

# **PROFESSIONAL PRACTICE, LAW AND ETHICS**

## **UNIT 1**

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### **ETHICS**

Ethics refers to well-founded standards of right and wrong that prescribe what humans ought to do, usually in terms of rights, obligations, benefits to society, fairness, or specific virtues. Ethical standards also include those that enjoy virtues of honesty, compassion, and loyalty. And, ethical standards include standards relating to rights, such as the right to life, the right to freedom from injury, and the right to privacy. Such standards are adequate standards of ethics because they are supported by consistent and well-founded reasons. Ethics means the study and development of one's ethical standards. Feelings, laws, and social norms can deviate from what is ethical. So it is necessary to constantly examine one's standards to ensure that they are reasonable and well-founded. Ethics are continuous efforts of studying our own moral beliefs and our moral conduct, and striving to ensure that the institutions we help to shape, live up to standards that are reasonable and solidly-based.

### **Professional ethics and codes of conduct**

Professional ethics are principles that govern the behaviour of a person or group in a business environment. Like values, professional ethics provide rules on how a person should act towards other people and institutions in such an environment. The Code is an example of a codified set of professional ethics for those who choose to enter the immigration advice profession. The Code of Ethics states the principles and expectations governing the behaviour of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioural expectations rather than specific activities.

### **The five codes of ethics**

- Integrity.
- Objectivity.
- Professional competence.
- Confidentiality.
- Professional behaviour.

## **Ethical principles**

Ethical principles underpin all professional codes of conduct. Ethical principles may differ depending on the profession; for example, professional ethics that relate to medical practitioners will differ from those that relate to lawyers or real estate agents. However, there are some universal ethical principles that apply across all professions, including:

- Honesty
- Trustworthiness
- Loyalty
- Respect for others
- Adherence to the law
- Doing good and avoiding harm to others
- Accountability.

## **Codes of conduct**

Professional codes of conduct draw on these professional ethical principles as the basis for prescribing required standards of behaviour for members of a profession. They also seek to set out the expectations that the profession and society have of its members. The intention of codes of conduct is to provide guidelines for the minimum standard of appropriate behaviour in a professional context. Codes of conduct sit alongside the general law of the land and the personal values of members of the profession.

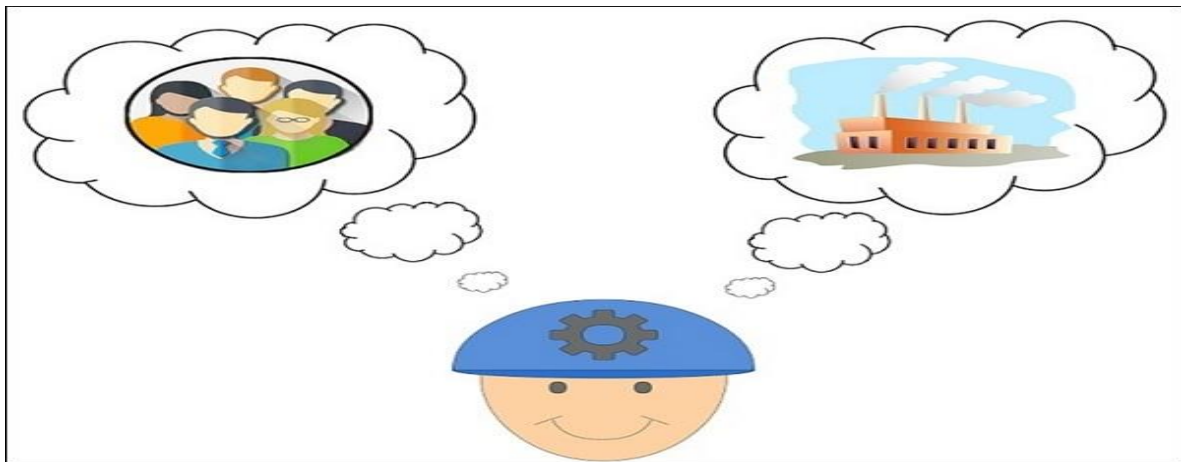
Professional codes of conduct provide benefits to:

- The public, as they build confidence in the profession's trustworthiness
- Clients, as they provide greater transparency and certainty about how their affairs will be handled
- Members of the profession, as they provide a supporting framework for resisting pressure to act inappropriately, and for making acceptable decisions in what may be 'grey areas'
- The profession as a whole, as they provide a common understanding of acceptable practice which builds collegiality and allows for fairer disciplinary procedures
- Others dealing with the profession, as the profession will be seen as more reliable and easier to deal with.

## ENGINEERING ETHICS

Ethics are principles followed depending upon the moral responsibility that a person feels. The study of related questions about moral ideals, character, policies and relationships of people and organizations involved in technological activity, can be termed as **engineering ethics**. An engineer whether he works individually or works for a company, has to go through some ethical issues, mostly under the conditions such as, conceptualization of a product, issues arising in design and testing departments, or may be on the issues involving the manufacturing, sales and services. Questions related to morality also arise during supervision and team works.

The ethical decisions and moral values of an engineer need to be considered because the decisions of an engineer have an impact the products and services - how safe they are to use, the company and its shareholders who believe in the goodwill of the company, the public and the society who trusts the company regarding the benefits of the people, the law which cares about how legislation affects the profession and industry, the job and his moral responsibilities and about how the environment gets affected, etc.



Not only an engineer, but everyone has to follow a set of morals in order to keep away from getting morally degraded. Our behaviour should include the following –

- Respecting others and ourselves.
- Respecting the rights of others.
- Keeping promises.
- Avoiding unnecessary problems to others.
- Avoiding cheating and dishonesty.
- Showing gratitude towards others and encourage them to work.

Morality commands respect for persons, both others and ourselves. It involves being fair and just, meeting obligations and respecting rights and not causing unnecessary harm by dishonesty and cruelty or by hubris. Engineers also have specific ethical codes that they have to follow anyhow. There is so much responsibility on the shoulders of Engineers. They are the one building houses, dams, highways, any gadget or even a car. They have to be honest enough while designing and making them.

National Society of Professional Engineers created an ethics code for engineers to make sure that engineers know that in their profession, they need to be honest and responsible. Being fair, taking care of public health and their safety should be their priority as a professional. This code is the principle they follow. The ethical code of engineering was created to facilitate the tenets of impartiality, equity, honesty and fairness in their work. When they are to conduct any building making or designing, they have to do it with full sincerity to decrease the risk of harm. For the highway, people use it very often, and it should be safe. Therefore the one making it should be honest.

## **PERSONAL ETHICS IN THE WORKPLACE**

Personal ethics refers to a person's beliefs about what's right and wrong and guides individuals in the decisions they make both in and out of the workplace. Your unique ethics will determine how you handle certain situations at work as well as how you grow and develop within your career. Personal ethics are ethical principles that a person uses when making decisions and behaving in both personal and professional settings. These ethics influence various aspects of a person's life and help individuals develop their work ethic, personal and professional goals, and values. Individuals use their ethics to determine between right and wrong and influence how someone behaves in challenging situations. Each person's code of ethics varies, but many people share common ethics such as honesty and respect.

### **Examples of personal ethics**

- **Honesty:** Many people view honesty as an important ethic. This ethic transfers from an individual's personal life into their professional life and ensures they are truthful in all scenarios.
- **Loyalty:** Loyalty is another common personal ethic that many professionals share. People who have a personal ethic of loyalty demonstrate trustworthiness and fidelity in all of their dealings and can be trusted by others to maintain their loyal behaviour no matter the situation.

- **Integrity:** Integrity refers to a person's commitment to upholding their moral principles in any situation and is an important component of trustworthy and sound relationships both in and out of the workplace. People with integrity are reliable, responsible, and hold themselves accountable for their actions.
- **Respect:** People with sound personal ethics demonstrate respect for those around them both at work and in their personal lives. They respect others' autonomy, rights, and interests, and do not discriminate based on someone's religion, sex, or race.
- **Selflessness:** People who are selfless put others first and do not act in selfish or self-serving ways. They consider the needs and situations of others and prioritize these needs before their own.
- **Responsibility:** Someone with a strong moral code is willing to take responsibility for their actions and make changes or amends when necessary.

### **Importance of Personal ethics**

A person's personal ethical principles are important for several reasons, including that they:

- **Allow leaders to more effectively lead their teams:** When a leader regularly follows a predictable and respectable code of ethics, their team is more likely to follow their lead and feel confident in the contributions they make to the organization as a whole.
- **Instill a sense of trust and support in leaders:** Leaders and other professionals who regularly behave in the same way no matter the situation are more likely to be trusted and supported by colleagues and employees. Individuals who follow a sound ethical code are easier to believe in and are more likely to establish credibility among others.
- **Give individuals a solid basis of which to determine the most appropriate action in any given situation:** When a person has solid personal ethics, they are better able to make decisions and take action in situations that may otherwise seem challenging.
- **Improve the decision-making process:** A professional's ability to make decisions is based on their personal and professional ethics and what they believe to be good or bad. Having strong ethics makes the decision-making process easier and more streamlined.
- **Set a standard of behaviour:** In the workplace and in life, ethics help establish an appropriate standard of behaviour for individuals. This behaviour is called ethical behaviour and refers to a person's ability to make sound decisions based on their ethical nature.

- **Support motivation:** Individuals with strong ethics are often easily self-motivated and willing to go the extra mile to accomplish a task or goal on time and in the correct manner.

### **Differences between personal and professional ethics**

There are a few key differences between personal and professional ethics.

The primary difference is that a personal set of ethics refers to an individual's beliefs and values in any area of life, while professional ethics refers to a person's values within the workplace. An example of a personal code of ethics is as follows:

A person chooses to return a wallet that they found on the ground to lost and found rather than keep it for themselves due to their personal ethic of honesty. In the workplace, an example of professional ethics would be the same person returns a wallet to their co-worker due to a code of conduct rule of no stealing.

Some people differentiate personal and professional ethics by viewing a personal ethical system as a personal moral code or a person's conscience, while professional ethics are viewed as a set code of conduct that must be adhered to in the workplace.

### **WHAT A PROFESSION IS**

Has a body of knowledge required to be acquired and maintained by the practitioner. The authority to practice is granted, upheld and enforced by an authorizing body. There is a society to which the individual belongs which promotes his/her practice field in common interests with others and strives to support their practice.

- There is a Code of Ethics to be complied with.
- Has a strong sense of public service with the obligation to practice in their best interests of protecting their health, safety and welfare.
- Practitioner is highly skilled in the services rendered.
- Practitioner is compensated for the services rendered
- Practitioner functions with authority and exercises responsible, independent judgment in the application of his/her knowledge and skills.
- Practitioner achieves recognition and acquires esteem from the public, client, or employer and peers.

## **WHAT A PROFESSIONAL IS**

One engaged in a profession, characterized by or conforming to the technical or ethical standards of a profession.

- High Academic Standards—Having knowledge and skill not possessed by the general public (for example, high levels of technical competence)
- Continual Renewal of Knowledge—Staying abreast of developments through journals, publications, conferences, and seminars
- Service for Society—Performing services that affect the public health, safety, and welfare (beneficial application of technical competence)
- Personal Responsibility for Work—Continually looking for own mistakes and opportunities/methods for improvement
- Display of Self-Confidence—who wants a nervous dentist, unsure of which tooth to drill?
- Exercise of Judgment and Discretion—Having flexibility/authority to make decisions based upon a defined body of knowledge
- Predominantly Intellectual Work—Generally white-collar and not readily subject to productivity measurement
- Regulated/License Usually Required—Quality of work is subject to established standards. Members of the profession risk loss of right to practice for misconduct, incompetence, or gross negligence
- Dedication Beyond Pecuniary and Personal Considerations—Commitment to the "calling" with ethics and quality of work transcending any other issues

## **WHAT PROFESSIONALISM IS**

Has to do with how engineers practice and conduct them-selves in their work and as individuals in society. Further, it includes the way their clients/employers award them for their work. It includes the recognition bestowed upon them by society as a result of the contributions they make to society from the results of applying their special scientific knowledge in engineering products for the public to use.

- Professionalism is the conduct that characterizes or marks a profession or professional person.

- Buried somewhere in the notion of professionalism “are ethics” or “honest practice.”
- Other attributes are a job well done, a concern for public approbation, and the need for “group action to protect engineers rights”.

### **Professionalism & Ethics**

Engineers are expected to exhibit the highest standards of honesty and integrity. Engineers must hold paramount the safety, health, and welfare of the public. Those whom engineers serve deserve nothing less.

The NSPE Code of Ethics states, “Engineering is an important and learned profession. As members of this profession, engineers are expected to exhibit the highest standards of honesty and integrity. Engineering has a direct and vital impact on the quality of life for all people. Accordingly, the services provided by engineers require honesty, impartiality, fairness, and equity, and must be dedicated to the protection of the public health, safety, and welfare. Engineers must perform under a standard of professional behaviour that requires adherence to the highest principles of ethical conduct.”

### **ENGINEERING ROLE FOR SERVING AND PROTECTING THE PUBLIC**

Engineers are in a responsible position where trust and trustworthiness, both are essential. A code of ethics functions as a commitment to the profession as a whole that engineers will serve the public health, safety, and welfare. All the remaining ones contribute to this function in some or other way.

- **Guidance:** Codes are written in brief yet effective to offer general guidance to the engineers. More specific directions may be given in supplementary statements or guidelines, which tell how to apply the code. If needed, the assistance is obtained for further specification.
- **Inspiration:** Codes of ethics, which specify a collective commitment towards a profession, helps in motivation for ethical conduct. Actually, these codes make one feel really responsible and proud to be a professional thus motivating towards the commitment one should have towards one’s profession.
- **Shared Standards:** The standards established should be applicable to all individuals, in their particular professions. With the codes of ethics, the public is assured of



engineers with a minimum standard of excellence and the professionals are provided a fair way to compete.

- **Support for Responsible Professionals:** The professionals who act ethically have more positive support through these codes. A professional engineer who has the intention to stand by the codes of ethics can have no harm from immoral professional obligations, as he can reject smoothly yet formally. As well, these codes can provide legal support to engineers who are criticized for living up to work-related professional obligations.
- **Education and Mutual Understanding:** The codes which are widely circulated and officially approved by professional societies promote a shared understanding among professionals, the public and government organizations about the moral responsibilities of engineers. These codes prompt discussion and reflection on moral issues.
- **Deterrence and Discipline:** The professionals those who fail to follow the codes exhibit unethical conduct, which is evident from the disobedience. Such an investigation generally requires paralegal proceedings designed to get at the truth about a given charge without violating the personal rights of those being investigated. This might lead to the expulsion of those whose professional conduct has been proven unethical, which also leads to loss of respect from colleagues and the local community.
- **Contributing to the Profession's Image:** Codes project the engineers as the professionals of an ethically committed profession, which inspires them to work with great commitment and more effectively to serve the public. It can also win greater powers of self-regulation for the profession itself while lessening the demand for more government regulation.

## **CODE OF ETHICS FOR ENGINEERS**

Engineering is an important and learned profession. As members of this profession, engineers are expected to exhibit the highest standards of honesty and integrity. Engineering has a direct and vital impact on the quality of life for all people. Accordingly, the services provided by engineers require honesty, impartiality, fairness, and equity, and must be dedicated to the protection of the public health, safety, and welfare. Engineers must perform under a standard of professional behaviour that requires adherence to the highest principles of ethical conduct.

## **Fundamental Canons**

Engineers, in the fulfillment of their professional duties, shall:

1. Hold paramount the safety, health, and welfare of the public.
2. Perform services only in areas of their competence.
3. Issue public statements only in an objective and truthful manner.
4. Act for each employer or client as faithful agents or trustees.
5. Avoid deceptive acts.
6. Conduct themselves honourably, responsibly, ethically, and lawfully so as to enhance the honour, reputation, and usefulness of the profession.

## **CONFLICT OF INTEREST**

A conflict of interest happens when an individual involved in multiple interests finds themselves in a decision-making situation where serving one of those interests would harm another. Interests include many different types of commitments, duties, obligations, and values, such as:

- Contractual or legal obligations (to business partners, vendors, employees, employer, etc.)
- Loyalty to family and friends
- Fiduciary duties
- Professional duties
- Business interests

An individual's potential interests can be grouped broadly into 4 types:

- **Direct Interests** – An individual's own personal self-interest, family-interest and personal business interests.
- **Indirect Interests** – Personal, family, and business interests of people or groups with whom the individual associates.
- **Financial Interests** – Involve a gain or loss of money or value.
- **Non-financial Interests** – Involve personal or familial relationships and other potential sources of bias.

Conflicts of interest create a risk that the individual will act in a way that betrays their duties or obligations, usually to their primary employer.

### Three Common Types of Conflicts of Interest

- **Nepotism:** Nepotism happens when an individual in charge of a hiring process chooses to award a job offer to someone in their own family or with whom they have a personal relationship. In this case, the individual's duty to their employer (choosing the most qualified or best candidate for the role) may conflict with their loyalty to a family member (choosing a family member to receive the benefits of the job instead of an unknown person).
- **Self-Dealing:** A corporate fiduciary is legally obligated to act in the best interests of the corporation and its shareholders. When a fiduciary acts in their own best interests instead of in the best interests of their client, this is known as self-dealing. Self-dealing involves a conflict of interests between an individual's fiduciary duties (legal obligation to the client) and financial interests (desire for personal financial gain).
- **Business Relationships:** Many conflicts of interest stem from personal business interests. An individual who works for two businesses in the same industry, or who works for the public sector while maintaining interests in companies that bid on government contracts may experience a conflict of interest when their job duties and business interests come into competition.

### What is an Example of a Conflict of Interest?

Conflicts of interest can appear in any decision-making process where the individual making the decision has multiple interests at stake. Some common situations could include:

- Hiring an unqualified friend or relative to fill a position instead of the most qualified candidate.
- Preferentially awarding a government contract to an organization in which you or someone you know owns stock.
- Performing part-time or contract-based work for a competitor organization

A famous conflict of interest took place in 1967 when a group of Harvard scientists were paid by the Sugar Association to publish a paper that minimized the relationship between heart health and sugar consumption. These scientists violated their obligation to publish truthful and reputable research in order to support their personal financial interests.

## **How to Handle an Employee Conflict of Interest**

Organizations should establish a clear Conflict of Interest policy that describes how such conflicts will be handled. Employees should be encouraged to talk to their managers and voluntarily disclose any perceived conflicts of interest.

When a public or private sector employee experiences a conflict of interest, they may resolve the situation by choosing to either:

- abandon one of the conflicting roles, or
- recuse themselves from the relevant decision-making process

## **GIFTS vs BRIBES**

A gift is something of value given without the expectation of return; a bribe is the same thing given in the hope of influence or benefit. Gifts and bribes can be monetary, actual items or they can be tickets to a sporting event, entertainment, travel, rounds of golf or restaurant meals.

Political decisions are supposed to be made on the merits of the case, not based on whether or not the decision maker has received a lovely case of wine from one of the parties. This is a simple matter of fairness. When decision makers take gifts, even if their votes are not influenced, they give the appearance of being on the take, which undermines public confidence in government.

## **ENVIRONMENTAL BREACHES**

(a) Environmental breaches means any direct or indirect discharge, disposal, spillage, emission, escape, pumping, pouring, injection, leaching, release, seepage, filtration or transporting of any hazardous substance at, upon, under, onto or within the Leased Premises, or from the Leased Premises to the environment, in violation of any Environmental Law or in excess of any reportable quantity established under any Environmental Law or which could result in any liability to Landlord, Tenant or Lender, any Federal, state or local government or any other Person for the costs of any removal or remedial action or natural resources damage or for bodily injury or property damage,

(b) any deposit, storage, dumping, placement or use of any Hazardous Substance at, upon, under or within the Leased Premises or which extends to any Adjoining Property in violation of any Environmental Law or in excess of any reportable quantity established under any

Environmental Law or which could result in any liability to any Federal, state or local government or to any other Person for the costs of any removal or remedial action or natural resources damage or for bodily injury or property damage,

(c) the abandonment or discarding of any barrels, containers or other receptacles containing any Hazardous Substances in violation of any Environmental Laws,

(d) any activity, occurrence or condition which could result in any liability, cost or expense to Landlord or Lender or any other owner or occupier of the Leased Premises, or which could result in a creation of a lien on the Leased Premises under any Environmental Law, or

(e) any violation of or noncompliance with any Environmental Law.

## **NEGLIGENCE**

There are situations when an individual/company fails to take reasonable care. Due to a lack of exercise of due obligation and failure to fulfill their duty to take care, the damage is caused to another party. This act/omission to not take reasonable care is called negligence.

Care is an abstract term therefore, the question is: how do we know if sufficient care was taken or not?

- To determine whether reasonable care was taken or not it is important to know the degree of relation between the act of negligence and the accident.
- It is important to know that if the party was truly not negligent and had exercised care, then the said incident would not have taken place. Thus, reasonable care has to be determined by looking at the degree of damage caused.
- Reasonable care can only be exercised if the risk is known and the harmful events could have been foreseen. Thus, reasonable care will be measured with respect to the risk taken and the degree of harm caused to the victims.

## **The environmental issues in India**

The environmental issues in India looks gloomy despite so many Legislations and Acts. The rivers and lakes continue to be choked with industrial waste and sewage. The air in many cities of India is heavily polluted. Deforestation takes place quite normally. The protection of wildlife

is not carried out in its true spirit, despite the enforcement of Acts. The people must be guided and helped to establish the trend of acceptance of preventing the environment as a whole, our health and Earth's resources, The presence of legislation to protect the air, water, soil etc., doesn't necessarily mean the problem is addressed.

Environmental litigation is more expensive than other types of disputes, as it involves expert testimony and technical evidence central and state boards must be able to afford the expertise and the administrative backing. So, efforts are made to share the costs of anti-pollution measures taken by the industry to avoid state sponsored expensive and lengthy legal battles. The laws enacted by the government should be made very stringent and harsh so that every citizen may not dare to play with the environment and instead he/she should protect it.

**Three issues that are especially important for environmental legislation are:**

**1. The precautionary principle:**

This principle has evolved to deal with risks and uncertainties faced by environmental management. The principle implies that an ounce of prevention is worth a pound of cure it does not prevent problems but may reduce their occurrence and helps ensure contingency plans are made. The application of this principle requires either cautious progress until a development can be judged 'innocent', or avoiding development until research indicates exactly what the risks are, and then proceeding to minimize them.

**2. The polluter-pays principle:**

In addition to, the obvious the polluter pays for the damaged caused by a development this principle also implies that a polluter pays for monitoring and policing. A problem with this approach is that fines may bankrupt small businesses, yet be low enough for a large company to write them off as an occasional overhead, which does little for pollution control. This principle, in fact, is more a way of allocating costs to the polluter than a legal principle.

**3. Freedom of information:**

Environmental planning and management is hindered if the public, NGOs or even official bodies are unable to get information. Many countries have now begun to release more information, the USA has a Freedom of Information Act, and the European Union is moving in this direction. But still many governors and multinational corporations fear that industrial secrets will leak to competitors if there is too much disclosure, and there are situations where authorities declare strategic needs and suspend disclosure.

### **Deficiencies in state of the art Environmental Legislation**

Legislation is often not perfect and there are various drawbacks in the Acts enacted in relation to environment. The points are illustrated by some examples. Forests constitute a vital resource of the nation. It is a scientifically established fact that the forest cover should be at least 1/3 of the land area for a healthy state of environment. Vegetation generates oxygen. Trees hold the soil together, and in India the forests provide livelihood to millions of tribal and villagers living in and around forests. Experts and the mass media have brought to the attention of decision makers and the public at large, the fact that the forest cover of the country has been rapidly shrinking. Some estimates put the present coverage at not more than 12% of the land area. Fuel starved villagers, greedy forest contractors and corrupt officials are the proven culprits.

### **VIGIL MECHANISM AND WHISTLE-BLOWING:**

A Vigil mechanism provides a channel to employees and Directors of a Company to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or any Policy of the Company. The term “Whistle-blowing” originates from the practice of British policemen who blew their Whistles whenever they observed commission of a crime. Whistle Blowing is nothing but calling the attention of top level management to some malafide activities happening within an organization. A Whistleblower is a person who comes forward and shares his/her knowledge on any wrongdoing which he/she thinks is happening in the organization or in a specific department. A Whistleblower could be an employee, contractor, or a supplier who becomes aware of any illegal activities.

In a football match, whenever there is a forward in off-side or a defender fouls, the referee uses his whistle to correct the fault done immediately. Similarly, in organizations as soon as a fault or unethical action is done, someone should blow the whistle to alert the erring employee. Whistle blowing means calling attention to a wrongdoing at the instance when it occurs within an organization. The accountability project lists some ways to blow the whistle.

#### **Some of them are as follows:**

- a. Reporting an unlawful activity or a violation of the law to the proper authorities
- b. Refusing to participate in workplace wrongdoing
- c. Testifying in a legal proceeding in a departmental inquiry or a court of law

d. Leaking evidence of wrongdoing to the media by a person other than the spokesperson.

For creating and establishing a well-entrenched Whistle-blowing Culture, a Company shall have to undergo the following steps:

- Frame a Policy.
- Get an endorsement from top level management.
- Publicize the Organization's Commitment.
- Investigate and Follow Up.
- Assess the Organization's Internal Whistle-blowing System.

## **PROTECTED DISCLOSURE**

Under the Act, you make a protected disclosure if you are a worker and you disclose relevant information in a particular way. Information is relevant if it came to your attention in connection with your work and you reasonably believe that it tends to show wrongdoing.

Wrongdoing is widely defined in the Act and includes:

- Commission of criminal offences
- Failure to comply with legal obligations
- Endangering the health and safety of individuals
- Damaging the environment
- Miscarriage of justice, misuse of public funds
- Oppressive, discriminatory, grossly negligent or grossly mismanaged acts or omissions by a public body
- Concealment or destruction of information about any of the above wrongdoing

## **Retaining anonymity**

In general, people who receive protected disclosures or who subsequently deal with them cannot disclose any information which may identify the person who made the disclosure. There are some exceptions to this, for example, if identifying the whistle-blower is essential to the effective investigation of the matter or is required in order to prevent crime or risks to State security, public health or the environment.

**Reporting concerns:** You can report a concern in different ways– to your employer, to a prescribed person or to an external person. Different standards apply depending on the person or body to whom you disclose. The Act sets out a tiered disclosure system to ensure that most reports are made to the employer.



**Disclosure to your employer:** The simplest form of disclosure is to your employer. In this case all that is required is a reasonable belief that the information disclosed shows or tends to show that the wrongdoing is occurring. If you are or were employed in a public body, you may report to the relevant Minister.

**Disclosure to a prescribed person:** A disclosure you make to a prescribed person is a protected disclosure if:

- You reasonably believe that the relevant wrongdoing is within the remit of the prescribed person and
- The information you disclose and any allegation in it are substantially true (this is a higher standard than is required for disclosure to your employer)

**Disclosure to an external person:** A disclosure made to an external person, for example, a journalist, may be a protected disclosure if it meets a number of conditions:

- You must reasonably believe that the information disclosed, and any allegation contained in it, are substantially true
- You must not make the disclosure for personal gain
- The making of the disclosure in public is in all the circumstances, reasonable

## **GOODS AND SERVICES TAX (GST)**

GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax, etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017. In other words, Goods and Service Tax (GST) is levied on the supply of goods and services. Goods and Services Tax Law in India is a comprehensive, multi-stage, destination-based tax that is levied on every value addition. GST is a single domestic indirect tax law for the entire country.

GST is considered as an indirect tax for the whole nation that would make India one unified common market. It is a tax which is imposed on the sale, manufacturing and the usage of the goods and services. It is a single tax that is imposed on the supply of the goods and services, right from the manufacturer to the customer. The credits of the input taxes that are paid at each stage will be available in the subsequent stage of value addition which makes GST essentially a tax only on the value addition on each stage. The final consumers will bear only the tax

charged by the last dealer in the supply chain with the set of benefits that are at all the previous stages.

## THE COMPONENTS OF GST

There are three taxes applicable under this system: CGST, SGST & IGST.

- **CGST:** It is the tax collected by the Central Government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- **SGST:** It is the tax collected by the state government on an intra-state sale (e.g., a transaction happening within Maharashtra)
- **IGST:** It is a tax collected by the Central Government for an inter-state sale (e.g., Maharashtra to Tamil Nadu)

## OBJECTIVES OF GST

1. **To achieve the ideology of ‘One Nation, One Tax’:** GST has replaced multiple indirect taxes, which were existing under the previous tax regime. The advantage of having one single tax means every state follows the same rate for a particular product or service.
2. **To subsume a majority of the indirect taxes in India:** India had several erstwhile indirect taxes such as service tax, Value Added Tax (VAT), Central Excise, etc., which used to be levied at multiple supply chain stages. Some taxes were governed by the states and some by the Centre.
3. **To eliminate the cascading effect of taxes:** One of the primary objectives of GST was to remove the cascading effect of taxes. Previously, due to different indirect tax laws, taxpayers could not set off the tax credits of one tax against the other.
4. **To curb tax evasion:** GST laws in India are far more stringent compared to any of the erstwhile indirect tax laws. Under GST, taxpayers can claim an input tax credit only on invoices uploaded by their respective suppliers. This way, the chances of claiming input tax credits on fake invoices are minimal.
5. **To increase the taxpayer base:** GST has helped in widening the tax base in India. Previously, each of the tax laws had a different threshold limit for registration based on turnover. As GST is a consolidated tax levied on both goods and services both, it has increased tax-registered businesses.
6. **Online procedures for ease of doing business:** Previously, taxpayers faced a lot of hardships dealing with different tax authorities under each tax law. Besides, while return filing

was online, most of the assessment and refund procedures took place offline. Now, GST procedures are carried out almost entirely online.

7. **An improved logistics and distribution system:** A single indirect tax system reduces the need for multiple documentation for the supply of goods. GST minimises transportation cycle times, improves supply chain and turnaround time, and leads to warehouse consolidation, among other benefits.
8. **To promote competitive pricing and increase consumption:** Introducing GST has also led to an increase in consumption and indirect tax revenues. Due to the cascading effect of taxes under the previous regime, the prices of goods in India were higher than in global markets. Even between states, the lower VAT rates in certain states led to an imbalance of purchases in these states.

## **BENEFITS OF GST**

1. Eliminating the cascading effects of taxes
2. Tax rates would be comparatively lower
3. Reduce tax evasion and increase the revenue and GDP by widening the tax base
4. There would be seamless flow of the input tax credit
5. Price of the goods and the services would fall
6. There would efficient supply chain management
7. It would promote the shift from unorganized sector to organized sector.
8. It would eliminate 17 indirect taxes and therefore the compliance cost would fall

## **ROLES OF VARIOUS STAKEHOLDER**

**Manufacturers and exporters:** The replacement of indirect tax with GST will reduce the cost of locally manufactured goods and services which in result would increase the demand of the Indian goods and services in the international market resulting in the boost of Indian exports.

### **To Trade:**

- Reduction in multiplicity of taxes
- Mitigation of cascading/ double taxation
- More efficient neutralization of taxes especially for exports
- Development of Common National Market or Common Economic Market
- Simpler tax regime with fewer rates and exemptions
- Increase in cost competitiveness' for domestic industries with reduction in tax cost and also reduced cost of compliance

**For central and state government:**

- **Easy to administer:** GST would be more simple and easy to administer from all the other indirect taxes at central and state level.
- **Efficiency of higher revenue:** The cost of collection of the tax revenue of the government will reduce leading to the higher revenue efficiency.

**To Government:**

- Simpler tax system
- Broadening tax base
- Improved compliance and revenue collections
- Efficient use of resources
- Investments out of savings by consumers

**For consumers:**

- **Transparent tax:** The replacement of goods and services tax with the indirect taxes levied by the central and state government would bring transparency. In today's world, the cost of many goods and services may hold the hidden taxes and no or incomplete input tax credit will be available but after the implementation of GST there would only one tax from manufacturer to the consumer of goods and services.
- **Uniform rate of taxes:** The rates Benefits of GST will become common for all the goods and service across the country. Single rate of tax will bring the unified market, all the direct and indirect taxes such as central excise duty, additional excise duty, service tax, value added tax, entertainment tax etc will come under same umbrella after the implementation of goods and services tax.

**To Consumer:**

- Reduction in cost of goods and services due to elimination of cascading effect of taxes
- Increase in purchasing power and real income
- Increase in savings due to decrease in cost
- Increase in investments due to increase in savings