguity in the meaning of the phrase as it is not defined in Indian law.
- Liberal democracies require an “art of separation” – a way of designing and implementing institutions where one form of power does not translate into another form of power. Conflict of interest is the most visible manifestation of ways in which this occurs. The importance of addressing the issue of conflict of interest amongst MPs speaks to the fundamental architecture of our democracy.
- Existing mechanisms to determine and deal with conflict of interest are not utilized effectively. A credible mechanism must be created to differentiate real conflicts of interest from “politicking.”
- Corruption and conflict of interest have fundamentally different structural issues. There are perceptions of regulatory capture in the system and that MPs often act as a class. It is important for parties to serve as a check on one another to remedy this perception.

#### **Mr. Prakash Javadekar (MP, Rajya Sabha, BJP)**

- Conflict of interest cannot be described in technical parlance. The heart of conflict of interest is in the conscience of the individual legislator.
- Preventing misdeeds related to conflict of interest is mostly an issue of values. Legal technicalities will not solve the issue. Laws can be manipulated, and are done so in many cases. For example, in the MPLADS scheme, MPs cannot finance their own trusts. However, some MPs can manipulate this rule by funding other MP’s trusts with the tacit understanding that those MPs will do the same for them.
- It cannot be expected that the lakhs of government officials in the country will abide by a strict moral code. Instead of framing a system on the basis of suspicion, rules must be framed with the intention to build a clean and transparent system. The system needs to be molded such that it awakens their collective conscience.
- One such existing mechanism is that Rajya Sabha MPs are required to disclose their conflict of interest before addressing or tackling a particular issue where such a conflict exists.
- However, the only real way to solve the issue is for people to elect selfless legislators.

#### **Ms. Supriya Sule (MP, Lok Sabha, NCP)**

- ‘Lobbying’ does not always represent conflict of interest. MPs meet officials and ministries to advocate for measures that are in the best interest of their state or constituency. In this sense, ‘lobbying’ is not necessarily a bad word.
- Accountability of MPs has increased due to media scrutiny. With MPs having to declare their assets, a new era of transparency has been ushered in.
- Increases in transparency aside, conflict of interest remains primarily an issue of conscience. Being an MP comes with a great deal of responsibility. The politicisation of conflict of interest often puts MPs on the defensive. If your children attend private schools, while you work with schools in your constituency and serve on the HRD Committee, is there a conflict of interest?
- A great deal of responsibility rests with the people as well. The people have an opportunity to evaluate the performance of their MP and reject them at the time of re-election. Therefore, they share in the responsibility for the state of governance.

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### **Mr. D Raja (MP, Rajya Sabha, CPI)**

- The term “conflict of interest” needs to be redefined in a way such that the word “interest” is placed within a larger context, to include not just the individual but also the world, nation, people, and party. It is only when these are not in harmony that potential for conflict of interest arises.
- Conflict of interest is independent of the execution of impropriety. Therefore conflict of interest can be discovered and diffused before any corruption occurs.
- There are two institutional mechanisms in place to check and diffuse conflict of interest. The first is the institutions of the the Ethics Committee in both the Lok Sabha and Rajya Sabha. The second is that MPs of the Rajya Sabha must officially declare their interests.
- Conflict of interest goes beyond MPs and politicians, but extends to others in government as well.
- There is a phenomenon where government officials (such as those that head PSUs) join corporate and lobbying firms after retirement and use their contacts in the government for the benefit of their new employer.
- It is also questionable whether people who hold Constitutional positions should be able to join political parties after their retirement.
- There is a larger competition of interests that goes beyond individuals. There is a conflict between the public and private sector, which has caused a rise in conflicts of interest.

### **Comments and Questions to the Speakers**

Following the conclusion of speakers’ remarks, legislators in attendance were given an opportunity to speak, and the general audience posed several questions to the panel. Some highlights of this dialogue are included below.

#### **Mr. Naveen Jindal (MP, Lok Sabha, INC)**

- Conflict of interest is perceived largely to be a phenomenon against MPs that come from a business or industrial background. A consequence of this is that the nation may lose out on their collective expertise, and the experience they bring to the standing committees. Conflict of interest should be evaluated on a case by case basis. The motive of the individual should be understood before adjudicating whether a conflict exists, to ensure that valuable expertise is not lost. Decisions in Parliament are a collective effort and not the work of any one individual – this is itself a self-correcting mechanism to mitigate an MPs conflict of interest (Mr. Naveen Jindal, MP)

#### **Mr. P.D. Rai (MP, Lok Sabha, SDF)**

- Determining “real” conflicts of interests requires an ethical media. There is a larger question of whether or not this “jury” (the media) should be regulated. Bringing outside agencies to deal with conflict of interest amongst MPs is likely to lead to structural and technical issues. Therefore, the Ethics Committee must be strengthened. (Mr. P.D. Rai, MP)

### **Comments and Questions from the Audience**

- The main challenge for citizens is access to information about politicians. As citizens we do not know the conflict of interests of MPs, and we do not know who is involved in corruption and who is not.
- Leaving regulation of conflict of interest issues up to the conscience of legislators has let the country down.
- When does potential conflict of interest become actual conflict of interest?

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