

Question: What is meant by conflict of interest? Illustrate with examples, the difference between the actual and potential conflicts of interest.

Answer:

A conflict of interest occurs when an individual's personal interests – family, friendships, financial, or social factors – could compromise his or her judgment, decisions, or actions in the workplace. Government agencies take conflicts of interest so seriously that they are regulated. A conflict of interest is a situation in which an individual has competing interests or loyalties. A conflict of interest can exist in many different situations.

e.g. with a public official whose personal interests conflict with his/her professional position (**Chanda Kochhar case**), with a person who has a position of authority in one organization that conflicts with his or her interests in another organization, with a person who has conflicting responsibilities. In our work lives, we also have interests that could influence the way we do our jobs and the decisions we make. Even if we never act on them, there may be an appearance that a conflict of interest has influenced our decisions. Consider this example. Your supervisor is promoted to department director. His daughter-in-law is hired as a new supervisor within the college but is not reporting to him. Maybe the new supervisor is the best candidate for that position, and maybe the new department director had nothing to do with her hire. Even if this hire met all of the requirements under our Employment of Relatives policy, the situation appears suspicious and employees may think that something was unfair or unethical about her hire.

The difference between the actual and potential conflict of interest:

An actual conflict of interest involves a direct conflict between a public official's current duties and responsibilities and existing private interests.

A potential conflict of interest arises where a public official has private interests that could conflict with their official duties in the future.

An actual Conflict of Interest arises in a situation where financial or other personal or professional considerations compromise an individual's objectivity,

professional judgment, professional integrity, and/ or ability to perform his or her responsibilities.

Potential Conflicts of Interest exist in situations where an individual member of the community, a member of the individual's family, or a close personal relation has financial interests, personal relationships, or professional associations with an outside individual or organization, such that his or her activities within the organisation could appear to be biased against the organisation by that interest or relationship.

Example: A civil servant awarding public-contract to a firm owned by his/her relatives is a case of actual conflict of interest. Whereas, according to civil services rules, a civil servant should not be posted in his/her native district is to avoid any potential conflict of interest. Similarly, the Delhi High Court verdict which quashed the appointment of 21 Delhi MLAs as secretaries to ministers was to avoid any potential conflict of Interest. While, an MLA having peculiar benefits from some other Office of Profit is illegal as it is actual conflict of interest.