

Central Vigilance Commission

Minutes of the Annual Zonal Review Meeting with the CVOs held on 22nd January 2009 at Chennai.

The list of participants is at *Annexure-A*.

2. CVC in the Chair. The meeting started with welcome address by the CMD, Indian Bank and introductory remarks by CVC and the Vigilance Commissioners. This was followed by presentations by CTEs on the inadequacies observed in the CTE examination of the works and procurement contract of the organizations present in the meeting. Copy of the CTE presentation is at *Annexure-B*. This was followed by presentation from the participating organizations on the agenda items (*Annexure-C*). During the presentation by participating organizations, the Commission intervened and made some observations. Such of those observations needing follow up action are indicated in the minutes later.

3. WELCOME ADDRESS:

3.1 Shri Sundararajan, CMD, Indian Bank welcomed the Commission and the participating organizations. He referred to the resilience displayed by the Indian public institutions and emphasized the need for probity and accountability of the people at the helm of affairs within the overall framework of corporate governance. He underlined the need to reduce malafide action and some minimum standard and benchmarks to be set and the role of preventive vigilance is important in all these. He praised the role of CVC in serving as active radar preventing untoward happenings rather than as an organization that comes in the way of positive action.

4. Introductory Remarks:

4.1. CVC:

- i) The annual meeting with the CVOs of the Banks is important in view of the role played by the Banks in the commercial world, the satisfactory vigilance administration in the banks in a comparative sense and the fact that Banks reflect the status and health of the economy and the general economic administration;
- ii) The relatively better position of the Indian banks is praise-worthy and some of it would reflect on the effectiveness of the watchdog bodies.
- iii) However, the recent vigilance audit of some of the banks has revealed the recurrence of some of the ills of the past;
- iv) CVC requested the participants to strictly go by the agenda items sequentially and highlighted the following issues:
 - a) The status of implementation of the Commission's guidelines on leveraging of technology. The performance of the insurance companies in this regard is extremely tardy and therefore the Commission would not hesitate to deny vigilance clearance for them in the senior management responsible for it, if things continue at this pace;
 - b) The effectiveness of external audit and the need for greater supervision and attention to detail;
 - c) The disturbing trend noticed recently in terms of delays leading to recommendation of punishment closer to retirement or reduced punishment. It is also seen that things are kept pending till the employee got promoted;
 - d) As no major misconduct can take place with the involvement of a single individual, the banks need to be more alive to the need for identification of supervisory failure

- and shun the tendency to shield the senior officials;
- e) The reports on disciplinary cases, though well structured and detailed, have scope still for improvement. It is expected of the CVOs to bring value addition in these reports.

5. VC(R)

- i) The monthly report needs to be used as a real communication tool and not treated as a mundane exercise. CVOs should bring before the Commission issues and pendency with details of where and why things are pending and report on the efforts to address the pendency;
- ii) On preventive vigilance there is need to build cases and spread the message widely in the organization;
- iii) The vigilance audit conducted by the Commission has revealed that the CVOs do not receive all the complaints. The CVOs are advised to go through all complaints to look for vigilance angle. They should pay more attention to quick mortality account and discounting of bills;
- iv) CVOs should examine whether information was properly shared in consortium lending by going through the minutes of consortium meetings;
- v) For creation of mortgage, the Bank officer is supposed to accompany the lawyer as per laid down instructions. This should be enforced and checked. There is also need to prepare the valuers list with greater care and initiate action for failure on the part of the valuer as and when noticed;
- vi) As regards internal audit, the CVOs should have access to papers. CVOs should go through instances where there is a spurt in advances and examine the role of the controlling office;
- vii) The CVOs should remember that the track record of an officer is not of much use in the face of proven malafide;
- viii) There should be no delay in acting on Commission's advice unless there are no reasons to ask for a review/reconsideration based on additional and new facts. While requesting for first stage advice, it is necessary to scrutinize the quality of charge sheets. It is also important later, to exercise good choice for appointment of IOs having regard to operational experience, flair for the work, reputation, fairness and transparency;
- ix) There should be a programme for IT audit;
- x) The CVOs should make their contribution effectively in the internal advisory committee meetings.
- xi) With regard to the take over accounts it should be questioned and examined where the party was meeting his banking requirements till now.

(6)VC(S):

- i) Though things are okay with the banking sector at the moment, it cannot be denied there should be in place preventive strategies to anticipate and prepare for any likely adverse fallouts;
- ii) As regards IT application, the vigilance capability should be enhanced to examine the vulnerability of the system. To achieve this, a preventive monitoring of areas of concern should be put in place as has been done in some PSUs;
- iii) While shielding the guilty is not to be tolerated, implication of innocent people as an extra safe measure should always be avoided.

7. Presentation by the participants:

7.1. Leveraging of Technology:

Most of the banks are well advanced and would have systems in place by April 2009, whereas, in the case of Insurance Companies, the implementation is lagging behind as most of them would complete the exercise only by the last quarter of 2009. In Oriental Insurance Company, the system would be ready by March 2009 and LIC reported full compliance except online status of receipt of applications.

7.2. Pending cases of sanction for prosecution:

IOB reported two cases. In one case meeting was held in CVC on 29.12.2008 and the CVO assured that sanction should be given and the same will be implemented. In another case involving two officers, one of them had retired, in the case of other the DA held the view that there was no case and the matter has been taken up with the CBI in May 2008. IOB may give the details to the Commission.

(Action: CVO, IOB)

In one case SPs report was sent in September 2008 and draft sanction order was reported in November 2008. Only one case was justified and the other three officers are being processed departmentally. CVO was directed to write to the Commission in this regard.

(Action: CVO, UIIC)

7.3. Access of CVOs to complaints:

In most of the organizations the CVOs do not have access to all the complaints. It is advised that the CVOs should go through all the complaints to ensure that complaints with vigilance angle are attended to properly.

7.4. Structured meetings between CVOs and the CMD:

In the last year's annual zonal meetings, the Commission requested the CVOs to have monthly or quarterly meetings with their CMDs as per their requirement with a proper agenda and minutes of the meetings. It is observed that this is not being followed in any of the organizations. The Commission directed the CVOs to immediately commence the practice and report compliance in the monthly report of February 2009 with a copy of the minutes of the meetings so held.

7.5. Agreed List:

Most of the organizations have prepared an "Agreed List".

7.6. Pendency of First Stage, Second Stage advice, further reports etc.:

There is a need to reconcile the figures in most of the cases.

7.7. Training and adequacy of vigilance staff:

The organizations reported that the arrangements are adequate.

8. JS&CVO, DFS, informed that considering the vigilance audit reports of Banks and the concern of CVC, the Department is proposing to issue general instructions to the CMDs of Banks. CVC desired that the Commission may be shown the draft instructions before issue by DFS. Regarding complaints received she stated that CVOs could on a random basis, once in a month, check the complaints.

8. Action Points:

- i. CTE will have a look at the systems put in place by the banks starting from April 2009 to see its completeness and effectiveness. The CTE will also look at the security related issues.
(Action: CTE)
- ii. The banks will keep reporting from the next monthly report on the progress made, the insurance companies including a report on the delay as compared to the commitments given earlier.
(Action: Banks and Insurance Companies)
- iii. All the insurance companies were directed to take advantage of the training facilities available in the SBI Staff College. They were also requested to send the list of staff so that the Commission also may take up the matter with SBI. Some of the banks also may take advantage of this facility.
(Action: Banks and Insurance Companies)
- iv. An issue was raised by Corporation Bank of India saying that under the "Know Your Customer" scheme, one of the documents accepted is the electoral card but it does not have the signature. The Commission would not like to comment on this.
- v. Each organization should submit to the Commission at least one CTE type inspection report every year for information.
(Action: All organizations)
- vi. The Commission will explore the possibility of interactivity so that the CVOs can get into the CVC system and update the status regarding pendency of first stage, second stage advice, reports awaited on complaints including PIDP and further information or clarification sought from organizations by the Commission.
(Action: Commission)
- vii. The Syndicate Bank reported that the internal advisory council is not functioning properly in the bank and remedial actions are being taken. CVO may submit an action plan and report progress through monthly reports.
(Action: Syndicate bank)
- viii. The CVOs were also directed to develop IT enabled weekly reports which might provide useful links for the CVOs to follow. The CVOs may develop such a system in consultation with the systems people and keep the Commission informed.
(Action: All CVOs)
- ix. As regards agenda No.7, Vijaya Bank is to submit plan of action by end of March, 2009.
(Action: CVO, Vijaya Bank)
- x. The Commission will write to all the CMDs of insurance companies regarding the tardy progress in the implementation of leveraging technology.
(Action: Commission)
- xi. The CTE will conduct inspections in the insurance companies.
(Action: CTE)
- xii. The Oriental Insurance Company Limited reported that in the case of a PSU, for a Rs.5 crore policy premium, Rs.70 lakh commission was paid to an agent. All that the agent did was to get a quote on the facts. The CVO was directed to write to the Commission with details.
(Action: CVO, OIC)

Annexure-A

List of the CVOs for the meeting dated 22/1/09 (Group 1, South Zone-I, Chennai)

- 1 Smt Ravneet Kaur
Joint Secy & CVO
Deptt of Financial Services
Jeevan Deep Building
Parliament Street
New Delhi
- 2 Shri H.N. Das,
Chief Vigilance Officer,
Andhra Bank,
Head Office,
Dr. Pattabhi Bhavan,
5-9-11, Saifabad,
Hyderabad- 500 004
- 3 Shri Sanjeev Krishnan
Chief Vigilance Officer,
Corporation Bank,

Head Office, Mangaladevi Temple Road,
P.B.No.88, Pandeshwar,
Mangalore- 575 001

- 4 Shri C. Badri,
Chief Vigilance Officer,
Indian Overseas Bank,
Central Office, P.O. 3765,
763, Anna Salai,
Chennai- 600 003
- 5 Shri M. Damodaran Kamath,
Chief Vigilance Officer,
Indian Bank,
66, Rajaji Salai,
Chennai- 600 001
- 6 Shri M.R. Bagade,
Chief Vigilance Officer,
Syndicate Bank,
Corporate Office, 2nd Cross,
Gandhinagar,
Bangalore- 560 009
- 7 Shri C.R. Chandramouli
Chief Vigilance Officer,
Vijaya Bank,
41/2, M.G. Road,
Trinity Circle,
Bangalore- 560 001
- 8 Shri A.K.Chanda,
Chief Vigilance Officer,
National Insurance Co. Ltd.,
3, Middleton Street,
Kolkata- 700 071
- 9 Smt. Gopa Ray,
Chief Vigilance Officer,
New India Assurance Co. Ltd.,
87, Mahatma Gandhi Road,
Fort, Mumbai- 400 001
- 10 Shri A.K.Gupta,
Chief Vigilance Officer,
Oriental Insurance Co. Ltd.,
Oriental House, P.B.No. 7037,
A-25/27, Asaf Ali Road,
New Delhi- 110 002
- 11 Smt. Gopa Ray,
Chief Vigilance Officer,
General Insurance Corp. of India,
'Suraksha', 1st Floor,

3, Tata Road, Mumbai- 400 026

- 12 Shri S.P.Sinha,
Chief Vigilance Officer,
United India Insurance Co.Ltd.,
24, Whites Road,
P.B.No. 676, Chennai- 600 014
- 13 Shri P. Senthil Kumar,
Chief Vigilance Officer,
Life Insurance Corpn. of India,
Yogakshema, 4th Floor, West Wing,
Jeevan Bima Marg, Mumbai- 400 021

[Click Here for Annexure B \(CTEs Presentation\)](#)