

No.000/VGL/14
Government of India
Central Vigilance Commission

Satarkta Bhavan, Block "A",
GPO Complex, I.N.A.,
New Delhi-110023
Dated the 6th March 2000

To

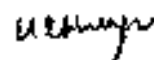
- (i) The Deputy Governor, Reserve Bank of India, Parliament Street, New Delhi- 110 001.
- (ii) The Special Secretary, Banking Division, Deptt. of Economic Affairs, Parliament Street, New Delhi.
- (iii) The Director, CBI, North Block, New Delhi.
- (iv) The Chairman, Indian Banks Association.
- (v) All Chief Executives of Banks/Financial Institutions
- (vi) All Chief Vigilance Officers of Banks/Financial Institutions

Subject:- Improving vigilance administration in Banks- Computerization in the Indian Banking Sector.

Sir,

The Commission, vide communication No.8(1)(h)/98(2) dated 27th November 1998, had instructed the banks to ensure that 70% of their business is captured through computerization before 01.01.2001. It has been brought to the notice of the Commission that some of the banks are appointing IT Consultants to guide them in the completion of this task. Subsequently, those consultants also participate as vendors in the tendering process of the same bank. The Commission has observed that the consultants, wherever appointed by the organisations to advise them on various contractual matters, normally take the organisations for a ride, and at times in collusion with the contractors. The Commission is, therefore, of the view that permitting the consultant, who, inter-alia, is assigned the job of framing specifications and evaluating tenders, to participate as a vendor in the tender of the same organisation, is not at all conducive to transparency and fairness in the tendering process. Therefore, the banks are advised to ensure that the consultants appointed by them, or the firms in which they have some interests, do not participate in the tender process of the bank in the capacity of a vendor.

Yours faithfully,



(K.L.Ahuja)
Officer on Special Duty