

VIGILANCE IN BANKS

- Why Vigilance?
- What is Vigilance?
- Is it a hindrance in decision making?



CENTRAL VIGILANCE COMMISSION

- Came into existence in 1964 by a resolution
- CVC Act 2003 was passed by Parliament and
- Became a three member commission.
- It is a statutory body having jurisdiction over
- Members of All-India Services serving in connection with the affairs of the Union and group 'A' officers of Central Govt.



CENTRAL VIGILANCE COMMISSION

- Such level of officers of corporations established by or under any central act, Government Companies, societies and other local authorities, owned or controlled by Central Govt., as that Govt. may, by notification in the official Gazette, specify in this behalf:



CENTRAL VIGILANCE COMMISSION

- provided that till such time a notification is issued under this clause, all officers of the said corporations, companies, societies and local authorities shall be deemed to be the persons referred to in clause (d) of sub-section (1).
- The Central Govt. has included all the officers of scale V and above of all public sector Banks in the category of officials for all purposes of clause (d) mentioned above.



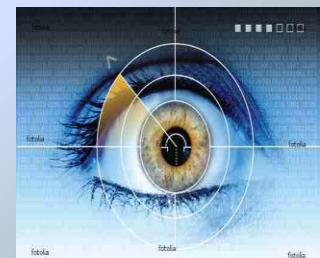
CENTRAL VIGILANCE COMMISSION

- Powers and Functions of commission are governed by section 8 of the CVC Act 2003
- Exercise superintendence over the vigilance administration of the various ministries of Central Govt. or corporations established by or under any central act, Govt. companies and local authorities owned or controlled by that Govt.



CENTRAL VIGILANCE COMMISSION

- Chief Vigilance Officers are extended arm of Commission.
- Special chapter on vigilance in Public Sector Banks.
- Commission conducts direct enquiries through CDIs (Commissioners of Direct Enquiries) .
- Chief Technical Examiners Organization (CTEO) conducts intensive examination of selected projects.



CENTRAL VIGILANCE COMMISSION

- Exercises superintendence over CBI with respect to cases under Prevention of Corruption act (1988)
- The Commission shall have all the powers of a civil court trying a suit under the code of civil procedure, 1908 (5 of 1908)
- Every proceeding before the Commission shall be deemed to be Judicial Proceedings.



CENTRAL VIGILANCE COMMISSION

- Commission conducts enquiries or causes enquiries through CVO or agencies like CBI.
- Promotes Preventive and Proactive Vigilance
- Advocates transparency through Technology.
- Surveillance through ODI and Agreed List
- Punitive Vigilance is an act of last resort.



VIGILANCE IN BANKS

- All Public Sector Banks have elaborate Vigilance departments.
- Role & Functions of CVOs are well defined.
- Each bank as Internal Advisory Committee to determine Vigilance or Non Vigilance category.
- Commission resolves difference of opinion between CVO and IAC



VIGILANCE IN BANKS

Commission resolves difference between Banks CBI in cases of Prosecution of Bank officers.

Vigilance Angle

- Commission of criminal offences like demand and acceptance of illegal gratification, possession of disproportionate assets, forgery, cheating, abuse of official position with a view to obtaining pecuniary advantage for self or for any person, or
- Irregularities reflecting adversely on the integrity of the public servant, or
- Lapses involving any of the following:



VIGILANCE IN BANKS

- Gross or wilful negligence;
- Recklessness;
- Failure to report to competent authorities, exercise of discretion without or in excess of powers/jurisdiction ; and
- Cause of undue loss or a concomitant gain to an individual or a set of individuals/a party or parties; and
- Flagrant violation of a systems and procedures.



VIGILANCE IN BANKS

- Banks deal with Public Money
- Bankers have huge responsibility to safeguard interest of their Depositors and all stakeholders.
- Bankers have to take decisions on day to day basis and enjoy huge discretionary powers.
- Bankers need to be Prudent, cautious and circumspect while taking decisions.



VIGILANCE IN BANKS

- In last 10 years Corruption has gone up in India and as per Corruption Perception Index India now ranks at No. 94
- Banks are no exception.
- Result: Steep rise in Frauds especially Corporate frauds.
- Risk of Corruption in Banks has gone up.



VIGILANCE IN BANKS

- Frauds not only causes losses but also loss of image of concerned Bank and penal action against Bank Officials.
- Vigilance acts as deterrent to wrong doers.
- Preventive and Proactive vigilance is useful tool to minimize mistakes which can lead to frauds and losses.
- Realign Business Processes to contain errors.



VIGILANCE IN BANKS

- Banks need to practice Good Corporate Governance .
- Code of Conduct for Board of Directors is mandatory.
- Code of Conduct for Senior Management.
- Culture of Ethics and values starts from Top.
- Skill & Knowledge Deficit huge challenge.
- Courage Deficit. Power to say No to protect the interest of organization.



VIGILANCE IN BANKS

- Majority of Cases referred to Commission.
- Take over of Loan Accounts from other Banks.
- Mortgage Loans.
- Corporate Frauds.
- Individual Frauds.
- NPA settlement.



VIGILANCE IN BANKS

- Challenges before Bankers.
- How to “Not to yield under Pressure”
- Avoid allurements and inducements.
- Updating Knowledge and skill levels.
- Learn from mistakes so as not to repeat them.
- Knowledge of Vigilance and related laws.



VIGILANCE IN BANKS

