सत्यमेव जयते

Initiatives in Preventive Vigilance

CENTRAL VIGILANCE COMMISSION

My Vision– Corruption Free India
Vigilance Awareness Week–2017
Central Vigilance Commission

Initiatives in Preventive Vigilance

Central Vigilance Commission

Foreword by the Commission

Preventive Vigilance seeks to prevent occurrence of corrupt practices by identifying and plugging vulnerable areas through systemic improvements and structural remedies. These measures fulfill the objective of preempting corrupt practices and further enhance the organizational efficiency.

2. The Central Vigilance Commission has been focusing on preventive vigilance measures to tackle the areas susceptible to corruption. While probable areas are unique to organizations, few commonly occurring areas are procurement, sale of goods and services, human resource management, delivery of services to public and enforcement. Improving existing systems, reviewing processes for simplification, leveraging technology, reducing personal discretion, control and supervision, educating citizens and training is the way forward. The Commission's emphasis on preventive vigilance has led to various successful initiatives by many Ministries and CPSEs.

3. The present Report, which is the second in this series, is a reflection of the continuation of the effort of the Commission to share and disseminate the efforts being made by the organizations to minimize corruption and for better governance. This Report is based on measures undertaken by 20 selected organizations.

4. It is hoped that the work being done by these organizations would serve as a valuable guide for others to plan suitable intervention strategies in their organization. The Commission remains committed to preventive vigilance measures for increasing efficiency, accountability and transparency in organizations.

(K.V. Chowdary)
Central Vigilance Commissioner

(Rajiv)
Vigilance Commissioner

(T.M. Bhasin)
Vigilance Commissioner

New Delhi
24th October,2017

EXECUTIVE SUMMARY

Preventive Vigilance is adoption of various measures to improve systems and procedures to eliminate or reduce corruption. Standardization, automation, leveraging technology, transparency, accountability, control & supervision, training and awareness are tools of preventive vigilance in which use of information technology plays a pivotal role as it reduces interface and discretion. The main objective of Preventive Vigilance is not to wait for commission of an offence but to ensure its prevention by identifying the vulnerable areas in the organization & plugging the loopholes.

2. The present Report on preventive vigilance is based on 20 organizations sharing their efforts in undertaking preventive vigilance measures to curb corruption.

3. The Reports have primarily identified, Procurement, Tender, Auction, Sale of Goods, Human Resource Management, Delivery of Services, and Enforcement as areas vulnerable to corruption. Leveraging Information Technology and Automation for reducing corruption is a common and key intervention strategy seen in the Report of all the organizations.

4. Some of the key systemic improvement measures being undertaken by these organizations are briefly highlighted as follows:

Delhi Metro Rail Corporation

- Issuing receipt for every purchase of token/travel card to curb overcharging issues.
- Installation of fare maps at TOM counters for ensuring transparency.
- Deployment of TVMs (Ticket Vending Machines) to eradicate the issue of overcharging at TOM.
- Maintaining written records of cash movement to curb misappropriation of cash.
- Tenders above five lakhs are done through e-procurement.
- E-Auction module of Indian Railways is being used for maintaining transparency in sale of scrap material in DMRC.
- E-recruitment initiatives are being taken at all levels (pre-examination stage, during examination and post-examination) in order to enhance transparency, objectivity and credibility of the recruitment process.
- Installed CCTVs in ticketing areas.

National Highway Authority of India

- Extensive IT usage and e-governance.
- Cash reward scheme for providing information related to irregularities in work contracts.

- Complaints are also registered on 'Facebook' portal of the department.
- Developed 'Toll Information System'.
- Highly secured (IT enabled) e-tendering system implemented and regular conduct of audit of the e-portal for vulnerability assessment, penetration testing, performance testing, security process audit etc.
- Development of Project management information system in order to have an effective online monitoring system of projects.
- Signed memorandum with National Remote Sensing Centre for acquiring high resolution satellite imagery and use of geo-spatial technology for monitoring and managing highways. Use of Unmanned Aerial Vehicles (UAVs) has also been planned in this regard.

MMTC Limited

- e-procurement/e-tenders being adopted.
- e- auction being carried out.
- Updating of manuals has been carried out.
- Integrity pacts being signed along with signing of contracts.
- Surprise checks, stock checking, CTE type checks are carried out.

Food Corporation of India

- E-tendering for all contracts with value above 2 lakhs.
- Pre-qualification conditions have been simplified to increase healthy competition.
- System Monitoring through periodical physical verification of stock.
- Concept 'Zero PV' introduced under which the stock position of the selected depot is brought to zero balance to check the shortage and prevent any manipulation by the custodian of stock.
- Installation of CCTV cameras in godowns.
- E- Payment System adopted.
- Each refraction in respect of rice has been pictorially depicted and introduced to the field functionaries of FCI & put up in public domain.
- Measures adopted for prevention of harassment of rice millers/food grain suppliers.
- Introduction of identity-blind/coding system for fair analysis of QC/samples of food grain.
- Acceptance note being issued online to the suppliers of food grains (Rice/ Wheat/Paddy).

Central Board of Direct Taxes

- Computerization/automation of obtaining and processing of returns.
- Implemented E-tax, E-filing, E-assessment, E-appeal and E-Nivaran systems etc.
- Started Refund banker scheme (which generates information regarding tax refunds at the time of processing of returns by the AO and next day online transmission to refund banker i.e. SBI, CMP branch , Mumbai).
- Educating stakeholders

Bharat Heavy Electrical Limited

- Integrity Pact adopted. Threshold value for tender brought down from Rs. 10 Crores to 5 Crores to increase the coverage of Integrity Pact.
- Online centralized vendor base has been developed. Reassessment carried out in r/o vendors registered for more than 5 years and not executed any order.
- Revised works Policy issued.
- On-line Complaint system introduced.
- Online Vigilance clearance system introduced.
- Digitization of BHEL land & boundaries as per revenue records carried out.

Hindustan Aeronautics Limited

- Digitization of Land records & land Management Policy.
- Revised outsourcing policy guidelines have been issued.
- Capital assets/Machines lying unused for long period were put to use.
- Rejected materials identified, tested and brought to use.

Air India

- Conducted large no. of surprise checks (922 in number) in areas like pilferage of items meant for passengers, excess baggage, catering, procurement of entertainment systems in last two years.
- E-payments are being made to the vendors.
- Operationalization of SAP-ERP, in order to enable quicker financial decision-making and improve operational efficacies.
- Using SAP-ESS(Employees Self Service) software for making the passage requests for staff.

Jawaharlal Nehru Port Trust

- Review of procedure of disposal of scrap system to minimize errors.

- Inbuilt arrangement of issuing printed weighment receipts in the electronic system.
- No manual weighment of scrap for disposal.

Bharat Petroleum Corporation Limited

- Updation of Publication on procurement of goods & services carried out.
- Web-based grievance Monitoring Mechanism introduced.
- E-procurement & e- disposal portals introduced.
- Obtaining signature of the bidders in integrity pact in all tenders of value over Rs. 1 crores.

Mahanadi Coalfield Ltd.

- Android based Mobile Applications have been launched.
- Digitization of land records carried out.
- 3-D TLS (Terrestrial Laser Scanning) in Mine Surveying introduced.
- Integrated Fuel Management System (IFMS) has been installed.

Dredging Corporation of India

- Developed a portal for submission of online floating job applications and maintaining a data base thereof.
- Recruitment of Dredge Cadets, Trainee Marine Engineers is done on the basis of marks obtained in the written test and in the interview. For reducing the scope of subjectivity the ratio has been kept 80:20.
- Recruitment of petty officers and crew categories on contract basis is done on verification of certificate of competency and experience (not on interview basis).
- Adopted a well framed policy for fixation of wages in an unbiased manner for various categories of floating officers recruited on contract basis.
- Compilation of marks allotted during interview is done independently and results are declared in the website on the same day.
- As regards disposal of scrap ,informing vigilance departments regarding the quantity, time and date of disposal of material in advance.

All India Council for Technical Education

- Introduction of e-governance.
- Database of Experts has been prepared and Experts are selected at random basis by the system.

Ministry of Civil Aviation

- Rotational transfer policy for sensitive posts being implemented to the larger extent.
- Implementation of e-GCA for grant of pilot licenses and other clearances online.
- Implementation of e-office. Efforts are on to implement e-file system completely.
- Implementation of e-payment through Public Finance Management Service.
- Introduced Citizen Charter by indicating time-line for certain specific activities like grant of approvals etc.

Oil India Ltd.

- New Procurement Manual finalized incorporating CVC's guidelines.
- Limit for Open e-tendering has been reduced to Rs. 10 lakhs from 25 lakhs.
- Recruitment of executive grade employees through GATE scores instead of conducting entrance exams.
- Bill Tracking system introduced.

State Bank of India

- Established preventive risk management cell in order to prevent and detecting frauds.
- Efforts to increase communication and developing multiple channels and educating employees.
- Conduct of 'Speak-up'-A training Programme to popularize whistle blowing mechanism.
- Introduced incentives/awards to encourage honesty & integrity to create an environment of participative vigilance.
- Creation of separate cyber fraud management cell for assessing cyber fraud risks.

Punjab National Bank

- Regular preventive vigilance visits /checks are done on quarterly basis.
- Providing the 'Suraksha Facility' which entails entering the detail of issued cheques in the system to save against cheque related frauds.
- Compulsory valuation reports from two approved valuers of bank are taken in respect of all loan accounts where valuation of IP is 5 Crs or more.
- To strengthen the KYC system, started Back Offices for account opening.

- Establishment of Retail Asset Processing Cell for effective and qualitative loan processing.
- Implemented e-tendering in order to improve transparency and fairness.

Syndicate Bank

- Declaration of value statement – "Good Corporate Governance through transparency in dealing in undertaking ethical business".
- Inclusion of Preventive Vigilance in all training programmes conducted by the Bank.
- Conduct of preventive surprise checks.
- Planned to frame a well defined procurement audit policy.
- Reduction in automatic log out time in order to avoid the scope for misuse of the system.
- Strengthening biometric authorization of functionaries.

United Bank of India

- Conduct of surprise checks.
- Flash messages on preventive measures to avert frauds issued as a ticker in CBS platform and on the intranet site of the bank.
- Conduct of vigilance awareness programs.
- In the process of making a provision of endorsement in respect of verification of KYC norms i.e. entering signatures of the officials who have checked the KYC norms.
- Use of Bio-metric password has been customized in all branches.
- System of online tracking of loan application introduced.

Canara Bank

- Identified the need to exercise caution for operators while manually keying in account number in the CTS package and that only the details available in CBS system should be taken into account.
- Examining the possibility of adding more security features in transactions and initiating steps to implement OTP system.
- Appointed additional vigilance officers in circle offices.
- In the process of framing a policy in the matter of engaging concurrent auditors in the bank.

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Delhi Metro Rail Corporation

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

The Delhi Metro has been instrumental in ushering in a new era in the sphere of mass urban transportation in India. The swanky and modern metro system introduced comfortable, air-conditioned and eco-friendly services for the first time in India. It completely revolutionized the mass transportation scenario not only in the National Capital Region but to the entire country. Having constructed a massive network of 218 Km with 164 stations in record time, the DMRC today stands out as a shining example of how a mammoth technically complex infrastructure project can be completed before time within budgeted cost by a Government agency.

The Delhi Metro Rail Corporation Limited (DMRC) was registered on 3rd May 1995 under the Companies Act, 1956 with equal equity participation of the Government of the National Capital Territory of Delhi (GNCTD) and the Central Government to implement the dream of construction and operation of a world-class Mass Rapid Transport System (MRTS).The DMRC today has 235 train sets of four, six and eight coaches. More than a hundred trains of six-coach configuration and over 60 trains of eight-coach configuration are currently operational. Apart from providing a comfortable public transport option, the Delhi Metro is also contributing significantly towards controlling pollution as well as reducing vehicular congestion on the roads. According to a study, Delhi Metro has helped in removing about 3.9 lakhs vehicles from the streets of Delhi.

1.2 Vigilance Management

The CVO heads the Vigilance Division of the organization concerned and acts as a special advisor to the Managing Director (MD) in the matters pertaining to vigilance. He also provides a link between DMRC and the Central Vigilance Commission on one hand and DMRC and the Central Bureau of Investigation on the other. Vigilance functions to be performed by the CVO are of wide sweep and include collecting intelligence about the corrupt practices committed, or likely to be committed by the employees of his organization; investigating or causing an investigation to be made into verifiable allegations reported to him; processing investigation reports for further consideration of the disciplinary authority concerned; referring the matters to the Commission for advice wherever necessary, taking steps to prevent commission of improper practices/misconducts, etc. Thus, the CVO's functions can broadly be divided into three parts, viz. (i) Preventive vigilance; (ii) Punitive vigilance; and (iii) Surveillance and detection.

The structure of Vigilance in DMRC has been moulded over the years. At present, the Vigilance Department in DMRC is headed by Chief Vigilance Officer. He is assisted by a team of officers & staff in the Department. At present, there is one Deputy Chief Vigilance Officer, who in turn is assisted by five Sr. VO/AVOs (each from different background such as Civil, Electrical, Signalling, Operation, Rolling stock & Finance etc.). Further Sr.VO/AVOs are assisted by the VIs from respective backgrounds as mentioned above.

2.0 AREAS PRONE TO CORRUPTION

Delhi Metro being an organization to provide public utility services operates

in areas which are potentially vulnerable from vigilance perspective. Some of the areas, particularly susceptible to vigilance related complaints and grievances are as under:

Areas of Mass contact: These include TOM/token counters at metro stations, parking, PD areas etc.

Procurement of material: Areas in respect of reasonability of price and inventory management are of specific importance.

Works tenders and contracts: In addition to tender finalization related issues, quality of works is of paramount importance.

Disposal of Scrap: This area includes wide array of activities starting from receipt and accounting of scrap material to the delivery of sold material.

Recruitments: Recruitment process in DMRC encounters many challenges in respect of transparency, fairness and objectivity.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

The objective of the vigilance department is to plug the loopholes in the system and to take effective systemic measures to prevent occurrence of corruption related incidences. With this view in mind, there has been special emphasis on reduction of human intervention by bringing in technological advancements and proliferation of Information Technology based applications.

3.1 Preventing Manipulation in Ticketing & Metro Station Cash

Several systemic improvements have been made in recent times to curb manipulations in token counters/TOM. These include:

- Issuing receipt for every purchase of Token/travel card to curb any overcharging issues.
- Mandatory to carry out various checks to assure the proper working of PIDS (Public Information Display System) & printers as well as to perform cash checks.
- Installation of Fare maps at TOM counters for ensuring transparency.
- Deployment of TVMs (Ticket Vending Machines) on metro stations to eradicate the issue of overcharging at TOM/CCC. As on 10.10.2017, 92 metro stations have been made TOM free i.e. manual sale of tokens have been replaced with TVMs. A total of 534 TVMs have already been installed and the no. is increasing on daily basis.
- Maintaining written records of cash movement at station to curb any misappropriation of cash.

3.2 E-procurement

Successful implementation of e-procurement for supply/Design-built/ consultancy contracts to improve transparency has almost eliminated complaints related to tender opening and has considerably reduced tender finalization time. All

the e-tenders are placed on the public domain through website *https://eprocure.gov.in/eprocure/app*. All the tenders pertaining to Civil, E&M, and Operation etc. above 5 Lakhs are being done through e-procurement w.e.f. 01.02.2015. NIC has been engaged for providing internet based e-procurement system in DMRC.

Impact

- Till date approx. 240 contracts of different discipline have been processed and finalized based on e-tendering.
- Substantial time reduction in finalizing Open Tenders.

3.3 E-auctions

E-auction module of Indian Railways e-procurement site i.e. *https://www.ireps.gov.in* is being used on charge basis for maintaining transparency in sale of scrap material in DMRC.

3.4 E-payments

All the payments to vendor/supplier are being made through e-payments mode only.

3.5 Recruitment

Towards enhancing the objectivity, transparency and credibility of the recruitment process, DMRC has introduced IT based recruitment system which marks a paradigm shift with an endeavor to bring examination at candidates' doorstep. This has also facilitated in handling large volume of application forms/admit cards in addition to preventing many possible corruption related activities at different stages of the examination process. Salient features of E- recruitment initiatives are briefly listed as under:

Pre Examination stage

- Examination date published on vacancy notification.
- Assured and error free submission of applications.
- SMS/E-mail alerts to candidates at every stage.
- Multiple modes of fee payment.
- Mock Test before actual examination.

During Examination

- Biometric attendance with Photo-capture at examination centers.
- Facility for review and modification of responses.
- Green initiative-saving papers.

Post Examination

- Uploading of candidates' responses and Answer keys.

- Opportunity to raise objections regarding correctness of Answers.
- Disclosure of all relevant information in public domain.

Impact

This initiative has brought qualitative improvement in the entire examination process making it more efficient and transparent. It has resulted in better grievance handling at different stages and also enhanced the credibility of the process amongst unemployed youth.

3.6 Other Initiatives

Biometric based attendance system has been started for housekeeping staffs.

Fast proliferation of CCTVs in ticketing areas has proved very effective in detecting collusion of staff in respect of irregular activities.

4.0 SUSTAINABILITY AND WAY FORWARD

The initiatives taken in the area of preventive vigilance have received wider acceptability of all concerned, which makes it sustainable in the long run. Two-pronged strategy has been adopted to make the preventive vigilance more effective i.e. Proliferation of IT based applications to further reduce human interface; and simplification of procedures to plug discretion. There have been encouraging results on response feedback mechanism introduced along with the use of social media which has broadened our endeavor to reach out to stakeholders. This shall be continued.

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National Highways Authority of India

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

NHAI was constituted by Act of Parliament, the National Highways Authority of India Act 1988. The authority was operational in year 1995 with the mandate to develop, maintain and manage National Highways. Functionally, it covers Construction & maintenance of National Highways, Wayside Amenities, Traffic and Highway Management and Advisory Services.

1.2 Vigilance Management

Vigilance Management of NHAI is headed by a Chief Vigilance Officer. He is supported by Vigilance Offices consisting of General Manager, DGM, Managers & Dy. Managers.

2.0 Areas Prone to Corruption

Procurement of works, engagement of Consultancy services and implementation activities involved in works are the major areas prone to corruption.

3.0 SYSTEMATIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

To carry out CTE type intensive examination of projects, surprise inspection of works and periodic inspection on case to case basis and to conduct sensitisation workshops.

3.2 System Improvement Measures

Extensive IT usage and e-governance

- Bill tracking and application systems.
- A toll free no. 1800-1160-62 is operational to receive complaints related to irregularities in work contracts and corruption in organization.
- The common public can also register its complaints/suggestions on “FACEBOOK” portal of NHAI.
- Cash Reward Scheme : The cash reward scheme of Rs.5000/- to Rs.25000/- has been launched by NHAI to give an incentive to informant for providing information related to irregularities in work contracts, toll and corruption in organization.
- Toll information system developed.
- ETC in advanced stage of implementation.
- Mobile gateway for toll information.

E-tendering

High level security as per CVC and other Govt. standing instructions.

- 3 levels of secure tendering system.
  - Secured Socket Layer (SSL).
  - User ID, Password and Digital Signature Certificate (Class-III) combination.
  - Completed Automated Public Turing Test to Tell Computers and Human Apart (CAPTCHA).
- Regular Audit conducted on e-Tender Portal which includes Vulnerability Assessment, Penetration Testing, Performance Testing, Security Process Audit, SLA Audit etc.
- SQTC certificate for March 16 – March 17 received.

Modifications done in MCA/policies

- Mobilisation advance - interest bearing advance against Bank Guarantee.
- Control of toll revenue during construction – tolling at reduced rate.
- Disclosure of bidding decisions – Non-responsive/non-qualified bidders' details with reasons uploaded on e-portal giving at least seven days time prior to financial bid. In case of consultancy services, the complete technical evaluation scores are uploaded on e-portal.
- Standardization of DPR consultant – procurement through portals INFRACON.

Project Monitoring Information System (PMIS)

In order to have an effective online monitoring system for projects, NHAI and got a Project Management Information System (PMIS) developed for ensuring that the obligations of the authority and concessionaire are effectively tracked and timely met.

Use of Geo Spatial Technology

NHAI has signed Memorandum of Understanding (MOU) with National Remote Sensing Centre (NSRC) on 11th January, 2016 for acquiring high resolution satellite imagery and use of geo-spatial technology for monitoring and managing national highways. NHAI has also signed Memorandum of Understanding (MOU) with North East Centre for Technology Application and Research (NECTAR), Department of Science and Technology on 11th January, 2016 for acquiring aerial images for monitoring and managing national highways and infrastructure planning using Unnamed Aerial Vehicles (UAVs).

Road Asset Management System (RAMS) Pilot Project 3,000 km

The National Highways Authority of India (NHAI) has taken up RAMs to strengthen Asset Management Capacity of NHAI and Ministry of Road Transport and Highways (MoRTH). The specific objectives of the project are:

- **Develop a sustainable Road Asset Management System** (RAMS) for India's National Highways. A single Road Database for NHs supported by analytical tools, used by both NHAI and MoRTH is envisioned.
- **Develop a strategy to institutionalize RAMS in NHAI** and **MoRTH** to assist in planning, programming and budgeting for road maintenance and upgrading works.
- **Develop a strategy to integrate GIS capabilities within RAMS** to form publicly accessible Traveler/Tourist Information System providing road users with information on road conditions and location of hotels and tourists sites etc.
- **Present Status**
  - RAMS Software development completed.
  - First year Data Collect ion completed and uploaded on RAMs website.
  - Second year Data collection in progress.

3.3 Impact of System Improvements

- Systemic improvements has paved way for transparency, awareness among stakeholders, streamlining of various procedures, setting standards for various works etc, which minimizes the existence of corruption into the system.

4.0 SUSTAINABILITY AND WAY FORWARD

- Vigilance Awareness Week is to be conducted from 30.10.2017 to 04.11.2017 with main focus as "My Vision-Corruption Free India" wherein one of strategies is to encourage all stake holders to collectively participate in the prevention of and fight against corruption and to raise public awareness regarding existence, causes and gravity of and the threat posed by corruption.

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भारत सरकार का उपक्रम
MMTC LIMITED
A GOVT. OF INDIA ENTERPRISE
touching lives, adding value

MMTC Limited

1.0 INTRODUCTION OF THE ORGANIZATION

1.1 Overview

MMTC Limited is the largest international trading company in India and has been in existence for almost five decades. India's largest international trading house has always strived to perform its own past records. Exploring opportunities with a passion and zeal to excel has placed the company at the pinnacle of glory. Dedication and persistence have been the buzzwords, which have catapulted MMTC to new heights

As the largest trading company of India and a major trading company of Asia, MMTC aims at improving its position further by achieving sustainable and viable growth rate through excellence in all its activities, generating optimum profits through total satisfaction of shareholders, customers, suppliers, employees and society.

MMTC is a leading International Trading House in India operating in the competitive global trading environment, with focus on "bulk" as core competency and to improve returns on capital employed. Today MMTC has the distinction of being:

- Largest exporter of minerals from India.
- India's largest bullion trader.
- One of the India's largest importer of Non ferrous metals.
- India's largest importer of steel/coal.
- One of India's leading importer of fertilizers.
- One of India's largest trader of Agro products.

MMTC has been conferred the following:

- Gold Trophy for being the top exporters in Merchant Exporter category by EEPC.
- CAPEXIL highest award for highest export in Minerals and Ores sector (17th time in a row).

1.2 Vigilance Management

Vigilance Division of MMTC, headed by CVO, has a full-fledged department supervised by General Manager and further strengthened by Addl. GM, Chief Managers, Sr. Managers and other subordinate staff at Corporate Office and one Vigilance Officer of Manager/Sr. Manager level posted at all the regional offices of MMTC.

Vigilance has to be looked upon as one of the essential components of management and as important the segment as Finance, Personnel and marketing. Vigilance connotes watchfulness. It is not the purpose of vigilance to wait for lapses to be committed and then try to conduct post mortem. Hence, preventive vigilance is more important than the punitive vigilance. If adequate attention is paid to preventive vigilance, many vigilance cases will not arise.

Vigilance division in MMTC has adopted pro-active approach to create incorruptibility in the functional areas. The strategy of preventive vigilance is drawn and implemented to draw an environment of integrity and to add values to the system for increasing transparency and accountability in the working. It is the endeavors of the vigilance division to create an ethos of "organizational citizenship" amongst all the employees so that there is voluntary compliance of rules and procedures to achieve the organizational goals.

2.0 AREAS PRONE TO CORRUPTION

Some of the areas, susceptible to corruption/vigilance complaints are as under:-

Areas of Mass Contact: MMTC operates show rooms for sale of its silverware and gold related items like silver & gold coins, silver utensils and gold jewellery.

Delay in deposit in bank of cash received.

Tenders and Contracts: Preparation of proper tender and contracts is of paramount importance.

Forex related defaults: Non-hedging of forex in Precious Metals and other commodities with respect to import and export.

3.0 SYSTEMIC IMPROVEMENT AND THEIR IMPACT

The objective is to take effective systemic measures to prevent occurrence of corruption related incidences. Special emphasis is on reducing human intervention by using information technology based applications.

3.1 Tenders

Successful implementation of e-procurement to improve transparency has eliminated complaints relating to tender opening and price bids opening. All the e-tenders are placed on public domain through MMTC website i.e. www.mmtclimited.com and e-procurement portals of NIC thereby providing equal opportunity to wide range of vendors. The results of e-tender are uploaded on MMTC website for greater transparency. 305 number of e-tenders have been published during 2015-16 and 300 during 2016-17 and 114 during 2017-18 upto now.

3.2 E-auction

E-auction is done to introduce greater transparency in sale of products of NINL enabling the bidders to bid in different parts of the country thereby eliminating involvement of cartels. Rs.1600 crores turnover has been achieved during the year 2016-17 and Rs. 800 Crores during 2017-18 up to now.

3.3 Updation of Manuals

Regular review and Updation of manuals for sale and purchase for all commodity divisions like Precious Metal Division (Bullion Drill), Agro, Fertilizer etc. is done. Regular Updation of Financial Drill is also undertaken to prevent any financial frauds.

- It is with the initiatives of the Vigilance Division of MMTC, that it has

been made mandatory for all the divisions that Law Division vets all Contracts with business associates.

- In each contract, it has also been made mandatory to incorporate a Fraud Prevention Clause to cover post tender disputes/problems/or complications.
- Integrity Pacts are being signed along with signing of contracts, to abide by the instructions issued by CVC. Accordingly, MMTC appointments IEMs (Independent External Monitors).
- Extensive vigilance activities like surprise checks, scrutiny of tenders, stock checking in showrooms, CTE type inspection is done.

The initiatives taken have been accepted by all concerned, which makes it sustainable in the long run. However, it is constantly reviewed and amendments are made accordingly.

4.0 SUSTAINABILITY AND WAY FORWARD

Major systemic improvements proposed to be undertaken are:

- Implementation of Job Rotation and Transfer Policy.

4.1 Sustainability

Extensive Vigilance plan encompassing the following activities:

- Surprise checks/scrutiny of files.
- Surprise checks of stocks in showrooms, storage of material in godowns/ ports.
- CTE type examination.
- Review of existing systems/procedures.
- Updation of manual.
- Sensitive areas/job rotation.

* * * * *

Food Corporation of India

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

Food Corporation of India is a Public Sector Undertaking under department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution. The Food Corporation of India (FCI) was set up in 1965 under an Act of Parliament namely the Food Corporations Act, 1964 (Act No. 37 of 1964) against the backdrop of then major shortage of grains, especially wheat, in the country. Self-sufficiency in grains was the most pressing objective and accordingly FCI was setup with three basic objectives:

- Effective price support operations for safeguarding the interests of the farmers.
- Distribution of foodgrains throughout the country for public distribution system.
- Maintaining satisfactory level of operational and buffer stocks of foodgrains to ensure National Food Security.

The Food Corporation of India was set up with the primary duty to undertake purchase, storage, movement/transport, distribution and sale of foodgrains and other foodstuffs. The Government of India fixes the prices at which foodgrains are to be purchased (Minimum Support Price) and issued (Central Issue Price) and the quantum of allotment of foodgrains to the State Governments and other relevant policy matters are also drawn by GOI.

Since its inception, FCI has played a significant role in India's success in transforming the crisis management oriented food security into a stable security system. FCI has evolved over last 50 years from procuring 11.21 Lakh MT foodgrains in the year 1965-66 to more than 697 lakh MT foodgrains in Central Pool during last completed marketing seasons (KMS 2016-17 & RMS 17-18).

1.2 Vigilance Management

The Vigilance Division in Headquarters is headed by the Executive Director (Vig.)/Chief Vigilance Officer (CVO), who is assisted by General Manager (Vig.)/Deputy General Manager (Vig.) and Asstt. General Manager (Vig.) along with Managers (Vig.) and supporting staff.

Similar vigilance set-up exists in the Zones/Regions. In Zones, Vigilance Division is headed by General Manager, Vigilance & Security (V&S) who is assisted by Deputy General Manager(Vig.) / Asstt. General Manager (Vig.), Managers (Vig.) and supporting staff. General Manager (Vigilance) directly functions under the Executive Director (Zone). Similarly in the Regions, depending upon the staff strength and work load, Vigilance Unit is headed by Deputy General Manager (V&S) or Asstt. General Manager (V&S) and assisted by Managers & supporting staff.

The functions of Vigilance Division are both punitive as well as preventive. During the course of surprise checks/regular checks whenever irregularities come to the notice of Vigilance Division necessary steps to punish delinquent staff are taken by the concerned unit i.e. in respect of Category-IV by the District Offices, for

Category-III by Regional Offices, for Category-II by Zonal Offices, for Category-I by Headquarters. For preventive vigilance, time to time surprise checks/regular checks are carried out and based on the observations of these squads, operative Divisions are advised to put in place instructions/circulars to plug loopholes in procedure so as to minimize/eliminate scope of manipulation by unscrupulous stakeholders.

2.0 PROBLEM AREAS/AREAS PRONE TO CORRUPTION

A few areas which have been identified to be vulnerable in terms of possibility of corruption are:-

2.1 Procurement:-

- Procurement of substandard/BRL (Beyond Rejection Limit) Stock.
- Payment of MSP to farmers.
- FIFO Violation.
- Irregularities in weighment at the time of procurement and takeover of stocks from the agencies.
- Linking of rice millers to depots.
- Quality of gunnies.

2.2 Storage and Contracts:-

- Abnormal storage shortages.
- Misappropriation/theft & Pilferage of foodgrains.
- Damage of foodgrains.
- Hiring of godowns.
- Non/improper maintenance of depot records.

2.3 Transportation/Movement:-

- Irregularities in appointment of Handling & Transport contracts.
- Issues related to Transit loss.
- Quality related issues in dispatched stocks.
- Least cost movement.

2.4 Distribution:-

- Issue of substandard stocks.
- Irregularities in open sale of wheat and rice.

2.5 Labour Related:-

- Proxy Labour.
- High Handling Cost.

2.6 Finance:-

- Misappropriations in making payments for operations.

3.0 SYSTEMIC IMPROVEMENTS & THEIR IMPACT

In order to effectively carry out objectives of FCI and to curb the instances of corruption, following preventive measures aimed to reduce the scope for corruption/ irregularities/ frauds are taken:

3.1 Preventive Vigilance Measures in respect of Procurement

In order to eliminate subjectivity in the physical and visual analysis of quality parameters in respect of rice, each refraction has been pictorially depicted and introduced to the field functionaries of FCI and put up in public domain. This has provided a ready visual reference for the personnel involved to identify the quality of rice being procured.

The process of appeal and grievance redressal mechanism was reviewed and also had given a face lift recently so as to bring more transparency in procuring foodgrains stocks. The benefits will be:-

- Prevention of harassment of rice millers/foodgrain suppliers and brings transparency at the time of foodgrain acceptance at field level,
- Specifies the authorities and prescribes the time period of the appeals.
- In case of wrong rejection, the concerned employee will be liable for a punitive action.

Emphasis on introduction of identity-blind/coding system, for fair analysis of QC samples of food grains. The advantage of this system is that the sample lots are coded/decoded by dedicated employees who are responsible to get them transported to the concerned office for further verification. This eliminates the possibility of manipulation by any other party during the transit period.

Making Senior Management Functionaries responsible for effective Supervision & Control in QC functions.

Introduction of online issue of Acceptance Note to the suppliers of foodgrains (Rice/Wheat/Paddy). This helps in recording and maintaining a central database of the foodgrains and the suppliers at the time of procurement itself.

3.2 Preventive Vigilance Measures in respect of Storage and Contracts

Making e-tender mandatory for all contract with value above 02 lakhs. This brings transparency in tendering as the information becomes available online.

Ensuring that the terms & conditions of tender should not be designed in a manner which restricts wider participation of bidders, aimed at getting benefit of competitive bidding. Model tender form has been framed at Hqrs. level which is used for award of contract by the field units.

Modifications are done in Model Tender Forms so as to simplify pre-qualification conditions and to increase healthy competition among the bidders to get the best

value out of it. For Handling & Transport contracts upto the value of Rs. 5 crores, an option of additional Bank Guarantee has been introduced in lieu of experience pre-requisite.

Systematic Monitoring through Periodical Physical Verification of stock (Quarterly, Annually and also special cases). Random scrutiny also done to these PVs by Vigilance Division.

Sensitive districts have been pointed out on regular basis on the basis of specific parameters and also comprehensively reviewed and revised time to time. Latest circular in this regard having no. 107/2016 dated 23.04.2016 have been issued.

Concept of 'Zero PV' has been introduced under which the stock position of the selected depot is brought to zero balance to check the shortages and prevent any manipulation by the custodian of stocks.

Installation of CCTV cameras in godowns. This step keeps a check on the instances of pilferage and on irregularities in day to day depot operations.

3.3 Preventive Vigilance Measures in respect of Transportation/ Movement

- Emphasizing proper management of records.
- E-tendering and tender results are published in web-site of FCI making the information easily accessible by anyone concerned reducing possibilities of manipulations.
- Making stringent penalties/recoveries from contractors to deter manipulation/ misappropriation/pilferages, etc.
- Inspections by senior officers in case of Storage/Transit losses exceeding pre-determined levels.
- Deputed Independent Consignment Certification Squad (ICCS) at the time of loading and unloading of foodgrains moved through railways. Such a squad ensures that the foodgrains being moved are in proper condition and no manipulation or damage is done during this period.
- Ensuring availability of computerized weighbridges at all depots with periodic calibration. This enables accurate measurement of the foodgrains being moved and records the same in the centralized database.

3.4 Preventive Vigilance Measures in respect of Distribution

For assuring consumer satisfaction, provision of joint sampling of stocks with the State Govt. representative at the time of issue of stocks to the State Govt. for further distribution.

Open market sale of foodgrains only through e-auction thus promoting healthy competition amongst buyers and transparency in the transactions.

3.5 Labour related

- Regular review of handling cost.

- Making investigation mandatory in case of high handling costs.
- Rationalization of labour strength by moving idle labour from one depot to another one having work, on tour/ temporary transfer.
- Rationalizing the inflow and outflow of stocks at the depots according to viability of labour strength.
- Deployment of contract labour at new godowns under PEG Scheme.
- De-notification of FCI's depots which relaxed the condition of prohibition of contract labourers at the notified depots.
- Process of installation of Aadhar No. based biometric attendance machine for labour is also initiated for elimination of proxy labourer.

3.6 Finance

E-payment system has been adopted for almost all the transactions thereby reducing cash handling costs and enabling maintenance of proper documentation and transparency in the transactions.

4.0 SUSTAINABILITY AND WAY FORWARD

A few other initiatives are also being taken by the Corporation in order to bring transparency in its functions and facilitate its preventive vigilance measures:-

- The Corporation is also in the process of introducing automation in storage and handling. Bids have been invited for building, operating and maintaining modern Silos with high degree of automation. This will reduce contact points as well as discretion of the Corporation officials in the depots.
- In addition, a comprehensive on-line depot management system has been rolled out in own depots. This will help improve and automate record keeping as well as provide real-time data/information about the activities in our godowns as well as bring in transparency in day-to-day operations.

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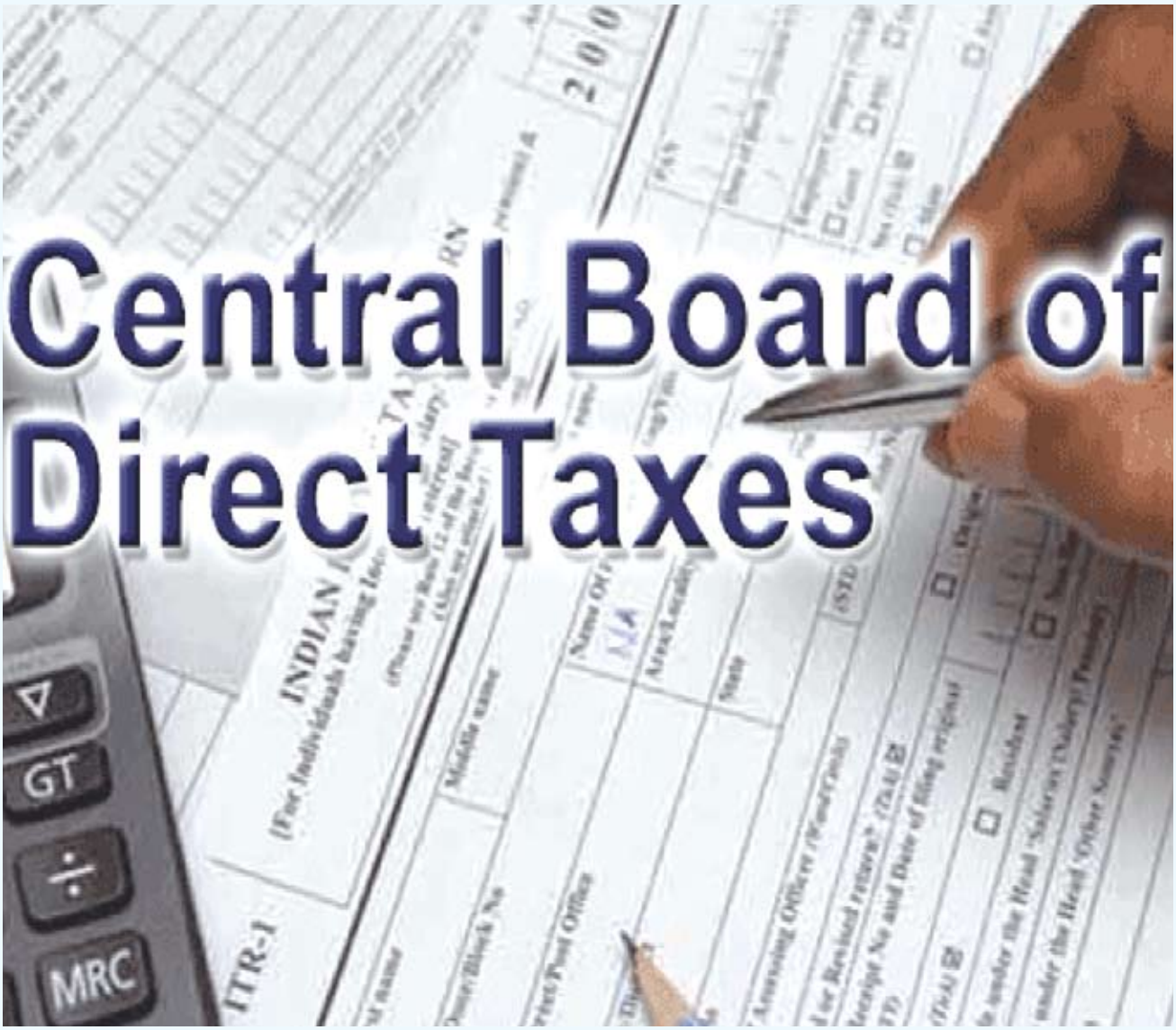
Central Board of Direct Taxes



1.0 INTRODUCTION OF THE ORGANIZATION

1.1 Overview

The Central Board of Direct Taxes is a statutory authority functioning under the Central Board of Revenue Act, 1963. The officials of the Board in their ex-offcio capacity also function as a Division of the Ministry dealing with matters relating to levy and collection of direct taxes.

The Central Board of Revenue as the apex body of the Department, charged with the administration of taxes, came into existence as a result of the Central Board of Revenue Act, 1924. Initially the Board was in charge of both direct and indirect taxes. However, when the administration of taxes became too unwieldy for one Board to handle, the Board was split up into two, namely the Central Board of Direct Taxes and Central Board of Excise and Customs with effect from 1.1.1964. This bifurcation was brought about by constitution of two Boards u/s 3 of the Central Board of Revenue Act, 1963. The Central Board of Direct Taxes consists of a Chairman and six Members. Administratively, Income Tax department has been divided into Eighteen Cadre Controlling Regions, headed by Principle Chief Commissioner of Income Tax. To support smooth functioning of CBDT, it is supported by a number of attached Directorates. Besides, there is set of Directorate General of Income Tax (Training) and training Institutes, viz National Academy of Direct Taxes and Regional Training Institutes.

1.2 Vigilance Management

The Vigilance set-up of the Income Tax Department is headed by the Principal Director General of Income Tax (Vigilance). He is also the Chief Vigilance Officer of the Organization. He is responsible for taking the initial decision on complaints against Group-A officers. He is also required to maintain an up to date records of such complaints and their latest status, through the prescribed registers, for submission of quarterly reports to the CVC, DOP&T etc. All the complaints against Group-A officers are, therefore, required to be forwarded to him for registration in the CVO's register as well as for further necessary action.

As CVO, he is required to examine and comment on all proposals where a reference to the CVC is required to be made. Apart from the officers posted in his headquarters, who assist him in initial processing of complaints and post disciplinary proceeding cases of Group-A officers, four regional Directorates of Income Tax (Vigilance) assist him in conduct of preliminary verifications or investigations. He makes all vigilance related references to CBDT, CVC, DOPT, UPSC etc. All such references are sent to him through the concerned Zonal ADG (Vig.) Four Zonal Directorates of Income Tax (Vigilance) assist him in the handling of vigilance matters pertaining to their respective regional jurisdictions. These Directorates process complaints against Group 'B' officers and also conduct preliminary verifications and investigations in respect of both Group - A and Group - B officers.

2.0 AREAS PRONE TO CORRUPTION

The areas where the Income Tax Department officials have one to one interaction with the tax payers are prone to corruption. The biggest area prone to corruption a few years ago was determination, issue and service of refunds. The process of selection

of cases for scrutiny assessment was also an area prone to corruption and gave rise to large number of complaints. Issue of certificates for deduction of tax at source at lower rates was also a major area prone to corruption.

Presently, Assessments and Appeals are perceived as areas prone to corruption in the Income Tax Department. Searches and Surveys also give rise to complaints of harassment and corruption.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

The CBDT has made earnest efforts to shift the focus to preventive vigilance which alone can be effective in actually reducing corruption in a large department like income-tax. Towards this objective, CBDT has adopted Technology as a tool of Preventive Vigilance. Computerization and automation are strong tools against corruption as they reduce discretion, enable better decision making, reduce human interface, increase transparency, enforce accountability and educate all stake holders.

Computerization has helped in reducing the points of interaction between the tax payers and the officials. The CBDT has gone in for Computerization of all the processes related with taxation. Robust website of the Department www.incometaxindia.gov.in has following utilities:

- Details of organizational structure & functions, location of offices, jurisdiction, citizens' charter.
- Tax laws, rules, circulars, notifications, tax treaties, transfer pricing rules and withholding tax details for non residents.
- Downloadable Income tax Return, Forms, tax challans.
- Display of tenders floated by various offices.
- Tax payer information booklet and Right to information portal.

3.2 System Improvement Measures

Computerization

The following facilities are now available online on the e-filing website of the Department, namely http://incometaxindiaefiling.gov.in/ :

- View Tax Credit Statement.
- e-File Return.
- View e-Filed Return/Form.
- View refund status.
- Download ITR-V.
- File Rectification.
- View Rectification Status.
- Digital Signature Certificate (DSC).

- Filing of Income tax Return.

Thus, the tax payers have the option to attend to their income tax related work from the convenience of their homes/offices by using the online facilities e-Tax, e-filing, e-Assessment, e-Appeal, e-Nivaran etc.

For speedy, jurisdiction free, interface free and cheaper processing of returns Centralized Processing Center (CPC) has been set up at Bangalore. The CPC helps in timely processing of returns and timely issue of refunds. Timely issuance of Refund was the biggest grievance area, hence to reduce interface and to increase transparency, Scheme of Refund Banker has been extended for all non corporate taxpayers all over the country. Under the Refund Banker Scheme, information regarding the refunds generated on processing of returns by the Assessing Officers or at CPC is transmitted online next day to the Refund Banker i.e. SBI, CMP branch, Mumbai. The Refund Banker in turn makes the payment of refund amount by ECS to the tax payer's bank account.

CCTV Cameras

Instructions have been issued to all Pr.CCITs with the approval of Chairman for Installation of CCTV cameras in all corridors and common areas of all offices across the country to enhance transparency.

Training Programmes

- A training programme for Officers posted in Headquarters was conducted by NADT, Nagpur and a session on 'Preventive Vigilance and Vigilance Procedure' was taken on 7th December, 2016.
- A Two Day All India course on Preventive Vigilance was held at DTRTI, Delhi on 12.01.2017 and 13.01.2017.
- Trainings for Vigilance Officers: A Two Day conference was organized in Chennai for these officers on 20.01.2017 & 21.01.2017. In the Annual General Transfers for 2016, many new officers have been posted in the Vigilance Directorates who do not have any prior experience of working in the vigilance wing. Therefore, another capacity building seminar was held on 17.08.2017 & 18.08.2017.

3.3 Impact of System Improvements

The biggest impact has been eradication of corruption in determination, issue and service of refunds. CPC Bangalore processes the returns, determines the refunds and refunds are issued online using refund banker scheme. Computerized selection of cases for scrutiny has eliminated corruption in selection of cases for scrutiny assessment. Mandatory issue of certificates for deduction of tax at source at lower rates online has checked corruption in this area. E-Assessment and e-Appeal have also started showing a positive impact on corruption in assessment and appeals.

4.0 SUSTAINABILITY AND WAY FORWARD

The following steps have been taken which are likely to yield rich benefits in the fight against corruption:

Reviews and Inspections

The role of supervisory authorities in maintaining integrity of the subordinates has been emphasized. The Chairman, CBDT has drawn attention of all Pr. CCsIT to Rule 3(2)(i) of CCS(Conduct) Rules and requested them to give their immediate attention to inspections / reviews by the CCsIT, CsIT and Addl. CsIT and ensure that targets and timelines in this regard are strictly adhered to. He also directed that inspections and reviews being an important part of the action plan, shall henceforth form part of APAR grading and any laxity in this regard should be commented upon in the APAR.

Quarterly Meetings

An important preventive vigilance initiative taken is the setting up of a system of quarterly meetings between the Zonal ADGs (Vig.) and the Pr. CCsIT. Vide OM dated 8.6.2017, it has been directed that the meeting will be held by the 15th of the month following the end of each quarter, and, in addition to the DG(Vigilance), Minutes of the meetings will also be forwarded to Member (Admn.), CBDT for monitoring and follow up. It is expected that the structured cooperation between the field formations and Vigilance Directorate will go a long way in enhancing probity and reducing corruption in the Department.

Central Inspection Team

A Central Inspection Team is being set up in DGIT (Vig.) to facilitate contemporaneous investigation into complaints of serious nature and conduct of Vigilance Inspections. While presently the Vigilance Inspections conducted are in the nature of document based inspections, and there is usually a substantial time lag between the receipt of complaint and the inspection, under the new system spot enquiry and immediate verification of records is contemplated. Decision has already been taken in this regard and manpower allocation is presently under way.

Systems Studies

Systems studies on critical functional areas are being conducted by the Zonal ADGs to identify loopholes and areas vulnerable to corruption and suggest systemic improvements. The ADG (Vig.) South conducted such a study in respect of surveys conducted U/s 133A and post survey proceedings and identified several deviations from the laid down procedures. As a result, the Investigation Division of CBDT has issued guidelines on 21.08.2017 laying down specific responsibilities during conduct of surveys and during post survey operations to obviate the possibility of any wrongdoing.

Scrutiny of Audit Reports

As directed by CVC, the office of Pr. DGIT (V) has started scrutinizing Audit Reports. The reports for 2013-14 and 2014-15 were examined.

Search and Seizure

Physical verification of valuables seized during search & seizure operations has been ordered. Guidelines have been issued laying down specific responsibilities during conduct of surveys and in post survey operations to obviate the possibility of any wrongdoing.

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Bharat Heavy Electricals Limited

1.0 INTRODUCTION OF THE ORGANIZATION

1.1 Overview

BHEL is a celebration of India's spectacular success in achieving self-sufficiency in the indigenous manufacture of heavy electrical equipment. The original mandate given to the company by the founding fathers of the Nation has been more than realized. BHEL is an integrated power plant equipment manufacturer and one of the largest engineering and manufacturing companies of its kind in India. The company is engaged in the design, engineering, manufacture, construction, testing, commissioning and servicing of a wide range of products and services for the core sectors of the economy, viz. Power, Transmission, Industry, Transportation, Renewable Energy, Oil & Gas and Defence with over 180 product offerings to meet the needs of these sectors. Since its inception in 1964, BHEL has been the solid bedrock of evolution of India's Heavy Electrical Equipment industry.

BHEL has a mammoth 20,000 MW per annum capability for manufacturing of power generation equipment. A widespread network of 17 manufacturing units, 2 repair units, 4 regional offices, 8 service centres, 1 subsidiary, 4 overseas offices, 6 joint ventures, 15 regional marketing centres and current project execution at more than 150 project sites across India and abroad corroborates the humongous scale and size of its operations. With key focus on project execution, the worldwide installed base of power generating equipment supplied by BHEL has exceeded 178 GW. BHEL's 54% share in India's total installed capacity and 58% share in the country's total generation from thermal utility sets (coal based) as of March 31, 2017 stand a testimony to its valuable contribution towards nation building. BHEL's global competitiveness has established its footprint in all the inhabited continents with references in 82 countries including Malaysia, Oman, Iraq, Syria Sudan, Libya, Cyprus, Malta, Afghanistan, Bangladesh, Bhutan, New Zealand etc. with cumulative overseas installed capacity of BHEL manufactured power plants nearing 10,000 MW.

1.2 Vigilance Management

Vigilance Department of BHEL is headed by the Chief Vigilance Officer (CVO) appointed by Department of Heavy Industry (DHI), Ministry of Heavy Industries & Public Enterprises, Govt. of India. Major manufacturing units / Power Sector Regions of BHEL have a vigilance set up headed by a senior vigilance executive reporting to the CVO.

There is one GM and 5 executives posted in Corporate Vigilance. In addition, one GM and 38 executives have been posted in 17 units and 4 Regions of the Company.

2.0 AREAS PRONE TO CORRUPTION

On Vigilance advice, Corruption prone areas were identified and action plan for mitigation has been issued by Corporate HR department in June 2016.

S.No.	Potential Areas of Corruption	Causes of Corruption
(i)	Procurement	• Monopoly of Registered vendors. • Inflated Estimates.

		• Restrictive competition. • Excess Procurement. • Inadequate monitoring of quality.
(ii)	Logistics Deptt-Transport Contracts	• Cartel Formation by Vendors and Restrictive Tender conditions. • Excess payment to contractors on the pretext of route diversion/Non imposition of Liquidated Damage (LD) in case of delay. • Arbitrary of Load among Transporters. • Transhipment by transporters en-route.
(iii)	Outsourcing of Fabrication Work/ Sub-Contracting	• Cartel Formation by Vendors. • Under-utilisation of in-house capacity. • Favours in Allocation of work. • Improper accounting of materials and scrap/ cut offs. • PMD of vendors outdated. • PMDs contain sister concern companies.
(iv)	Civil Works (Project Sites)	• Monopoly of vendors & restrictive tender conditions. • Inflated estimates. • Hindrance Register for Works not being maintained properly. • Details are not being properly recorded in MBs. • Timely Recoveries not being made from contractors for utilisation of BHEL T&P by contractors. • Deviation clause operated to give undue benefit to the contractor. • Absence of reconciliation of material issued to the contractor. • Missing material at sites and non-reporting of surplus material.
(v)	Civil Works (in UNITS)	• Monopoly of PMD vendors. • Restrictive tender conditions. • Inflated estimates (Rates & Quantities). • Estimates prepared according to Budget allocated and not as per actual requirement. • Excess procurement of Cement and steels etc. • Improper maintenance of MBs. • Sub-standard works accepted.

(vi)	Overtime Payments(OT)	• OT Payments without actual deployment/ work.
(vii)	Recoveries of Charges from Allottes of Town Ships in Units	• Improper Record maintenance regarding allotment. • No monthly reconciliation of amount due to the allottees and amount realized. • No action taken for timely recovery of dues • Rates of License Fees and other Electrical charges i.e. water and Electricity not being revised timely. • Unauthorized occupants in Township. • Lack of monitoring by superior authorities.
(viii)	Recruitment	• Recruitment Rules not notified. • Selection Committees records incomplete. • Fake Certificates and Degrees submitted by candidates for placement, accepted by HR department without any examination and verification.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

Preventive Vigilance has always remained the focus area of BHEL Vigilance. The approach to preventive vigilance include a combination of review of rules and policies particularly concerning procurement and recruitment, awareness raising measures, targeting specific functional areas/ issues by engaging stakeholders, in order to progressively eliminate scope for corruption. Additional impetus was also given for systemic improvements. Some of the preventive measures initiated on the instance of vigilance are as under:

3.1 Integrity Pact

BHEL signed the Integrity Pact with Transparency International on 16.12.2008 and the same was adopted in Feb. 2009. Structured meetings are held with the Independent External Monitors (IEMs) every quarter wherein the procurement related issues and complaints there upon are discussed. The threshold value for tender has been further brought down from Rs.10 crores to Rs.5 crores in 2016 to increase the coverage of Integrity Pact.

3.2 Expansion of Vendor Base

Earlier each unit was having its own Vendor Registration System which lacked transparency. In order to bring transparency in the system, an online Centralized Vendor Registration System was developed and launched to facilitate expansion of vendor base and ensure competitive buying. 1623 nos. of unique vendors have been added during the year 2016-17.

Further reassessment of vendors registered for more than 5 years but have not executed any order and the provision for weeding out of inactive vendors has

been introduced in vendor registration policy are implemented to keep the Product Material Directory (PMDs) updated.

3.3 Revision of Works Policy

On vigilance advice, following systemic improvements were introduced by the Management in revision of works policy:

- Alignment of revised Works Policy with revised Purchase Policy.
- enabling provision for applicability of vendor registration policy (SEARP).
- Guidelines for Suspension of Business Dealing with Suppliers, Reverse Auction Guidelines and E-procurement.

3.4 Administrative approval, Technical sanction and Estimates

The estimates are prepared by Technical / Engineering department and shall be concurred by Finance and approved by Competent Authority for the purpose of necessary administrative approval of Competent Authority.

- Rates of EMD (Earnest Money Deposit) to be in percentage of estimated tender value in line with CVC guidelines.
- Open Tender shall be preferred mode of tender valuing Rs.1 Crore and above.
- Financial Concurrence of NIT terms relating to PQR, taxes & duties, payment terms, PVC, ORC, LD / Penalty shall be obtained before floating of NIT for all the cases above Rs.5 Lakhs.
- Any additional factors having subjectivity not to be considered while preparing estimation of works resulting into inflated cost estimates.
- Provision for Price Variation Clause / Over Run Compensation Clause at NIT stage to avoid misinterpretation of tender conditions.
- Common Pre- Qualification Requirements (PQR) modified by Power Sector Head Quarters for Power Sector projects for Civil / Electrical / Mechanical / Control & Instrumentation works from time to time shall be followed while preparing the PQR for works. Authenticity of documents submitted by bidders in support of meeting PQR shall be verified by Contract agencies.
- All Works / Service contract details to be captured in Central data portal unit.
- Recovery of Interest will be charged on the outstanding amount at SBI base rate + 6% in addition to extant provision of Overhead charges, taxes & duties as applicable.

3.5 Revision of Vendor Registration Policy (SEARP)

On vigilance advice, following systemic improvements were introduced by the

Management in revision of Vendor Registration Policy (SEARP):

- To accept bids from such vendors who are registered with other Units for the same items in order to generate competition.
- Vendors registered in sister Units / divisions of BHEL shall be exempted from registration and shall be directly included in the list of the registered supplier.
- Reassessment of Suppliers: The cases of all PMD suppliers who are registered with BHEL Units for more than 5 years but not executed any order of the Unit shall be reassessed for further continuance in PMD. Such suppliers not meeting registration criteria may be considered for deletion from all PMDs of the Unit.

3.6 Revision of Purchase Policy : On vigilance advice, following systemic improvements were introduced by the Management in revision of purchase policy:

- Single part bid system: Single part bid system may be followed where technical specifications and requirements are clear and no deviations are acceptable. No post tender opening clarifications are allowed in single part bid. Bids are not meeting evaluation/ exclusion criteria stated in NIT shall be rejected. Retendering shall be resorted in case L1 bidder is rejected.
- Expression of Interest: Expression of Interest for items where specifications/ requirements are not very clear or items which are not frequently procured. The purpose of EOI is to arrive at uniform specific parameters meeting technical requirements and short listing the parties for further process of tendering.
- Receipt of Tenders: In general receipt of tenders is through Tender Boxes. However bulky tenders are required to be submitted by hand, the name and designations of at least two officers to whom such tenders are submitted should be mentioned in the bid document or may be submitted in secured tender room identified for the purpose. The latest technology web camera etc. may be used.
- Splitting of orders: In cases of two / three part bid, if the intention in the manner of splitting is not disclosed in NIT and at a later stage the quantity needs to be distributed on more than one supplier, the intension and manner of splitting shall be disclosed to all techno-commercially accepted bidders before price bid opening.
- Pre-bid tie-ups / MoU: Price of techno-commercially acceptable bidders shall be opened and comparative statement shall be vetted before BHEL submits its bid to the Customer.
- Sharing of Information: The list of registered suppliers shall be uploaded on respective intranet for access of all Units / Regions. The list of banned supplies shall be uploaded on BHEL intranet in addition Unit may share the information with sister units relating to performance of suppliers, delisting / banning of suppliers, price trends of common materials etc.

3.7 Revision of Reverse Auction Guidelines: BHEL has been using technology tool of RA for procurement since 2006. However, in many cases desired benefits could not be achieved due to absence of competitive bidding and cartelization problem. The RA guidelines were revised based on best practices to generate fair competition and minimize scope for manipulation of the process.

- BHEL reserves right to go for Reverse Auction instead of opening sealed bids. This will be decided after techno commercial evaluation. All bidders to give acceptance to participate in RA.
- To achieve good results in reverse auction, it is essential that at least four bidders should have agreed to participate in RA.
- H1 bidder (whose quote is highest in online sealed bid) will not be allowed to participate in further RA process provided minimum four bidders submitted online sealed bids.

3.8 Emphasis on Open Tendering: Due to regular interaction, the focus of company has slowly started shifting from Limited Tendering to Open Tendering. It has resulted in substantial savings and in achieving value for money. About 65% of the total tenders (valuing more than Rs. 2 lakh) were finalized through e-procurement during 2016-17.

3.9 Utilization of Unused Material: A special drive was undertaken by Units to segregate huge quantity of unused materials lying in open in units for years, to identify whether it can be used, recycled or need to be auctioned. Consequently, material of substantial value has already been retrieved for reuse / auctioned and open spaces were cleaned up. Further, action initiated by units to review quantity indenting procedure to avoid excess procurement.

3.10 Implementation of Sequential Material Supply System by Units: Due to advance supplies many times material gets lost, stolen or damaged resulting in financial loss to the company. Units are being sensitized about the need to adhere to L-2 schedule of the project for dispatch of material to avoid loss.

3.11 On-line Complaint System has been introduced in the company.

3.12 Online Vigilance Clearance System has been introduced to facilitate faster processing of cases. It is also a green initiative.

3.13 Review of Township Revenue Collection System: The cases of non-recovery of Licence fees, under recovery of Electricity and water charges, non-revision of Rents of commercial properties etc. have been noticed. Due to non-revision of rates/ under recoveries, the company is losing significant amount of revenue. The issue of outstanding on account of rent and allied charges for quarters/shops in BHEL Townships was examined by Corporate Vigilance. On the advice of Vigilance, the process to recover the outstanding amount on account of rent and allied charges was initiated and an amount of Rs.2.80 crore (approx.) has been recovered during 2016.

3.14 Digitization of BHEL Land & boundaries as per revenue records: BHEL units have huge land banks and there is a constant threat of encroachment of land.

On Vigilance advice, units approached state revenue departments for demarcation of BHEL land and work for construction of boundary walls and digitization of land records has been taken up by units.

3.15 On vigilance advice, units started action for installation of **Bio-metric attendance system** to check problem of ghost contract workers

3.16 Introduction of **Audit Trail for IT enabled systems** to check manipulation of the IT systems and detection / tampering of data in the system in order to ensure security of the IT systems being used in Units.

3.17 Knowledge Sharing: Vigilance started publication of Quarterly **e-Newsletter 'DISHA'** with a view to create awareness about procurement policy, rules and procedures etc., to disseminate the instructions/ guidelines issued by CVC and Government of India from time to time, to share best practices and case studies. Seventeen issues have already been published.

3.18 Installation of CCTVs in Units: This project has already been completed in most of the units to check material movement and improve security environment in the unit premises.

3.19 Whistle Blower Policy, Fraud Prevention Policy and Complaint Handling Policy of the company was notified.

4.0 SUSTAINABILITY AND WAY FORWARD

4.1 Sharing Information with Management

Vigilance department carries out routine / CTE type / surprise inspections regularly. The observations/ learnings from inspections are shared with the management. Based on these feedbacks, various system improvements are initiated by the management. In addition, various circulars for systemic improvements are also issued.

4.2 Review of Policies/ Guidelines

Continuous review/ updation of various policies/ guidelines in order to align them with the Govt. Policies / guidelines, to minimize discretionary powers and bring clarity in provisions where there is scope for interpretations.

4.3 Regular Inspections

Vigilance Officers posted in units/ regions check and ensure the implementation of these systemic improvements. Further, Internal Audit department has also been advised to check the implementation of systemic improvements during the routine audits being undertaken by them in various Units/ Regions.

4.4 Inclusion of Training Programmes on Preventive Vigilance

Awareness programmes on Preventive Vigilance for employees are being conducted. In all the General Management Programme/Strategic Management Programmes organised by Corporate Learning & Development (CLD) department, a session on preventive vigilance is being included on a regular basis. The case studies are also discussed with employees during these training programmes with an aim to

sensitise and help them to learn from these and avoid similar mistakes in future.In addition, programs are being conducted to promote ethical & value based culture in the company.

4.5 Audit of Existing Systems

Vigilance undertakes the studies of various processes in order to further improve the existing systems and procedures. These initiatives help in the development of improvised processes, adoption of best practices and better responses to external and internal organizational demands.

4.6 Capacity Building

To enhance the skills of Vigilance Officers, workshops and interactive sessions are regularly organized. Orientation programme for newly inducted Vigilance Officers are conducted with faculty drawn from CVC and CBI.

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Hindustan Aeronautics Limited

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

Hindustan Aeronautics Limited (HAL) is a premier aeronautical complex of South East Asia, with 20 production divisions and 11 R&D centers. HAL's expertise encompasses design, production, repair, overhaul and upgrade of Aircraft, Helicopters, Aero-engines, Accessories, Avionics and Systems. HAL is positioned at the 35th place among top 100 global aerospace companies (Source: Defence News). The R & D centres and production divisions of HAL are equipped with modern infrastructure for Design, Development and production of fighter aircraft, trainer aircraft, transport aircraft and helicopters (both in utility and combat role). The current workforce is around 29,400 with over 50% having more than a decade of aircraft industry experience. It has also diversified into manufacture and repair/overhaul of Industrial & Marine Gas Turbine engines and manufacture of structures for aerospace vehicles.

Propelling the mission of self-reliance over the years, HAL has so far Designed and Developed 17 types of Aircraft / Helicopters the latest ones being Hindustan Turbo Trainer (HTT)-40 and Light Utility Helicopter (LUH). HAL has contributed significantly towards self-reliance in the aviation field in terms of manufacturing more than 4060 aircraft/helicopters, 4900 aero engines, overhaul/upgrade of over 11,000 aircraft and 32,000 engines besides manufacture/ overhaul of related accessories and avionics in the country. Future acquisitions envisaged by the Indian Defence Forces like Fifth Generation Fighter Aircraft (FGFA) would enhance the level of contribution of HAL towards self reliance in defence field. In addition to design and development of aircraft, HAL has also developed expertise in aircraft upgrades.

The Company has successfully completed 75 years of growth and contribution, fulfilling the needs of Indian Defence Services. HAL supplied platforms constitute 62% of IAF, 50% Naval, the entire flying fleet in case of Army and Coast Guard. Further, 75% of IAF fleet, 61% of Naval fleet and the entire fleet in case of Army, Coast Guard is being supported by HAL. The Company has been extending its supports to few of the non-HAL produced Aircraft and engines.

HAL has entered into the global market with a diverse portfolio of products & services. The Company has achieved a base in export in more than 20 countries, having demonstrated its quality and price competitiveness.

Carrying on the commitment to the Indian Defence Forces, HAL's assembly lines are currently producing Su-30MKI, Light Combat Aircraft, ALH, DO-228 and Cheetal helicopters.

HAL sales has been growing steadily over the years and during the year 2016-17, the Company recorded the highest ever turnover of Rs. 17605 Crs and Profit Before Tax of Rs. 3583 Crs.

1.2 Vigilance Management

HAL is having its independent vigilance department, acting as an autonomous and efficient internal regulatory mechanism. Vigilance Department in HAL is headed by Chief Vigilance Officer. HAL Vigilance Department is the first DPSU to have 9001-2008 certification, an ISO certification for Quality. The present strength of the

department consists of 35 officers and 53 workmen. Vigilance Officers and workmen are placed in all the Divisions of HAL spread across the country and they report to the CVO stationed at the Corporate Office.

The major work profile of the Department comprises investigation of complaints, preventive vigilance like surprise inspections, regular scrutiny of procurement and contracts files and carrying out CTE type inspections, system studies, recommendations for systemic improvements to plug the loopholes, conducting awareness sessions, publications of Booklets, journals etc. Officers in the department also include experts drawn from functional departments like Works, Materials Management, HR, Finance etc on deputation to facilitate investigations and analysis of cases. The Department has been constantly working to improve vigilance administration through leveraging of technology with an aim to reduce bottlenecks/delays in systems/ processes. Vigilance also plays a pivotal role in Policy interventions pertaining to several spheres of activity of the Company. Implementation of e-payments, e-tendering, computerization of Annual Property Returns etc, has ensured leveraging of technology to fight against corruption. In addition Vigilance officers are regularly trained in various institutions within India and also in in-house training academy.

2.0 AREAS PRONE TO CORRUPTION

The vigilance department has carried out corruption Risk assessment. Eight functional areas has been identified as corruption Risk prone. They are

- Procurement.
- Recruitment.
- Outsourcing.
- Civil Works.
- Health and Medical Systems.
- Personal claims.
- Technical Areas.
- Facilities Management.

Against each of these areas top 15 risks were identified. After participative vigilance and brainstorming sessions with concerned experienced officials from these areas mitigation measures were suggested. The Corruption Risk Management policy has been made as a part of Risk Management policy of the organisation.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- **Some of the activities carried out by the Organization are:**
  - ➢ System study on selected subject such as material issued to subcontractors, RTGS payments, Time lags in placement of purchase orders, etc are being carried out across HAL. A compiled report with suggestions submitted to management for compliance.

- Awareness Classes on Vigilance related issues. Total 130 sessions carried out during 2016-17.
- Workshops are carried out for benefit of cross functional areas such as Finance, Civil Engineering, Procurement Human Resources etc.
- Routine checks as per Action plan drawn for the year covering checks on Purchase orders, payments to vendors, machine utilization etc.
- Surprise Checks in important areas where corruption risks are identified.
- CTE Type Inspections.
- Vendors/Contractors meet to address grievances.
- Monthly co-ordination Meeting with management.
- Video Tutorials on Vigilance Angle, Complaint handling policy, RTI, CDA rules of the organisation. These are 10 minutes each and played during training program.
- Journals (Marg Darshan) a biannual magazine, and Booklets on important issues such as do's and don'ts. A book called Prayas which is a compilation of case studies.

3.2 System Improvement Measures

- Land Management Policy and Digitization of Land Records: Land records of 2100 acres and 8000 pages in Bengaluru.
- Corruption Risk Management Policy: Vigilance Department has framed the policy in the sphere of Corruption Risk Management that includes identification of risk prone areas and corresponding mitigation measures.
- Earnest Money Deposit: Instances of undue delay in refund of EMD to the unsuccessful bidders were noticed and brought to the notice of the Management. Subsequently, policy guidelines have been issued by the Management apart from effecting suitable amendments to Purchase Manual.
- Outsourcing: Keeping in view the lacunae noticed during the System Study cases related to Outsourcing, a System Study was carried out and appropriate recommendations was submitted to the Management. Policy intervention in this regard has been made by the Management and revised outsourcing policy guidelines has been issued.
- Identification of idle Machines, Commissioning and Utilization: Capital assets/ Machines lying unused for a long period were put to use after installation and commissioning. Number of such cases were 45 cases worth Rs.25 Crores.
- Rejected materials, retesting and usage: Raw materials worth Rs.1.93

crores which was lying rejected 10 years back were identified, retested and brought to use.

- Integrity Circles: Integrity Circles at 12 HAL Schools and conducted 25 programs in these schools as part of this activity during the year 2016.

3.3 Impact of System Improvements

The policy interventions and other system improvements have had a positive impact on the functional areas and tangible & intangible benefits are seen in each area of the system improvements. Due to proactive efforts of Vigilance Department, direct/indirect savings has been accrued to the company to the tune of 5.02 Crores during the year.

4.0 SUSTAINABILITY AND WAY FORWARD

Continued efforts in preventive vigilance and ensuring adherence to the systems and procedures of the Company are essential to sustain the improvements achieved. As such activities listed at Para 3 above are carried out regularly. This apart, it is also necessary to keep a constant vigil on the corruption prone areas and to critically analyse scope for corruption and finding out suitable measures to curb corrupt activities will be the prime activity of the Department.

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Air India

1.0 INTRODUCTION OF THE ORGANIZATION

The Vigilance Department, Air India Ltd. is headed by Chief Vigilance Officer assisted by a Dy. CVO. Air India Vigilance Department has its Corporate Headquarters at New Delhi. The four regions (East, West, North and South) are headed by Regional vigilance Heads at offices located in Kolkata, Mumbai, New Delhi and Chennai. Additionally, an officer is posted at Hyderabad to look after and examine the Technical matters exclusively.

The Vigilance Department undertakes regular Surprise Checks, Station Inspections, Inspection of Major Works/Contracts, Field Studies and Procedural Audits to detect the cases of corruption and plug the loop holes in the system, which offers scope for any corruption. Complaints are also received by the Vigilance Department from various sources including a Vigilance Portal in the Air India Website. These complaints are meticulously looked into from any possible vigilance/corruption angle.

Vigilance Department also prepares an "Agreed List" of officers in consultation with the CBI and a list of "Officers of Doubtful Integrity". In order to maintain a watch over their activities, surprise checks are also conducted in association with the CBI.

2.0 AREAS PRONE TO CORRUPTION

- Irregularities in processing and award of contracts.
- Embezzlement of excess baggage charges collected.
- Cases of Dual Employment.
- Alleged Failure to deposit Bar Sale Proceeds.
- Smuggling of Gold.
- Fraudulent Refund of Tickets.
- Irregularities in Attendance Records.
- Misuse of lower RBDs (Reservation Booking Designator) without collection of applicable charges.
- Irregularities in acceptance of passengers at the airport.
- Submission of False Certificates .
- Falsification of Documents.
- Pilferage of Aircraft items.
- Alleged abuse of official position/s.
- Demand and acceptance of gratification from cargo agents.
- Subletting of company accommodation.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- Identifying of sensitive posts and monitoring the activities of personnel occupying the posts.
- Regular Surprise checks of identified corruption prone areas.
- Inspection of all operational and offline stations.
- Undertake Inspection of major works and contracts.
- Field studies and Procedural Audits.
- Meetings of CVO with CMD and CEOs of its subsidiary companies to review vigilance related work.
- Systemic Improvements are recommended to reduce opportunities for corruption on a regular basis and activities are aimed to enhance the level of managerial efficiency and effectiveness in the organization.
- Training courses and sessions are conducted to create vigilance awareness.
- Extent of IT usage and E-Governance has been augmented in the various spheres of the airline operation to ensure transparency and compliance to the Standard Operating procedures at all times.

3.2 System Improvement Measures

- In order to achieve uniformity and to streamline the procedures and practices in the organization, a total of 922 Surprise Checks in areas like Pilferage of Items meant for Passengers, Cabin Cleaning, Cargo, Excess Baggage, Catering Uplift, Procurement of Entertainment System etc. have been conducted by the Vigilance Department. In addition to the above 142 Station Inspections, 30 Field Studies, 02 CTE Type Inspections, 09 Procedural Audits have also been carried out by the Vigilance Department.
- All stations in the domestic network of AI have been inspected twice by the Vigilance Department officials and deficiencies noticed during such inspections have been highlighted in the reports submitted along with remedial measures to improve efficiency and transparency in the system.
- E-payments are being made to vendors. In order to enable quicker financial decision-making and improved operational efficiencies, SAP-ERP (Enterprises Resource Planning) has been procured and operationalized as an integrated platform for AI and its subsidiaries. The scope of this covers different areas of financial accounting, procurement, Human Resources management etc. enabling higher productivity and better visibility of information for the Management. Step by step implementation of staff welfare requests is also being undertaken through SAP-ERP.
- Air India has been using the SAP-ESS (Employees Self Service) Portal for making the passage requests for staff. Now the SAP-ERP system is being interfaced with the SITA Reservation System for SOL (Staff on Leave)

Ticketing through an in-house developed 'Web Based Portal' which will allow the staff to ticket the passages from their work desk/home. With effect from 5th October 2016, the serving employees of Air India will be able to use the online ticketing portal for self-ticketing of RAO's (Rebate Authorization Order).

- Booking of tickets by passenger through AI Website has increased to approximately 23% during the past 6 months through extensive increase in webpage uptime per visitor access. Cargo Agents can book consignments online and view the status of consignments till it reaches its destination through LMS software installed for the same.

3.3 Impact of System Improvements

- Due to sustained checks of cabin crew for pilferage of Aircraft Catering Items conducted at all the four metro Cities, cases of pilferage by crew have come to a minimum.
- As a result of 146 systemic improvements suggested by vigilance department, most of the departments have either developed SOPs for these functions or are in the process of developing such SOPs.
- Checks of Lost & Found (L&F) passenger items retrieved from aircraft revealed that no proper procedure or SOP was being followed for retrieving, safe keeping and disposal of (L&F) items. Vigilance recommended that a system be put in place for displaying (L&F) items on the AI website. As a result, 'Portal for Display of Lost and Found Items' has been developed and launched by Traffic Services and Department of Information and Technology.

4.0 SUSTAINABILITY AND WAY FORWARD

- Repeated checks of cabin cleaning of aircraft at all stations and consistently conducting checks in bringing out the deficiencies in services by the contractors has compelled Air India Management to take steps towards formulating a SOP for ensuring supervision over the contractors, and ensure use of specified cleaning material for aircraft cleaning.
- Company has implemented publication and uploading of tendered documents and post tender details on the Air India website.
- There is a system in place for 'first-in-first-served' in dealing with public and other stake holders in most of the areas.
- The scope of website information is constantly being widened. Based on the recommendation, comerical department has created a portal within the Air India website for uploading details of lost/mishandled baggage for the convenience of the affected passengers and ease of locating.
- Air India Mobile application has been introduced to minimize the time taken for service in respect of check-in functions.
- Crew rostering is being extensively done through the 'ARMS Portal' to

minimise scope of discretion and manual intervention.

- Inventory of engineering spares is maintained through 'RAMCO System' across the Air India network.
- Cargo space booking and acceptance through LMS (Load Management System).
- E-payments are being affected to vendors.
- In order to enable quicker financial decision making and improved operational efficiencies, SAP ERP has been implemented as an integrated platform in Air India and its subsidiaries. The scope of this covers different areas of Financial Accounting, Procurement, Human Resource Management.
- Booking of tickets by passengers through Air India Website has increased during the past months through extensive increase in WEB PAGE UPTIME PER VISITOR ACCESS.
- Cargo Agents can book consignments online and view status of consignment till it reaches its destination.

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जनेपन्यास
JNPT

Jawaharlal Nehru Port Trust

INTRODUCTION OF THE ORGANIZATION

1.1. Overview

The Jawaharlal Nehru Port Trust (JNPT) at Navi Mumbai (formerly known as Nhava Sheva Port) was commissioned on 26th May, 1989. It is the second youngest and one of the most modern Major Ports of the country. It was built with an investment of Rs 1109 Crores. Today JN Port is fully mechanized Port which uses latest technology in handling of cargo at the Terminals and presently handles about 55% of container cargo of India's Major Ports. JNPT handles Container, Liquid Bulk and Cement Ships. Currently JNPT is ranked 31st among top 100 Container Ports in the World. The total land area is 3000 + hectares. The Port handles around 4.5 Million TEUs and the aim is to handle 10 Million TEUs by 2022. JNPT is ISO 270001:2013 certified and ISPS compliant Port.

1.2. Vigilance Management

A separate Vigilance Wing was functioning in JNPT headed by Deputy Chairman as part time CVO, since starting of Port till 10th June, 2008. However, JNPT appointed a full time CVO on 11th June, 2008 in the rank of Joint Secretary to the Government of India. At present the Charge of Chief Vigilance Officer is with Chief Vigilance Officer, Mumbai Port Trust. The total Officers and Staff at present in Vigilance Department are 9 out of which 4 Officers are on deputation basis.

2.0 AREAS PRONE TO CORRUPTION

For effective adoption and implementation of Preventive Vigilance in JNPT the potential areas of corruption identified are as follows:-

- Award of contracts for works and services.
- Execution of works and services through contracts and payments to contractors.
- Purchase of stores.
- Disposal of scrap material.
- Recruitment.
- Revenue Collection.
- Allotment of berth.
- Dispatch of containers to ICD (Inland Container Depot) and CFS (Container Freight Station)

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT- A CASE STUDY

Out of the eight areas prone for corruption, one of the areas chosen for systemic improvement was disposal of scrap materials in Main Stores.

The scraps which are generated from various equipment and at various locations in JNPT are handed over to the Main Stores by the user Department for disposal purpose. The generated scrap is disposed off through E-auction conducted

by M/s M.S.T.C. Ltd, after taking approval from the Competent Authority.

As per the approved quantities 7,800 KG of scrap steel ropes was to be delivered to M/s HBM Traders, Mumbai and 2000 Ltrs of old used Oil to M/s Pulse Lubricants by Main Stores. However, when the vehicle carrying the said materials intercepted by the CISF at the South Gate, it was found that the vehicles were carrying excess scrap material than declared in the Delivery Challans/Gate Passes. On weighing the material at Computerized Weigh Bridge, it was found that the scrap steel wire ropes weighed 21830 KG instead of 7520 KGs and old used Oil measured as 8700 Ltrs instead of 2000 Ltrs. On scrutiny of the records it was found that the following records were not maintained by Main Stores for disposal of scrap:

- Material Ledger Register: This register was not maintained, thereby records of quantity of material of each item received from the user departments to the Main Stores is not available for any cross reference or checks.
- Scrap Material Register: This register is not maintained, thereby records of quantity of scrap of each item received from the User Department to the Main Stores is not available.
- Ledger Location Report: Ledger is not maintained; therefore details of location of the Scrap returned from the User Department are not available.
- Materials return Report of the material received by the Main Stores is not maintained.
- Material identification tag was not maintained for disposal items.

Since the above records were not maintained by Main Stores, there was a possibility of manipulating the quantity of Scrap Material to be disposed off to the Parties.

The Weighing of Scrap was done manually instead of Weigh Bridge wherein there is inbuilt arrangement of issuing of printed weighment in the system. Also, while giving delivery of Scrap Materials no Officer of Main Stores has physically witnessed the weighment before issuing Delivery Challans and Gate Passes.

3.1 Action Plan for Preventive Vigilance

The procedure of Main Stores has been reviewed and revised in order to keep records of all materials including disposal of scrap material in proper Registers and Formats for better accountability. In future, while giving delivery, one of the officers from Main Stores, either Superintendent, Assistant Manager or Deputy Manager shall physically witness the weighment in addition to the witnessing Employees/CISF Committee. The Weighment shall be carried out at the Main Weigh Bridge behind the Workshop wherein, there is inbuilt arrangement of issuing of printed weighment in the system. No manual weighment of scrap for disposal will be allowed in future.

3.2 System Improvement Measures

The ISO Quality System procedure for disposal of Scrap and surplus items was reviewed. The checks and control included in it are considered appropriate. However,

the following consolidated checks/control in consonance with the ISO was suggested with regard to disposal of Scrap and surplus items:

3.2.1 Checks/Control

For the disposal of Scrap and surplus items in the Port, a Standing Committee may be formed. The Committee may comprise of Representative from User, Finance and Materials Department and Co-opt Member from any other Department for special categories of items. Nominations for the Committee shall be made by the respective Heads and constitution approved by the Chairman/Deputy Chairman. Manager (Materials) may be convener of the Committee. The Convener shall be responsible for Co-Ordination and convening of the Committee's meeting, preparation of Agenda, Circulating the documents relating to the disposal of materials, preparation of committee's recommendations, obtaining financial concurrence and approval of Competent Authorities as per Delegation of Powers. The Committee shall carry out periodical checks at least on Quarterly basis for the following:

- Physical checks of the quantity of materials/scrap of each items received from the User Department to the Main Stores. As per the records Material Ledger Register and Scrap Material Register.
- Checks of records of new and reconditioned items received from user departments to Main Stores.
- Checks of data in File of MRSN maintained for items returned for disposal.
- Physical checks of location of the Scrap/new and reconditioned material returned from user department.
- Physical checks of reports of the material received by Main Stores MRSN and Material Identification Tags.

The Committee should follow the procedure of disposal of Scrap and un-serviceable material laid down in ISO Manual for disposal of Scrap and surplus materials.

The Items needing disposal are broadly classified as:

- Scrap which includes Structural Steel, Pipes, Cable Scrap, Steel Wire Ropes, and Conveyor Belt pieces etc.
- Obsolete items such as Spares or equipment which have economical worth but are no longer useful to the Port due to change in process or materials, as well phasing out of equipment.
- Surplus/Redundant items i.e. when the quantity of item in stock is more than reasonably necessary to provide adequate and effective services to the User Department. Items may be surplus due to improper inventory control, unpredicted changes in consumption pattern due to rationalization, standardization, modification or replacement of some equipment.

The Salvage Committee shall be responsible for identification of Scrap, obsolete and surplus materials and advise utilization/disposal in the most economical manner.

This Committee will also recommend mode of disposal i.e. auction, tendering or sale to employees etc. The Committee will also fix reverse price for each items recommended for disposal. The Meeting of the Committee shall take place as frequently as possible or at least quarterly so as to ensure prompt disposal of Scrap which shall keep the Plant and Scrap Yard clean and also make available funds to the organization, otherwise tied up in scrap material.

Purchase Section after receipt of complete details of absolute/scrap materials along with duly approved recommendations of the Committee shall proceed further and initiate disposal action. Since the scrap is sold on 'as is where is basis', opportunity need to be provided to the prospective bidders to inspect the scrap materials before submitting the bid to satisfy themselves on all points with regard to quantity, quality, nature, conditions and other details.

For handing over the scrap material and obsolete items to Purchaser, the Purchaser's authorized representative shall approach Main Stores along with Sale Order and Delivery Order, issued by Purchase Section for lifting the Scrap. Purchasers authorized representative shall complete all the requisite formalities for entry of manpower and trucks for the purpose of removal and transportation of Scrap materials. The handing over of scrap shall be supervised/witnesses by a Committee, comprising of representative from Security, User Department and Stores Section, whose nomination shall be approved by the respective HOD. The Committee Members shall witness tare weight and gross weight of the Truck. The Committee Members shall ensure that the loading is done only from the assigned lot and strictly as per the specifications and quantity contained in the delivery order. No picking and choosing or sorting shall be allowed to the Purchaser. Scrap is to be handed over on 'as is where basis'.

The person authorized by the Purchaser to take delivery, sign the exit gate passes or relevant documents must carry with him a Power of Attorney/Letter of Authority to represent him. After loading the materials and weighment, an exit gate pass shall be prepared by the Stores Representative indicating Description of materials, Gross and tier weight and quantity loaded, Truck number, Purchaser's name and address, Sale Order and Delivery Order No and Date, Place to which the materials being taken. All the Members of the Committee shall sign on the Gate Pass for having witnessed loading, Purchaser's Representative shall sign in the relevant column, acknowledging receipt of material and competent authority shall approve exit gage pass. The Stores Representative shall prepare Store Issue Voucher and obtain Purchaser's signature in the column 'received by'. All the Committee Members shall also sign the SIV in token of having witnessed loading and weighment. SIV shall be posed in stock records and distributed (including copy to Purchaser's representative). An Invoice shall be prepared indicating the basic value of materials plus relevant Tax. The Committee Members shall ensure that General Conditions of Sale of Scrap, Sale Order and Delivery Order are strictly followed.

3.3 Impact of System Improvement

On account of initiatives taken on disposal of Scrap, Obsolete items and Surplus/Redundant items, it is observed that there is better monitoring in the system to prevent loss of materials. Since the Committee formed carries out studies, there

are lesser losses in consumption, wastages etc and action for disposal of non-moving items as it is circulated to other Users Department, wherever possible. The maximum level, recorder level and minimum level of Stock Items are reviewed at periodical intervals by the Committee, based on existing consumption pattern and lead time taken for delivery to avoid surplus stocks.

4.0 SUSTAINABILITY AND WAY FORWARD

Since proper checks have been kept at each level while disposing the Scrap Material and proper records have been maintained, it is felt that with revised procedure system will be sustainable in long run.

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Bharat Petroleum

energising lives

Bharat Petroleum Corporation Limited

1.0 INTRODUCTION OF ORGANISATION

1.1 Overview

Bharat Petroleum Corporation Limited (BPCL) came into existence in January, 1976 when Burmah-Shell was taken over by the Government of India. A Fortune Global 500 Company, BPCL, a Maharatna, is one of the premier integrated energy companies in India, engaged in refining of crude oil and marketing of petroleum products, with a significant presence in the upstream and downstream sectors of the oil and gas industry.

BPCL's Refineries at Mumbai and Kochi, subsidiary Numaligarh Refinery Ltd. at Assam and joint venture Bina Refinery at Madhya Pradesh have a combined refining capacity of over 30 MMTPA. BPCL's subsidiary, Bharat PetroResources Ltd. has acquired participating interests in 22 oil & gas blocks in India and abroad. BPCL markets its products through a robust marketing and distribution network comprising 14,015 Retail Outlets, 4701 LPG distributorships, 645 Lubes distributorships, 1014 SKO/LDO dealerships, 128 POL storage locations, 50 LPG Bottling Plants, 44 Aviation Service Stations, 3 Lube blending plants and 3 cross-country pipelines.

During the year 2016-17, BPCL's gross revenue from operations stood at Rs.2,42,048 crores, net profit was a record Rs. 8,039 crores, market sales were 37.68 MMT and market share amongst public sector oil companies was 22.8%. The products have a wide range of applications in industrial, transport, power and agriculture sectors. BPCL has formed 18 joint venture companies covering refining, city gas distribution, renewable energy, pipelines, gas, into-plane servicing, airports, payment banks etc. to cater to the diverse requirements of its customers.

BPCL's next 5 year strategic road map, which will entail investments of over Rs 1 Lakh crores, focuses on creating infrastructure, customer centricity through service models and enhanced fuel offerings, establishing a global footprint in downstream retailing, developing renewable energy sources, inclusive growth, reducing the carbon footprint etc. As a good corporate citizen, BPCL's thrust is primarily in the areas of education, water conservation, skill development, health, community development, capacity building and employee volunteering. With 'Energising Lives' as its core purpose, BPCL's vision is to be the most admired global energy company leveraging talent and technology.

1.2 Vigilance Management.

BPCL's vigilance setup is spread over all the four marketing regional offices located in Mumbai, Delhi, Kolkata and Chennai as well as both the refineries i.e. Mumbai Refinery and Kochi Refinery with 1-3 officers posted per office totaling to 11 officers.

Additionally there are 8 officers posted in the Corporate Vigilance setup in the head office headed by Chief Vigilance Officer.

2.0 IDENTIFICATION OF AREAS PRONE TO CORRUPTION

Our Organization is made up of customer facing Business Units (hereinafter called as BUs) like Retail, LPG, Lubes, Industrial & Commercial, Refineries & Aviation

etc and supporting Entities like Engineering & Projects, HR, Audit, Brand, HSSE, Legal & Vigilance etc.

Potential vulnerable areas are listed below. Sensitisation of the issues listed by way of awareness sessions conducted by Vigilance across businesses for officers is a major thrust area for bringing about improvements. Issues which are policy related – weaknesses identified during investigation inspections / tender scrutiny/ system study or observed in Audit reports are taken up with the management for improvement and implementation.

2.1 Risk Areas in Business/Entities:

Common Areas for Retail, LPG and other SBUs

- Outside family cases of reconstitution of distributorships/dealerships.
- Allotment & continuance of Ad hoc distributorships / dealerships.
- Land selection process for distributorships/dealerships.
- Issues pertaining to Transportation tenders.
- Meeting demand of the Retail/LPG Network.
- Registration process of vendors.
- Interface of procurement units with vendors.
- Preparation of internal estimate without detailed justification.
- Tender on nomination basis.
- Amendments in bid qualification criteria.
- Scrap disposal.
- Execution of works / verification.
- Payments to the contractors.
- Sensitive position's posting.

Retail

- Obtaining bids in physical form through sealed envelopes.
- Lack of transparency in framing bid qualification criteria.
- Non-preparation of internal estimate for comparison of quotes received.
- Interface of procurement units with vendors.
- Loses at supply points – depots/installation/plants.
- Quality / quantity issues at ROs.

LPG

- Procurement Tenders for LPG equipment.
- Hiring of Private LPG bottling plants

- Diversion of LPG for non-domestic purpose.

Lubes

- Repacking & Toll blending contract arrangements of MAK Lubricants.
- Losses at MAK Lubes Oil Blending Plant.
- Transportation tender bulk and packed MAK Lubes.
- Sales promotion activities.
- Loyalty programs- Administration, implementation and redemptions management.
- Online Discount Proposal – monitoring & administration mechanism.
- Financial irregularities: Credit worthiness of RO dealerships / outstanding with RO Dealerships.
- Logistics – C& F, transport Contracts.
- Selection of Distributors.

I & C

- Bitumen allocation to customers in times of supply/availability constraints.
- C Form (verification & submission).
- Technical evaluation Report for existence of the factory and quantity assessment.
- BPCL provided Facilities utilization at customer premises eg consumer pumps.

Aviation

- Outstanding due from customers.
- Spot payment for private players.

Refineries (Mumbai & KR) / Engineering & Projects

- Procurement of goods & services.
- Issues regarding - Implementation of projects.
- Payment to contractors.
- Scrap disposal.

International Trade

- Tendering and negotiations.

HRS/HRD

- Asset Management – procurement and reconciliation.

- Real Estate Management/Maintenance.
- CSR expenditure.
- Recruitment.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- SBUs/Departments for increasing vigilance awareness through continuous communication to all stake holders through contractor/management workshop, Vendor workshop and vigilance awareness week. A session on vigilance awareness during Regional reviews/meetings.
- Adoption of recommendations/guidelines of CVC/MOP&NG to improve efficiency and transparency in the procurement processes, after obtaining approval from the competent authority/CFD/Board.
- Regular and routine inspections at installations / depots / LPG plants, surprise inspections, reviews, audits etc.
- Sharing of Vigilance findings in a generic way to sensitize officers at all levels.
- Sensitive posts: ensure job rotation policy and its effective implementation
- Creating an environment that promotes ethical behavior.
- Structured interaction with Business units and Internal Audit departments.
- Scrutiny of Tender files and CTE Type inspection of works.
- System study of existing process & procedure.
- Continue to foster on ongoing basis of review and standardizing of guidelines and procedures for procurement across BPCL.

3.2 System Improvement Measures Undertaken / Implemented By Various Departments

- Updation and publication of the guidelines for procurement of goods & services along with “Decision Rights & Authority” (DRA) and making it available on the intranet for easy access and conducted workshops to disseminate the same.
- Effective grievance monitoring mechanism – web based/ helpline based and time bound review of redressal and follow up.
- Formation of Central Purchase Organization (CPO) with clear roles and segregation of duties (SOD) - Centralized tendering for all procurement services except minor works implemented - Consolidation of indents/ requirements for the company so that more of open/press tender can be floated.

- Increasing Vendor base by keeping the registration process open round the clock to improve competition and response with fairness.
- Publishing of tenders on website and government portals E-procurements, e-payments, e-tenders for all purchases of Goods & Services.
- Clarity on Scope of Supply and Services in tenders.
- Generic specifications for items on need based.
- Framing of BQC with a good balance on all the parameters of procurement – Neither restricting competition nor sets a pre-determined number of firms to qualify.
- Preparation of internal estimates for comparison with the bids received.
- Obtaining signature of the bidders in the Integrity Pact in all tenders of value over Rs. 1 Crore.
- Minimum interaction of indenter with the prospective vendors.
- Disclosure of interest in any vendor at the time of TEC signing.
- Organizing `Synergy Meeting` with vendors.
- Critical controls with various role holders.
- Training & sensitizing the officers in various procurement/tendering process, C&F operations, Logistic management, Network management.
- Robust mechanism for review.
- Centralized bill payment system.

3.3 Impact of System Improvements

- BPCL has considerably benefited by the formation of CPO which has facilitated in reduction in procurement cost due to aggregation of quantities as well as increasing efficiency in procurement of Goods & Services. HPCL have recently replicated it by forming a CPO. MOP&NG has advised IOC also to form a CPO in their unit.
- Timely payment to vendors due to centralized payment process - BPCL has a Centralized Payment Processing known as BPEC (Business Process Excellence Centre) for procurement of goods and services made across the organization. This is a path breaking effort in that Payments are processed to suppliers / service providers directly –the procurement section is not involved in making payments.
- Capacity building & sensitization has taken place at all levels & across all functional areas.
- Drop in number of vendor complaints / disputes.Better Governance & Increased Transparency.

- Market Competitive rates achieved through e-procurement & e-disposal portals.
- Improvement in Brand Image of Corporation.

4.0 SUSTAINABILITY AND WAY FORWARD

- To keep reviewing the guidelines to enhance transparency and efficiency in the procurement of Goods & Services. To promote a sustained culture by engagement of fair, competitive and innovative business processes for growth of all stake holders.
- Periodic review of vendor's participation.
- Periodic Performance evaluation to ensure efficiency & resolving issues by the departments.
- Continuous review and system improvements to curb probability of malpractice.
- Vigilance sensitization to continue at different levels of the organization.
- The company to be proactive and at the forefront for identifying areas to further leverage Technology for transparency and upgrading of existing technologies or e-platforms to ensure robustness and stability in the system as well as for supporting future business requirements, like E-Office etc.

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Mahanadi
Coalfields
Limited
(A Subsidiary of Coal India Limited)
A Mini Ratna Company

Mahanadi Coalfields Limited

1.0 INTRODUCTION OF THE ORGANIZATION

The Mahanadi Coalfields Limited (MCL), a Miniratna Company, is one of the major coal producing companies of India. It is one of the eight subsidiaries of Coal India Limited. The Mahanadi Coalfields Limited was carved out of the South Eastern Coalfields Limited in 1992. Its headquarters is located at Sambalpur (Odisha). It has its coal mines spread across Odisha in three districts i.e. Angul, Jharsuguda & Sundargarh.

The Mahanadi Coalfields Limited (MCL), comprises of 03 coalfields (Talcher Coalfields, IB Valley Coalfields and Basundhara Coalfields) with 21 Mining Areas consisting of 06 underground & 15 open cast active mines, 02 Central Workshops and 02 Central Hospitals, a Liaison Office at Bhubaneswar and a Sales Offices at Kolkata.

Chief Vigilance Officer is looking after all the vigilance related matters and is supported by many officers/staffs from various disciplines.

2.0 AREAS PRONE TO CORRUPTION

- Mining, Coal Transportation & Dispatch activities.
- Land Acquisition &Disbursement of Compensation.
- Works & Services as well as procurement pertaining to Materials Management, Civil, E&M, Excavation etc.
- Recruitment and Service matters, Catering &Housekeeping services.
- Security Services.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

Action Plan for Preventive Vigilance	**System Improvement Measures**	**Impact of System Improvements**	**Sustainability and Way forward**
1. Android Based Mobile Applications have been launched by MCL.	Mobile Application for CSR Activities. Mobile Application for Vehicle Tracking System. Mobile Application For Road Sale Consumers.	CSR fund utilization certificate from State Administration, which was previously 14 % in 2015 has increased to nearly 80% in 2017. Eliminated the unauthorised entry/exit of coal transporting vehicle	100% CSR fund utilization from State Administration. Same application is under implementation in all light vehicles (hired as well as departmental). Further the payment to be made based on the vehicle tracking data. GPS devices have been fitted

		Road sale consumers check the despatch of coal against their delivery orders at any point of time. Also, they get real time SMS about status of their delivery order.	in all the small and medium hired To achieve obtaining vehicles in order to track them on real time basis. Record of distance travelled by each vehicle is now recorded on real time basis. This has eliminated the manual record keeping of hired vehicles and led to calculation of exact distance travelled by each vehicle and thus exact billing of vehicles. Application is under development for online monitoring day to day hindrances of road sale.
2. 100 % Weighment of Coal Transporta-tion & Despatch	128 Road Weighbridges (Static and in-motion) are in operation. 26 Rail Weighbridges are also installed.	Real time quantification of coal production and internal transportation of coal to sidings has been achieved.	To achieve 100% weighment.
3. Aadhaar Enabled Biometric Attendance System.	Functional at MCL HQ and All Areas.	Ghost attendance has been eliminated.	To implement in all Projects and other working areas.
4. Digitization Of Land Records	Digitization Of Land Records Has Been Completed In All Areas Of MCL.	Digitization of records of a total Land Area of about **33661.74** Ha has been accomplished. The Land Records Can Be Viewed Through Online Portal in Coalindia website.	To be continued for future Projects

5. Introducing 3D TLS (Terrestrial Laser Scanning) in mine surveying.	Presently the surveying with 3D TLS is done by CMPDI, Bhubaneswar at all contractual Overburden patches of MCL.	It is already introduced for Initial & Final measurement of contractual overburden removal with the help of CMPDI. This has eliminated the scope of manipulation in overburden records.	Procurement of 04 sets is under process at MCL for developing its own capability.
6. Integrated Fuel Management System (IFMS)	A pilot project for fuel management has been installed in Lakhanpur Area of mcl.	The consumption of HSD oil at Lakhanpur has reduced significantly after implementation of IFMS. Theft of HSD oil from HEMMs and depot has been eliminated.	To be replicated in other Areas / Projects after successful implementation of this pilot project.

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Dredging Corporation of India

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

The Dredging Corporation of India Limited (DCIL) is a leading enterprise in the field of dredging and maritime development. Established in the year 1976, the DCIL is serving Major and Minor Ports, Indian Navy, Fishing Harbors and other Maritime Organizations for more than 40 years.

DCIL undertakes capital and maintenance dredging and ensures availability of required depths in the shipping channels at all times, on continuous basis. It also nourishes the beaches by pumping the dredged sand to the shore by a technique called *Rainbow Dredging*. Its Head Office is strategically located on the east coast of India at Visakhapatnam.

DCIL owns state of art and sophisticated fleet consisting of Cutter Suction Dredgers, Trailer Suction Dredgers, Backhoe and other Ancillary Crafts to meet variegated dredging requirements. The dredging activities are growing fast worldwide, and increasingly sought after. Besides maintenance of depths in the shipping channels, the new opportunities for dredging are expected in the areas of Environmental Protection, Tourism, Flood Control, Irrigation, Power Generation, Mining, Reclamation and Laying of Off-shore Pipelines etc.

1.2 Vigilance Management

A dedicated Vigilance Department headed by CVO (on deputation) is functioning in the DCIL. "Team Vigilance" is continuously striving towards creating a conducive environment by promoting transparency, probity and integrity in the organization. The Vigilance wing is striving to transform the organizational behavior on par with international standards in line with the Organization's plans to capture international business. Vigilance Team is endeavoring to bring in continuous improvement in Systems and productivity in addition to regular Preventive and Punitive Vigilance activities.

2.0 AREAS PRONE TO CORRUPTION

Major identified areas prone to corruption in the organization are listed below:

- Procurement of material of all kinds including Ship Spares .
- Service Contracts.
- Recruitment of regular office staff and contract personnel for ships.
- Fixing wages of fleet personnel who join on contract basis.
- Payment of Bills including those of contractors.
- Matters relating to Transfers and postings of staff working on Ships.
- Disposal of Scrap including activities emanating from receipt, accounting and delivery of sold of scrap material.

3.0 SYSTEMIC IMPROVEMENTS INTRODUCED AND THEIR IMPACT

Recruitment and Fixing of wages of Floating Staff (working on Ship)

Dredging activity is highly specialized and technical in nature. As such, Floating Staff who work on-board DCIL vessels (on regular rolls, contract etc.), are key human resource of the company. In the era of stiff competition, selection and retention of the personnel poses a perennial challenge for the Organization. Several initiatives are taken to streamline the recruitment procedure and fixation of wages of floating staff as detailed below:

- A portal has been developed on the website of DCIL with provision for submission of applications online. This has paved way for more transparency and also to reject applications which are not suitable for the jobs advertised. The computerized system facilitates maintaining a databank of floating personnel to utilize their services as per operational requirements.
- To arrest galore of anonymous and pseudonymous complaints on age, qualification and experience of selected candidates, new process stipulated hoisting the names of eligible/ineligible candidates called for interview based on age, experience, qualification with thorough scrutiny.
- Constitution of selection committee members and their role during the interview, time frame for each stage of recruitment process etc., was documented to remove subjectivity.
- Compilation of marks allotted during interview independently and declaration of result of the selected candidates in the website on the same day .
- Well framed policy for fixation of wages based on their age and experience in an unbiased manner to various categories of Floating officers recruited on contract basis has been devised.
- The selection of Dredge Cadets, Trainee Marine Engineers and NCV(T)

trainees recruited under tonnage tax scheme is based on the marks obtained by them in written test(80%) conducted by a third party and interview by a selection committee(20%) . Thus, ensuring no scope to subjectivity.

- Recruitment of Petty Officer and Crew categories on contract basis is done based on verification of certificates of competency and experience and not on interview basis as per the recent GOI guidelines.

Impact

- The anomalies and scope of discretion existed earlier with respect to the recruitment and fixing of wages is eliminated with transparent process. This eliminated scope for dissatisfaction and complaints
- Qualitative improvement in the entire recruitment process making it more efficient and transparent. It has also resulted in better grievance handling at different stages.

Skill up-gradation in Human Resources (HR) department for onshore Establishment

Errors in process due to poor knowledge and negligence used to cause cancellation of recruitments, complaints on fixation of seniority promotions and consequent legal issues. This highlighted the need to strengthen skillsets and working knowledge of the HR personnel and review of systems.

Vigilance department stipulated that periodic (quarterly) written tests be conducted to ensure adequacy of knowledge regarding Establishment manuals and procedures during training of fresh appointees and to lateral entry personnel (for higher levels). It is also specified that the same should form part of procedure for confirmation of service. It was also stipulated that Personal Interview to be conducted by a committee to ensure that the staff appointed acquired minimum grasp of procedures and systems.

HR department is in the process of implementing a comprehensive training program for imparting skills to serving employees periodically with clearly drafted objectives to ensure that the staffs possess knowledge of HR procedures expected of them. An external knowledge consultant is also appointed by the Management to supplement in-house training resources.

Impact

- Basic skills and awareness increased substantially.
- Significant reduction of unintended errors which used to lead to cancellation of Recruitments, grievances and Legal wrangles.

Disposal of Scrap

Scrap material is generated at different locations while carrying out the dredging activities. Lack of timely disposal of scrap due to multitude of locations, unviable quantities, procedural confusion and shifting of responsibility used to

create ground for complaints and fall in value of scrap due to deterioration caused by delay.

A well-defined procedure to dispose scrap in consolidated and time bound manner is implemented, which includes stipulation to inform Vigilance Department regarding the quantity, time and date of disposal of material in advance. Disposal committee is made accountable for any lapses/undue favour(s) during scrap disposal process.

Impact

- Period for disposal brought down significantly from years to months avoiding deterioration of value.
- Disposal procedure is made simple, time bound and totally transparent.

4.0 SUSTAINABILITY AND WAY FORWARD

The suggestions for systemic improvements along with prompt follow-up action by the management created a general awareness amongst employees regarding the need and efficacy of transparency. The way forward is:

- Incorporation of successful measures and initiatives suggested by Vigilance Branch into manuals and Standard Operating Procedures (SOP) of Organization.
- Regular interactions between vigilance officers and executives of the organization to review compliance with extant rules and procedures and updating of SOP periodically.
- Exploring and implementing technological solutions (Ex: Mobile, Internet, Geo-tagging etc.) to ensure transparency and accountability.

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All India Council of Technical Education

1.0 INTRODUCTION OF THE ORGANIZATION

1.1 Overview

All India Council for Technical Education (AICTE) was set up in November 1945 as a national-level apex advisory body to conduct a survey on the facilities available for technical education and to promote development in the country in a coordinated and integrated manner. To ensure the same, as stipulated in the National Policy of Education (1986), AICTE was vested with Statutory authority for planning, formulation, and maintenance of norms & standards, Quality assurance through accreditation, Funding in priority areas, monitoring, and evaluation, Maintaining parity of certification & awards and the management of technical education in the country.

The Government of India also constituted a National Working Group to look into the role of AICTE in the context of proliferation of technical institutions, maintenance of standards, and other related matters. The Working Group recommended that AICTE be vested with the necessary statutory authority for making it more effective. The AICTE Act was constituted to provide for the establishment of an All India Council for Technical Education with a view to proper planning and co-ordinated development of a technical education system throughout the country, the promotion of qualitative improvements of such education in relation to planned quantitative growth, and regulation & proper maintenance of norms and standards in the technical education system and for the matters connected therewith.

The purview of AICTE (the Council) covers programmes of technical education including training and research in Engineering, Technology, Architecture, Town Planning, Management, Pharmacy, Applied Arts and Crafts, Hotel Management and Catering Technology etc. at different levels.

The AICTE comprises of various Bureaus, namely, Approval Bureau, Policy and Academic Planning (P&AP) Bureau, Administration (Admin) Bureau, Finance(Fin) Bureau, Research and Institutional and Faculty Development (RIFD) Bureau. Different Cells like Internal Audit (IA), Vigilance Cell , Public Grievance Redressal Cell (PGRC), CMAT & GPAT Cell, RTI Cell, Legal Cell, e-Governance Cell, SWAYAM Cell, J&K -Prime Minister's Special Scholarship Scheme (PMSSS), Parliament Cell, NEQIP, Estate Management Cell, Hindi Cell have also been constituted by the AICTE. Each Bureau/Cell is headed by an Advisor/Director, who is assisted by technical and other staffs. The multidisciplinary staff is taken either on deputation or on contract from various Government Departments, Academic Institutions etc.

1.2 Vigilance Management

There is Vigilance Cell headed by a part time CVO having additional charge of Vigilance Cell. All the complaints received from CVC, MHRD, CBI and individuals/ organizations regarding corruption by employees/experts of AICTE are considered by Vigilance Cell. The complaints are placed before the Committee/Committees headed by a Retired Justices of High Court and recommendations of the Committee/ Committees are examined and considered by CVO & action is accordingly taken.

2.0 AREAS PRONE TO CORRUPTION

AICTE is the apex body to regulate the technical education in the field

of Engineering and Technology, Architecture and Town Planning, Management, Pharmacy, Applied Arts and Crafts and Catering Technology etc. AICTE grants approval to the institutes for running courses in above fields and also controls the intake of students in various courses depending upon the availability of prescribed resources by the institute. For this purpose, Expert Visit Committees (EVC) visits the concerned institutions and approval process is conducted by the Approval Bureau at AICTE Headquarters. As such these are the areas where there is a scope for corruption.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

The first and foremost preventive measure was to introduce the e-Governance. Experts are randomly selected by the system. Also, on-line application for new institutions, increase in intake, starting new courses and closure are initiated. System itself generates the deficiency report.

3.2 System Improvement Measures

There are 10,396 institutions and it is not possible to conduct EVCs to all these institutions. AICTE conducts surprise visits to 3 percent of these institutions selected through random selection by computer every year. Visits are also conducted in case of complaints from stakeholders, CBI, CVC etc. Process of Approval has been made in such a manner that no human interaction is required. Approval Process is based on self-disclosures. Database of Experts has been prepared and Experts are selected at random basis by the system.

3.3 Impact of System Improvements

The above measures were introduced in 2011 and continuous improvement is being made in these measures. Due to these measures, the number of complaints and corruption cases has been considerably reduced.

3.4 SUSTAINABILITY AND WAY FORWARD

The above measures such as e-Governance and online approval procedure based on self-disclosure, has brought more transparency, saving of time and considerable reduction in complaints/grudges among stakeholders. The system is being appreciated by all the stakeholders. The process of further improvement is also being followed. Based on the suggestion/recommendation of the CVC, online feedback forms for students and faculty of institutions, without disclosing their names, have been introduced. Workshops are also organized with the stake-holders to improve the system.

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सत्यमेव जयते

Ministry of Civil Aviation
Government Of India

Ministry of Civil Aviation

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

Ministry of Civil Aviation (MCA) has following organizations under its administrative control:

Attached Offices

- Directorate General of Civil Aviation (DGCA).
- Bureau of Civil Aviation Security (BCAS).
- Commission of Railway Safety (CRS).
- Aircraft Accident Investigation Bureau (AAIB).

Autonomous Bodies

- Indira Gandhi Rashtriya Uran Academy (IGRUA).
- Airports Economic Regulatory Authority (AERA).
- Rajiv Gandhi National Aviation University(RGNAU).

Public Sector Undertakings

- Airports Authority of India (AAI).
- Air India Limited (AIL).
- Pawan Hans Limited (PHL).

The Ministry is responsible for formulation of national policies and programmes for the development and regulation of the Civil Aviation sector in the country. It is also responsible for the administration of the Aircraft Act, 1934, Aircraft Rules, 1937 and various other legislations pertaining to the aviation sector in the country.

Secretary, Ministry of Civil Aviation is assisted by one Joint Secretary & Financial Advisor, four Joint Secretaries, one Senior Advisor, nine officers of the level of Director / Deputy Secretary / Financial Controller and twelve officers of the level of Under Secretaries / Assistant Financial Controller. Functions of the Ministry are distributed amongst nineteen sections.

In addition to primary functions of framing of policies, the Ministry provides guidance to the organizations in the implementation of policy guidelines, monitors and evaluates their activities and also provides their interface with Parliament. It also supervises implementation by the organizations of special programmes of the Government, particularly those intended for weaker sections of society.

1.2 Vigilance Management

The Vigilance Division of this Ministry is headed by a Part-time Chief Vigilance Officer (CVO) of the rank of Joint Secretary, appointed in consultation with the Central Vigilance Commission. The CVO in this Ministry is assisted by the Director, Under Secretary (handling other charge also) and Section Officer. There is also a post of

Part-time Chief Vigilance Officer in DGCA. There is no separate vigilance set up in BCAS.

Vigilance Section of this Ministry monitors the vigilance cases pertaining to all Ministerial Staff posted in Main Ministry, DGCA, BCAS, CRS and IGRUA. This Ministry also deals with the vigilance cases pertaining to Board Level Officers of all PSUs under the administrative control of the Ministry i.e. Airports Authority of India, Air India Ltd. and Pawan Hans Ltd. There are full time CVOs in all these 03 PSUs under this Ministry. CVOs of concerned PSUs are responsible for vigilance matter related to below Board Level Officers.

2.0 AREAS PRONE TO CORRUPTION

- Certification of Air operators and aircraft capacity enhancement.
- Annual renewals/clearances for various licensing requirements including registration of aircrafts.
- Licensing of pilots / engineers.
- Other technical clearances.
- Operation of aircraft - both at the time of initial NOC and final operational certificate.
- Purchasing of security equipment.
- Appointment of security agents at the airport.
- Allotment of prime slots to Private Airlines both in domestic and international flights.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- Rotational transfer from sensitive post.
- Implementation of e-GCA.
- Implementation of e-office.
- Introduction of Citizen Charter.
- Implementation of e-payment.

3.2 System Improvement Measures

- An exercise has been undertaken by the CVO/MoCA to identify certain areas/ sections in the Ministry which are having sensitive dealing and the officials posted in the sensitive Sections are transferred after 3 years of service.
- All files in this Ministry are being converted into e-file and are being processed in e-office.
- Citizen charter has been introduced in this Ministry indicating the time-

line for certain specific activities of main functions of this Ministry like grant of approvals in various items of work.

- E-GCA project is being implemented by DGCA for grant of pilot licences and other clearances online.
- E-payment has been implemented in the Ministry through Public Finance Management Service (PFMS).

3.3 Impact of System Improvements

- Implementation of e-office system has promoted transparency and efficiency.
- Implementation of Citizen Charter has ensured disposal of work in time bound manner.
- Implementation of e-payment has been resulted in reduction of demand for stationary items.
- Implementation of Rotational transfer from sensitive post reduces scope of corruption.
- After implementation of e-GCA, scope for corruption will be reduced, personal interaction between applicant and concerned official will not be warranted.

4.0 SUSTAINABILITY AND WAY FORWARD

Implementation of preventive measures will help aviation sector to develop in an effective way. It will also help in delivering better services to the people and to eradicate possible corruption in Civil Aviation Sector.

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ऑयल इंडिया लिमिटेड

Oil India Limited

Oil India Limited

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

Oil India Limited is a Navratna Company under the Ministry of petroleum and Natural Gas, Government of India, engaged in the business of exploration, production and transportation of crude oil and natural gas and production of LPG.

The paid up capital of the company as on 31.03.2017 is Rs 801.51 crore and the shareholding of GOI stands at 66.60%.

OIL has carved a niche as a leading Indian national oil and gas company in the upstream sector with a share of over 9% of the country's total crude production and over 8% of natural gas production.

OIL is a fully integrated upstream company and it has a Pan-India presence, with blocks all over India from the North East to the deserts of Rajasthan as also in the deep waters in the East Coast. Its main producing areas are in Assam and Arunachal Pradesh in the North East and Rajasthan in the western frontier from where its entire crude oil production and majority of gas production comes from.

Over the last decade OIL has spread its wings overseas to different parts of the globe and is currently spanned over 10 countries covering Libya, Gabon, Nigeria, Yemen, Venezuela, USA, Mozambique, Myanmar, Bangladesh and Russia.

OIL has entered into the area of power generation through Renewal Energy and currently producing 126.60 MW.

1.2 Vigilance Management

OIL has an independent Vigilance Department which functions under the guidance of CVO. Total 17 executive and 09 non-executive officials are working in Vigilance Department who are posted in different spheres of OIL to closely monitor the activities of vigilance.

2.0 AREAS PRONE TO CORRUPTION

Looking at the type of complaints and investigations, the following areas are considerably more prone to corruption:-

(i) Tenders and contracts (Services & Purchases)

(ii) Recruitment

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- Following targets are fixed for the year 2017-18:-
  - Sensitization / Interaction Programme - 13
  - Keep in Touch (for making aware about prevailing rules and regulations - 06
  - Catch Them Young (for new entrants) - 01

- Training /Workshop - 02
- Seminar - 04

- Additionally, to equip ourselves for conducting CTE type Inspection in proper way as prescribed by CTE, recently a one day workshop was held at OIL by a technical expert from CTE Wing of CVC.

3.2 System Improvement Measures

- On advice of Vigilance OIL, necessary directives regarding negotiations in reference to CVC's guidelines were circulated amongst OIL executives working in various departments which includes the following:-
  - Negotiation with L1/lone bidder to be carried out only in exceptional conditions.
  - Minutes of negotiation to be recorded.
  - Drifting away from scope of original bid document to be avoided.
  - Extra job in a running contract should not be allowed unless approved.
- Suggestion was forwarded for proper techno-economic analysis of AMC cost in reference to book value of the concerned equipment before finalizing AMC.
- Regarding New Vehicle Sanction Policy for Hired Passenger Vehicle (LMV), on recommendation of the Vigilance department, arising out of a system study done by the department, a committee has been formed by the management to formulate a new policy in regard to hired passenger vehicles for common guidelines across the company.
- Revision of Procurement Procedures / Manual for Goods and Services Manual was suggested. Suggestions as per CVC's guidelines were also forwarded from Vigilance Department. New Procurement Manual has been finalized and made effective from 15th March 2016.
- Lowering of threshold for e-tendering to Rs.10 lakhs was suggested at various forums. Threshold for open E-Tendering has been reduced to Rs.10 lakhs from Rs.25 lakhs w.e.f. 01.05.2015 with a few exceptions such as spares, proprietary items, Civil (Miscellaneous jobs) etc.
- On request of Vigilance Department, DOP (Delegation of Power) has been displayed in OIL's intranet for viewing of OIL personnel.
- Vendor Development programme for unsuccessful vendors is organized from time to time.
- An IT enabled system has been put in place in ERP whereby a trigger is auto generated to inform User and Contract Department about contracts expiring in next nine months, so that they can start procedures for replacement contract in time.

- At the behest of Vigilance Department, Bill tracking system (online), for use of vendors, has been made operational.
- As suggested by Vigilance Department, for consultancy contract, guideline regarding finalizing the vendor via tendering/EOI mode has been circulated.
- At the behest of Vigilance Department, Management has initiated actions to establish a quality control laboratory at Civil Department, FHQ, Duliajan.
- System improvements in recruitment process of unskilled as well as skilled employees are being impressed upon Management in number of forums including Board Meeting of the organisation. Matter has been raised in structured meetings with CMD also. In line with suggestions made by Vigilance Department, OIL has now started to adopt GATE scored based system in recruitment of executive grade employees.
- In addition to above, the following suggestions are also made by Vigilance Department:-
  - System improvement regarding preparation of internal estimate of outsourced jobs.
  - To frame rate contracts for requirements like, erection of stalls at exhibition etc. so as to avoid nomination based contracts.
  - E-auction of heavy crude oil in Rajasthan Project.
  - Management has issued guidelines for systemic improvement such as removal of ambiguous terms like “reputed” from tenders, uploading of
  - drawings along with tender document, standardization of schedule of rate (SOR) etc.
  - To issue clear guidelines to differentiate different categories of pipelines such as trunk pipelines, distribution pipeline, flow line etc. In order to bring more clarity regarding tendering jobs concerning pipelines.

3.3 Impact of System Improvements

- The revised Procurement Procedures / Manual for Goods and Services Manual is in place.
- Integrity Pact Clause has been amended as advised by CVC and the same is in place.
- Suitable instructions have been circulated amongst OIL’s executives to include their Bank Account details properly while submitting their Annual Property Return online in OIL’s intranet.
- Bill Tracking System is in place.

- Payments through online mode by reducing offline payments to a greater extent.

4.0 SUSTAINABILITY AND WAY FORWARD

To have the preventive vigilance in place, various programmes are planned to be carried out during Vigilance Awareness Week. In addition to that our regular programmes like Sensitization / Interaction Programme, Keep in Touch, Catch Them Young (for new entrants), Training /Workshop and Seminar are being carried out throughout the year to make the people aware about the Vigilance Guidelines. Targets for carrying out the same are included in Annual Work Plan of each executive of each sphere.

For communicating vigilance initiatives taken by the Organization and also common irregularities observed in vigilance investigations; it is suggested to have a common platform of interaction amongst Vigilance Officials under the aegis of MOP&NG. The same was also discussed in last ASRM of Petroleum Sector on 27.07.2017.

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State Bank of India

1.0 INTRODUCTION OF ORGANISATION

1.1 Overview

- Founded in 1806, Bank of Calcutta was the first Bank established in India, and over a period of time, it evolved into State Bank of India (SBI).
- SBI represents a sterling legacy of over 200 years. It is the oldest commercial Bank in the Indian subcontinent, strengthening the nation's trillion-dollar economy and serving the aspirations of its vast population.
- On 1st April, 2017, State Bank of India, which is India's largest Bank merged with five of its Associate Banks (State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore) and Bharatiya Mahila Bank with itself. This is the first ever large scale consolidation in the Indian Banking Industry.
- With the merger, State Bank of India has entered the league of top 50 global banks with a balance sheet size of 33 trillion, 278,000 employees, 420 million customers, and more than 24,000 branches and 59,000 ATMs.
- It has 198 offices in 37 countries; 301 correspondents in 72 countries.
- The company is ranked 232nd on the Fortune Global 500 list of the world's biggest corporations as of 2016.

1.2 Vigilance Management

Vigilance department in State Bank of India was established in State Bank of India in the year 1979 headed by Chief Vigilance Officer (CVO). The role of the CVO is mainly to assist the top Management in the formulation, implementation and review of Bank's policy on all vigilance matters in the Bank. The CVO performs all functions relating to the vigilance matters in the bank including processing of vigilance cases. The CVO is assisted in his task of supervision of vigilance matters in the Circles through the Circle vigilance department which is headed by the Deputy General Manager (Vigilance) posted at the LHOs (Local Head Office).

2.0 AREAS PRONE TO CORRUPTION

- Sanction and maintenance of KCC loans.
- Siphoning of funds from Office accounts.
- Cash / Clearing / Remittances / Currency chests.
- Unauthorized debits in the accounts of the customers.
- Procurements & Contracts.
- Sanction and maintenance of Commercial and Retail loans.

- Support services from the Intermediaries in sourcing / process of loan proposals.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

In all medium sized branch with a staff strength of 10 and above the Preventive Vigilance Committee is established comprising all categories of staff to meet at periodical intervals and to discuss the specific areas relevant for their operations of business which are prone to frauds in a structured manner and to initiate remedial measures to ensure against occurrence of frauds. Controllers / Vigilance functionaries is to participate in few of the PVC meetings to create an impact and to sensitize the operating functionaries on the learnings from the frauds occurred and the steps to be initiated. The minutes of the meetings are scrutinized /analyzed by the Controllers and being monitored by Vigilance Departments at Circles.

3.2 System Improvement Measures

Increasing Communication and Developing Multiple Channels and Educating Employees

- The Preventive Risk Management Cell established on 29.01.2014 at Jaipur with objective of prevention and detecting of frauds from suspicious transactions analysis.
- Ensuring timely and corrective checking of VVRs daily and any discrepancy to be put up to the Branch Head as also exception reports checking.
- Organizing Seminars/ Meetings/ Video Conferences for the select operating functionaries to sensitize on DOs and DON'Ts.
- Regular sharing of learnings/ insights from the vigilance/ fraud cases with the field functionaries through training system.
- Creation / Updation of dedicated Vigilance Portal on intranet / Creating presence on social media with the relevant data on preventive vigilance initiatives.
- Regular visits by CVO/ Vigilance functionaries to interact with the field functionaries to spread the awareness among the participants.
- Targeted dialogue with the new recruits / recently joined staff to appraise the awareness about roles & responsibilities of a Public Servant and to highlight the implications of non compliance of laid down rules, regulations, systems and procedures.

Training [Capacity Building]

- Designing & conduct of training programme based on the observed gap areas of job knowledge & skills.
- Conduct of one mandatory session in every training programme to sensitize about the expectations from a public servant / preventive vigilance in day to day operations.

- Conduct of 'Speak-Up' – a training programme to popularize Whistle Blowing Mechanism in the Bank.
- Constant mentoring of various committees associated with the accountability process in the Bank (IAC, SAC, FMC etc) for due application of mind.
- Conduct of Locational Training Programmes for the branches under Visiting Faculty Scheme identified as 'weak' during the Preventive Vigilance Visits.

Introducing Incentives/Awards to encourage honesty & integrity to create an environment of Participative Vigilance

- 'Alertness Award Scheme' for detecting/ foiling/ averting frauds.
- Incentivisation in Whistle Blower Policy.
- To think about 'Satarkata Samman' Award for the most Vigilant branch/ office in each Circle.
- Encouraging Whistle Blower Mechanism.

Creating a separate Cyber Fraud Management Cell in Fraud Risk Management

This cell can be headed by a person of sufficiently senior grade, operational experience and adequate training / skills in this area. The cell would be vested with the responsibility of assessing Cyber Fraud risks across the Bank in its various technology departments and user units such as branches and to suggest measures & controls for mitigation of cyber fraud risk. The cell can also supplement the fraud monitoring functions of Banking Operations Department at Corporate Centre and simultaneously coordinate with the Information Security Audit wing.

Use of advanced technology tools

- Bank can consider going for advanced and specialized Forensic Data Analytical tools and Data mining activities for identifying and monitoring fraud risks with data mining tools.
- Use of Skip tracing tools is another method of using technology for tracing whereabouts of people. CIBIL has made some beginning in this area. This can be explored further with the support of technical experts in this field.

A few practical enablers

- Creating a tagline (e.g. 'Be Alert, Create Value') & popularizing the same across the Bank by means of stickers, website, social media, mails.
- Creation of Web- enabled Whistle Blowing Mechanism with guaranteed confidentiality.
- Promoting awareness among the customers.
- Adoption of one school in each Zone under 'Increasing Integrity Programme' to imbibe ethical values among children in dealing financial transactions.

Reporting 'Near-Miss' Events

The modus operandi of all instances of frauds prevented due to alertness of staff or otherwise should continue to be reported and shared so that learning and preventive steps can be taken for avoiding future frauds of similar nature.

Technology for Strengthening Internal Vigilance

- Enhancing Transparency (e-procurement, e-payments to vendors, availability of extensive product & process information on website).
- Increasing efficiency & reducing human intervention to a bare minimum (automation of processes: online processing of vigilance cases end to end/ online vigilance clearance.
- Disabling of viewing rights of cheque range by non-home branches.
- Enabling Corporate customers to upload their cheque details in Corporate Internet Banking to prevent frauds i.e. CCPAP (corporate cheque payable at par).

3.3 Impact of System Improvements

- Preventive Risk Management Cell has started functioning at Jaipur and emanates warning signals based on unusual transactions.
- Increasing awareness among staff started warning signals against unwarranted transactions.

4.0 SUSTAINABILITY AND WAY FORWARD

A few measures which are in existence to ensure preventive vigilance in day to day operations are summarized below:

- Planning and enforcement of regular inspections and surprise visits by Controllers.
- Identification of sensitive areas of business and to enforce checks and balances.
- Enforcing the system of careful scrutiny of control returns.
- Regular transfer, job rotation of staff as per service rules.
- Close scrutiny of staff accounts.
- Branch visits by controllers to detect weak areas susceptible for frauds and to initiate suitable steps.
- Bio metric authentication in CBS access.
- ATM alerts and Transaction alerts through registered mobile numbers.
- Loan Origination Software (LOS) to avoid unauthorized applications and to ensure tracking of loan proposals.

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Punjab National Bank

1.0 INTRODUCTION OF THE ORGANIZATION

1.1 Overview

Punjab National Bank was established on April 12, 1895 at Lahore with an authorized capital of Rs 2 lac and working capital of Rs.20000. The far-sighted visionaries and patriots like Lala Lajpat Rai, Mr. E C Jessawala, Babu Kali Prasono Roy, Lala Harkishan Lal and Sardar Dyal Singh Majithia laid the foundation of "India's first Swadeshi Bank". The Bank witnessed 7 takeovers/mergers during the long history of over 122 years.

With 6946 branches and 10502 ATMs across the country, the Bank maintained its leading position amongst nationalized banks in terms of Global Business, CASA Deposits and Operating Profit. Further, CASA Deposits of the Bank crossed the milestone of Rs 2.60 lakh crore mobilized by Government's Demonetization decision. For the last six years, the Bank has maintained its Operating Profit at over Rs 10,000 crore, reaching Rs.14,565 crore in previous Financial Year i.e. FY'17. The present business strategy of the Bank is to focus on augmenting small ticket advances viz. Retail, MSME & Agriculture, bringing in new high rated corporate customers and garnering the low cost deposits.

The Bank is riding on the digital wave and pulling all improvement levers to become 'The future Ready Bank'. The Bank has a bouquet of digital products and application (app) based services with the best of the industry comparable features. This includes 'PNB UPI', 'BHIM', 'M-Passbook', 'PNB Genie', 'PNB ATM Assist', 'PNB MobiEase', 'Green PIN', etc. The Bank has built up capacity by upgrading to Finacle version 10.2.x.

With an initiative to strengthen brand equity by connecting with the Gen-Next segment, the Bank endorsed Mr. Virat Kohli, a young and energetic Indian cricketer as its brand ambassador and actively engaged with its followers on social networking sites.

Going forward, the Bank has embarked on the transformation journey named 'Mission PARIVARTAN' which is a guidepost to reorient the Bank towards more profitability, productivity and efficiency. The mission starts with Profit followed by Asset Quality, Recovery, Increase credit, Vigilant, Alternate Delivery Channels, Retail Business, Turn Around Time, Ambience and New Relationships.

Key features

- The Bank maintains its Number One position in terms of key financial parameters i.e., Global Business, Global Deposits, Net Advances, CASA Deposits and Operating Profit amongst Nationalized Banks.
- The Bank is serving more than 10 crore customers through its largest network of 6946 branches & 10502 ATMs.
- Global Business crossed the landmark of Rs 10.25 lakh crore in June'17. Global Deposits too crossed the milestone of Rs 6.25 lakh crore in June'17. Saving Deposits touched Rs 2.11 lakh crore, thereby registering 23.6% YoY growth.

- The Bank has a strong Retail Franchise. CASA Deposits crossed Rs 2.50 lakh crore in June17 registering over 23% YoY growth. The share of CASA Deposits to Domestic Deposits increased to 43.96% in June'17 from 41.39% in June'16.
- For the last six years the Bank has maintained its Operating Profit at over Rs 10,000 crore, thereby maintaining consistently higher Operating Profit.

1.2 Vigilance Management

Vigilance affairs of the bank is looked after by a Chief Vigilance Officer who is supported by a team of officers such as Dy General Manger, AGM, Chief Mangaer, Sr Managers/Managers and Vigilance Officers.

2.0 AREAS PRONE TO CORRUPTION

- Over valuation of IP to acquire higher credit limit.
- Misusing official position to obtain benefit.
- Sanction of Overdraft (ODs) in excess of discretionary powers / sanctioned limits without reporting.
- Non creation of security as per terms of sanction.
- Frequent instances of accommodations granted to a party against norms e.g. discounting bills against bogus MTRs, Opening of LCS when previously opened LCS had devolved etc.
- Irregularities in opening of accounts leading to the creation of fictitious accounts.
- Possession of disproportionate assets.
- Misappropriation of Banks property, money or stores and falsification of Bank's records.
- Sacrificing / ignoring the interest of the Bank and causing loss to the Bank.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- Regular preventive vigilance visits by the vigilance officers across the country including Regional Rural Banks (RRBs) on quarterly basis.
- Organizing seminar on preventive vigilance in Zones/Circles on regular basis.
- Training Programme on preventive vigilance are regularly organized by all the ZTCs /CSC.
- Seminar for Vigilance officers is organized on annual basis to impart training to Vigilance Officers, for enhancing their job-skills and

knowledge up-gradation.

- CVO had visited 28 Circles/ Large Corporate Branches and 1432 visits were made by other officials including the 13 Vigilance Officers to various Branch Offices across the country to sensitize the Branch / field staff towards preventing fraud/ corruption at grass root level.

3.2 System Improvements Measures

- Suraksha facility has been provided to HNI customers to enter the detail of issued cheques in system and to save them against cheque related frauds.
- MIS reports are generated through system in all staff accounts where credit / debit summations exceed Rs. 5 lacs in a month by all circles.
- Valuation report from two approved valuers of bank before sanction, made compulsory in all the loan accounts where valuation of IP is 5 crs or more.
- MIS reports on KYC / AML generated through system on daily basis for effective control on account opening.
- MIS reports on TOD granted by the branch are available on system to Auditors/ Circles to control TODs sanctioned in field.
- Circles to generate LSS from system on monthly basis and check loan sanctioned by the branches under their jurisdiction.
- MIS report to check entry post and check by the same user in system on daily basis by all branch heads.
- Back Office for account opening: To strengthen the KYC system, the Bank has started opening saving and current accounts at centrally located Back Office at each zone.
- Retail Asset Processing Cell (RAPC): RAPCs will undertake all the activities from receipt of loan application through branches till sanction of retail loan which has resulted in qualitative improvement in loan processing.
- E-Tendering: To improve transparency and fairness in the procurement system.

3.3 Impact of System Improvements

- In view of above systemic Improvements, all the Zones / Circles are having effective and better control over field functionaries and cases of mal practices have reduced.
- Through adoption of proactive vigilance measures, Rs 12.87 crore has been saved by way of averting potential frauds in 2016.

4.0 SUSTAINABILITY AND WAY FORWARD

- Preventive vigilance measures can, to a great extent, insulate the bank

from probable loss of funds as well as image. Preventive vigilance must cover every conceivable area of banking activity.

- Knowledge empowerment and training and sensitizing of work force on a continuous basis should be the key word on every bank related activity. Training plays a key role in disseminating knowledge / information on preventive vigilance.
- Bank is committed to inculcate high standards of preventive vigilance in the organization to provide its customers a corruption free environment.

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सिंडिकेटबैंक
SyndicateBank
भारत सरकार का उपक्रम A Govt. of India Undertaking

Syndicate Bank

1.0 INTRODUCTION OF THE ORGANISATION

Syndicate bank was established in 1925 and as on 31.03.2017, is having about 3900 branches. Vigilance work of the bank is headed by a CVO who is assisted by Dy General Manager, Assistant General Manager, Chief Managers, Sr Managers and Managers.

2.0 AREAS PRONE TO CORRUPTION

- Opening of accounts leading to the creation of fictitious accounts/ or for money laundering.
- Misuse of discretionary powers/ sanctioned limits without reporting.
- Accommodations granted against norms such as.
  - discounting bills against bogus MTRs.
  - purchase of bills when bills had earlier been returned unpaid;.
  - opening Letter of Credits (LCs) when previously opened LCs had devolved.
- Misappropriation of Bank's property and money.
- Affording credits against un-cleared effects in the absence of limits.
- Unauthorised and unlawful oral instructions without bringing to the notice of the Competent Authority as per extant guidelines.
- Exceeding discretionary powers and actions do not appear justifiable or to serve Bank's interest.
- Abusing or misusing official position.
- Facilitating forged instruments/manipulation of books of accounts or through the fictitious accounts and conversion of property.
- Unauthorised credit facilities extended for reward or for illegal gratification.
- Negligence and cash shortages.
- Cheating and forgery.
- Foreign exchange transactions.
- Facilitating diversion of funds.
- Credit sanctions based on fabricated documents/ certificates.
- Other types of frauds committed by internal force (staff); external force (outsiders) and involvement of both.
- KYC non compliance.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

- Preventive Vigilance is primarily carried out through structured 'Preventive Vigilance (Branch) Exercise' by Vigilance teams/ RO Officials notwithstanding the audits conducted by the Audit Department of the Bank.
- Preventive Vigilance Exercise was conducted in **620** branches against targeted level of **870** branches during the Financial Year 2016-17.
- During 2016-17, the format for Preventive Vigilance exercise was revised by taking into account of perceptible changes in the day-to-day functioning and increasing instances of frauds, which exposed the Banks to Operational Risk. In view of the magnitude of the work load involved for carrying out this exercise, Officers from Regional Offices were also identified, trained and involved in the job along with the Officers at Vigilance Units.
- The exercise was effective and anomalies/ irregularities detected during the exercise were brought to the notice of the controlling authorities for corrective action and further prevention.
- Targeted **1070** branches for the Financial Year 2017-18.
- To accomplish the work in time, co-opted 60 officers from various Regional Offices and imparted training in the matter.
- Training on ethics at all training establishments is a regular feature in the Bank. The CVO/ other Executives from Vigilance Department are addressing the newly recruited staff/ branch heads during their training programme.
- Session on Preventive Vigilance has been included in all the training programmes being conducted by the Bank.SMS messages sent every day, in the morning on preventive vigilance aspects for guidance to all staff at branches and other functionaries in Administrative Offices.
- Vigilance cases/ Frauds were analysed for systemic deficiencies. The same is placed for analysis and for corrective actions, before the Chief Executive/ Executive Directors for corrective action to be taken by operating functionaries.
- An Off-site monitoring system is put in place in the Bank to detect possible frauds/ other major irregularities at branches. Off-site monitoring systems are also established at Manipal and at Regional Inspectorates across the country.
- A well defined WHISTLE BLOWER POLICY has been put in place and a dedicated landline number was provided to enable staff members to file complaints relating to corruption/ unethical practices at various levels under this policy.

3.2 Systemic Improvement Measures

Vigilance Department conducts studies on various Systems & Procedures based on the learnings from frauds/ vigilance cases. The following studies were made and suggestions given to the MD & CEO, which were accepted and are in the process of implementation:

- **Value statement:** Suggested for declaration of value statement of the Bank and the following Value statement was adopted by the Bank on 02/11/2016.

  "Good Corporate Governance through transparency in dealing in undertaking ethical business"

- **Study Paper on 'Swift Messaging'.**
- **Study Paper on Legal Audit As A Part Of Preventive Vigilance Exercise:** The study on 'Legal Audit' was done and the recommendations were accepted.
- **E Procurement Audit policy:** Proposed to frame a well defined Procurement Audit Policy for the Bank. Suggestions placed before MD & CEO.
- **New Position for monitoring Cyber security / IT Security of the Bank:** Proposal for formation of Specialist Position in the hierarchy with a designation Chief Technical Officer (CTO) with a rank of General Manager and New specialist Position Chief Cyber Security Officer (CCSO) as per RBI circular no RBI/2015-16/418 DBS.CO/CSITE/ BC.11/33.01.001/2015-16 dated 02.06.2016 for monitoring Cyber security/ IT Security in the Bank (RBI has now advised all Banks to go for CTO position).
- **Idle time out for the CBS screen:** To avoid the scope for misuse of the system by unscrupulous persons for gaining undue benefit at the cost of Bank, it has been advised reduction in automatic log out time fixed by the bank.
- **Biometric:** Measure to strengthen Biometric authorization of functionaries.
- **Cash Management:** As a measure of Preventive Vigilance Exercise to curb the malpractices in cash department while handling day today transactions at Branch - suggested for introducing provisions for entering denominations in the CBS system for all cash transactions.

3.3 Impact of System Improvements

Since many of the suggestions are given recently and are in the process of implementation, the impact of Systems Improvements is yet to be studied.

4.0 SUSTAINABILITY AND WAY FORWARD

Preventive Vigilance should be the on-going philosophy of any Organisation. Effective Risk Management in Banks is a conduit for Preventive Vigilance. It is

pertinent to quote one of the fundamental principles under the Frame Work for Internal Control Systems in Banking Organisations, prescribed by Basel Committee on Banking Supervision (1998):

"Principle 10

The overall effectiveness of the Banks' Internal Controls should be monitored on an ongoing basis. Monitoring of key risks should be part of the daily activities of the Bank as well as Periodic Evaluations by the Business Lines and Internal Audit."

Hence, Bank will continue to endeavour for improvements in complying these fundamental principles.

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United Bank of India

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

United Bank of India, a Public Sector Bank is having its registered Head Office at Kolkata, West Bengal. The Bank has a three tier organizational set up having its head office at Kolkata, 36 (thirty six) regional offices and 2056 (Two thousand fifty six) branches spread all over India. The Bank also has two overseas representative offices, one each at Dhaka (Bangladesh) and Yangon (Myanmar).Total business of the bank stood at Rs.1,97,442 Crore, with deposit base of Rs.1,26,939 crore & advances portfolio of Rs.70,503 crore as on 31.03.2017.The overall management of the Bank rests with Managing Director & Chief Executive Officer. The MD&CEO is assisted by 1 (one) Executive Director and 13 General Managers. The CVO extends assistance to MD & CEO on all matters pertaining to vigilance and act as link between the Bank and the CVC.

The bank has sponsored 4 (four) Regional Rural Banks (RRB) namely, Bangiya Gramin Vikash Bank (BGVB), Assam Gramin Vikash Bank (AGVB), Tripura Gramin Bank (TGB) & Manipur Rural Bank (MRB). Vigilance officer is nominated in each RRB from amongst its executives. The functioning of vigilance machinery in RRBs is also monitored / supervised by the CVO.

1.2 Vigilance Management

In line with CVC guidelines the bank is having an efficient vigilance set up in the bank, headed by a Chief Vigilance Officer (CVO). The CVO is assisted by an Asstt. General Manager and three Chief Managers at Head office. The vigilance setup in Regional offices is extended through Regional Vigilance Officers (RVO) nominated/ posted in all 36 regional offices.

The bank is having a well codified Vigilance Manual covering all aspects of vigilance administration in tune with CVC manual; staff accountability policy and UBI employees (conduct) regulations, 1976.

Concept of Regional Vigilance Officers introduced; Till 2015 all the regions in the bank were not covered by vigilance setup. Bank brought in a concept wherein officers from the rank of Sc III &IV in regional offices have been nominated as Regional Vigilance Officers. With this all 36 regional offices have RVO resulting in strengthening of preventive vigilance mechanism & speedy disposal of complaints and investigations.

Concept of preventive vigilance inspection of branches by the RVOs has been introduced. The RVOs conduct surprise inspection in at least two branches in a month to find out operational deficiencies/ irregularities and report to Vigilance department where each reports is examined thoroughly. The regional offices are sensitized on the basis of department's observations. The common irregularities observed by the RVOs during surprise preventive checks are circulated for sensitization of field level workforce. The same is also brought to the notice of MD & CEO, through monthly report, for course correction, wherever necessary.

Similarly, CVO conducts such visits to regional offices to assess their adherence to systems and procedures and transparency in conducting their day to day works.

During such visits a session is devoted for interacting with executives, officers of RO and nearby branch heads. Senior officers from vigilance department are also dispatched to regional offices for conducting surprise check on the functioning & compliance standard in different critical areas.

To sensitize work force at all levels in the bank regarding importance of Preventive Vigilance, the department uses all available opportunities like, Regional Heads Review meets, Business Plan conferences, Training programs and workshops etc. Interactive sessions with CVO/ VOs are held in such programs.

2.0 AREAS PRONE TO CORRUPTION

The areas prone to corruption in the bank have been identified as :

- Credit dispensation / Loans.
- One Time settlement for NPA borrowers.
- Fixation of Premises on lease / rents.
- Furnishing of branches and offices.
- Procurement of materials.
- Settlement of death claims.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

Efficient preventive vigilance machinery can effectively prevent corruption, mitigate risk of frauds and reduce punitive actions substantially resulting in improved work environment, decision taking and performance of the organization. With this clear thought in back of mind, bank strenuously took preventive vigilance measures. Some of the steps initiated by vigilance department in the bank in the recent past are as follows:

- Surprise preventive vigilance inspections in different branches are conducted regularly by Regional Vigilance Officers.
- Use of Bio-metric passwords has been customized in all branches. Now the attendance of the employees in HO is also through biometric system.
- System of on line tracking of loan applications has been introduced in the bank. Need for ensuring transparency in receipt & disposal of credit/ loan proposal by branches & offices and close monitoring of the same by the controllers and undertaking trend analysis at periodic interval has been suggested to the concerned authority.
- 7(seven) preventive circulars were issued during 2016-17; Further, 5 (five) such circulars have been issued during the current year.
- Quarterly Structured meetings are regularly held with the MD&CEO to discuss various issues pertaining to functional and operational areas affecting the bank. Besides the structured meetings, CVO is interacting

regularly with MD & CEO, Executive Directors and vertical heads of important departments on different pressing issues.

- During 2016-17, 32 (thirty two) sessions on vigilance awareness were conducted by the department in Staff Training College, Kolkata. 27 (twenty seven) sessions on vigilance awareness have been conducted during the current year.
- CVO and other senior officials of the department addressed officials dealing in advances in branches and offices on aspects of credit appraisal of loan proposals, documentation, creation of mortgage, end use of funds and other operational areas in course of training at staff training colleges. CVO has addressed all regional heads during the course of review meeting at HO, Kolkata for sensitization of senior executives on accountability and vigilance.
- Flash messages on preventive measures to avert frauds were issued as a ticker in CBS platform and on the intranet site of the bank.
- All newly recruited officers/employees are exposed to an induction/ orientation course at Staff Training College before they are posted in branches/offices. CVO and other senior officers of Vigilance Department conduct at least one session in all such training programs for briefing on aspects of accountability in banking and preventive measures.
- The present account opening form for different accounts lacks adequate clarity in respect of permission of competent authority to open such accounts and it does not have any designated space for recording signatures of officials involved in verification of KYC documents and permission for opening the account. Operation & Services department is advised to incorporate necessary modification in the present account opening form.

3.2 System Improvement Measures

- Revised report format for examination of staff accountability in NPA accounts was introduced with special emphasis on reasons for slippage, depletion of security/ies if any, fraud angle etc. so that bank is able to take adequate steps to arrest recurrence of such irregularities in future.
- Periodic review of disciplinary cases where the appeals preferred in disciplinary cases have been disposed by the Appellate authority/ies.
- Periodic review of actions initiated for closure of Risk Based Internal Audit (RBIA) of branches including Flash/Confidential reports.
- Periodic review of actions taken in respect of irregular/unusual/ exceptional/suspicious transactions in branches as detected during offsite surveillance by HO. The system of offsite surveillance of transactions streamlined to ensure regular monitoring of exceptional transactions at different branches. The functioning of the concerned department being examined & it has been suggested to widen the scope of off-site surveillance.

- The Staff Training College (STC) is holding one session on "Preventive Vigilance" in all training programs held by them. Faculty support for such programs is being extended by Vigilance Department /HR Department.
- HR Department has been advised to examine past conduct of an officer on his/ her previous places of all postings during the preceding four years prior to his / her date of retirement. The exercise is to be started at least six months prior to the date of retirement so that staff accountability in process or contemplated, if any, can be examined & concluded prior to the date of superannuation of an officer.
- Probationary officers/ promoted officers who have not completed 2 (two) years of service in the bank should not be permitted to recommend & sanction of loans.
- CVC circular in respect of Issuance/Confirmation of Bank guarantees through digital format (SFMS) has been reiterated for compliance.
- Direction of Ministry of Finance in respect of prohibition of acceptance of Donations/ gifts etc by public servants has been reiterated for strict compliance.
- Need for expeditious scrutiny of property returns submitted by the employees has been reiterated to the concerned authority for ensuring 100% submission & scrutiny within prescribed time frame.
- The Bank has introduced a system of 'on-line voucher checking system' (OVCS) in the branches. The efficacy of the field level implementation in this regard is being examined by the bank/vigilance department.
- The legal department has been advised to issue consolidated guidelines on matters pertaining to creation of equitable mortgage for the benefit of field level functionaries in order to have a handy document as most of irregularities / frauds are reported in mortgage transactions.
- A dedicated window on the CBS platform has been made available to all the employees for lodgment of complaints under Whistle Blower Policy. The complaints lodged through this portal are accessible to the CVO only. Actions taken on such complaints/ inputs will be discussed/ recorded in the quarterly Structured Meetings of the CVO with the MD & CEO and to the Board of Directors at half yearly interval.
- Revised account opening form for different deposit accounts was introduced incorporating therein the permission of competent authority to open such accounts along with designated space for recording signatures of officials involved in verification of KYC documents and permission for opening the account..

3.3 Impact of System Improvements

A framework to continuously monitor the above initiatives goes a long way in strengthening the mechanism. The initiatives like introduction of dedicated 'Whistle blower' portal having interface with Finacle system will surely encourage employees

to report any corrupt or fraudulent practices adopted by the delinquent employees. A thoroughly revised staff accountability policy alongwith reporting format will entail transparency, disclosures and impartiality in the decision making process. The advisories/circulars issued by the department from time to time on various issues relating to fraud (both in operational as well as advances) has started yielding results as instances of attempted fraud foiled by the field level functionaries have earned appreciation from all corners. Upon analyzing fraud cases over the years, it is seen that there is significant reduction both in no. of cases and volume which is reduced from Rs.143.24 cr (171 cases) during FY-15-16 to Rs.83.85cr (35 cases) during FY-16-17.

4.0 SUSTAINABILITY AND WAY FORWARD

In a fast changing environment, there is need to review periodically the existing policies, systems and procedure and identifying the lacunae and putting in place sufficient red flags so that the scope for misconduct can be minimized and any transgressions can be detected at the first instance.

Over the period of time, the aspect of vigilance work has been shifted more towards preventive vigilance rather than punitive vigilance as it is evident that deterrence, as coined by enforcement agencies have had limited success. Hence, the challenge is how to make the vigilance administration effective without creating fear in the minds of the employees. It goes without saying that vigilance function should not rest merely with a few officials manning the vigilance department, rather all stake holders should get involved in vigilance function so that it becomes a pervasive issue.

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केनरा बैंक
Canara Bank

Canara Bank

1.0 INTRODUCTION OF THE ORGANISATION

1.1 Overview

Founded as 'Canara Bank Hindu Permanent Fund' in 1906, by late Sri. Ammembal Subba Rao Pai, a philanthropist, this small seed blossomed into a limited company as 'Canara Bank Ltd.' in 1910 and became Canara Bank in 1969 after nationalisation.

Sound founding principles, enlightened leadership, unique work culture and remarkable adaptability to changing banking environment have enabled Canara Bank to be a frontline banking institution of global standards.

As on 30.09.2017, Canara Bank has a network of more than 6111 branches spread over all States & 5 Union Territories of the country and, which are administered through HO at Bengaluru and 21 Circle Offices & 118 Regional Offices.

1.2 Vigilance Management

Vigilance set up at Head Office level comprises of the Chief Vigilance Officer assisted by one Deputy General Manager, two Assistant General Managers and two Divisional Managers and other official. Further, Vigilance Officers have been nominated at the Circles, Head office, Subsidiaries and Regional Rural Banks sponsored by the Bank.

Vigilance Management in the Bank include preventive, participative and punitive functions, with an objective to ensure free, fair and healthy environment which is conducive for all round growth of the Organization. These goals are pursued and promoted through various means and channels.

Instances of frauds are analysed to understand the underlying cause for the same and also to ascertain failure/gaps in the system and procedure adopted in the bank and any need for systemic improvements. The existing mechanism is reasonably effective in detecting frauds. Most of the fraud cases have come to light upon inspection of branches or investigation in to complaints.

Wherever systemic improvements are found to be desirable the same is carried out as per the procedure adopted in the bank. Such improvements are adopted and implemented in the respective area of operation in the bank in order to avoid recurrence of such incidents.

Employees suggestion Scheme implemented in the Bank is aimed at simplification, improvement and enhancement of systems and procedures. Concerned Wing of the Bank analyses the suggestions received from the employees and accepted suggestions are implemented which brings systemic improvements.

It has been observed that in most of the cases of fraud/malfeasance, underlying reason happen to be meticulously planned and sophisticated execution of fraud by external elements. In many such cases these attempts are facilitated by non-compliance of existing system and procedure as well negligence observed on the part of employees resulting in falling prey to fraud perpetrated against the bank. Inspection/audit reports are another source of bringing out gaps/lacuna in the system & procedure adopted in the bank and need for further improvements. Guidelines

issued by various regulatory/statutory authorities are implemented which also help in systemic improvements in the bank. Impact of such systemic improvements is reflected in plugging the gaps/lacuna observed by issuing/modifying guidelines towards strengthening system and procedure in the Bank. The existing Preventive Vigilance Mechanism of the bank is as under:

- Systems and Procedures, Policies, Delegation of Powers structure etc have been put in place. Non adherence to these attracts staff accountability.
- Committee approach in sanction of loans and System of Review of Sanctions by next higher authority.
- Periodic Branch visits by Overseeing Executives from Circle Office, Periodic Inspections/audit (Risk based Internal Audit), Concurrent audit, snap audit, Revenue audit, Credit audit etc to monitor level of compliance.
- Regular Stock Inspections by Branch Officials, Surprise visits of Branches by Vigilance Officers & Surprise inspection of goods pledged/hypothecated to the Bank by Inspecting Officials.
- Surprise verification of cash at outsourced ATMs.
- Preparation of Agreed List and List of officers of Doubtful Integrity. The officials in such lists are not posted in sensitive assignments.
- Job rotation of officials/periodical transfer of officials, Mandatory availment of leave & Submission and scrutiny of Annual Property Returns.
- Formation of Preventive Vigilance Committees at Branches.
- System of daily generation and review of certain mandatory reports covering transactions in sensitive areas by Branch In-charge.
- Dissemination of Fraud details information to avoid recurrence of similar frauds.
- Investigations in to Complaints received & Adoption of Whistle Blower Scheme under PIDPI to encourage staff and others to bring to notice instances of corruption/frauds/malpractices with assurance that identity of complainant shall be kept secret.
- System of Offsite Monitoring of Transactions & Scrutiny of Staff Accounts.
- Provision of CCTVs in Branches.
- Facility of Online tracking of loan applications.
- Biometric identification of staff for CBS Log-in.

2.0 AREAS PRONE TO CORRUPTION

In banking, potential areas of corruption are mainly relating to the following:

- Sanction of loans.

- Sanction of concessions in Interest Rate and Bank Charges etc.
- Sanction of One Time Settlements (OTS) in NPA Accounts.
- Procurement of Goods and Services.
- Hiring of Premises, etc.

3.0 SYSTEMIC IMPROVEMENTS AND THEIR IMPACT

3.1 Action Plan for Preventive Vigilance

Preventive Vigilance prevents pecuniary loss as well as loss of reputation/image of the Bank in the eyes of the Public, apart from preventing avoidable hardships to employees of the Bank.

Preventive vigilance means exercising caution to prevent irregularities / lapses and frauds and in fact all administrative instructions are nothing but preventive vigilance.

The systems and procedures prevalent in the Bank have inbuilt checks and controls. However non-observances at times facilitate unscrupulous employees / outsiders to perpetrate frauds on the Bank.

Irregularities / frauds can be avoided / prevented by meticulous compliance of the laid down rules / systems and procedures - be in the area of deposits, advances and other business. As observed from the modus operandi of various frauds, a small deviation from the laid down system, negligence or laxity on the part of employees facilitate perpetration of frauds, resulting in huge loss to the Bank. While various measures of Preventive Vigilance have been circulated from time to time and the same are in vogue, focus on following measures may help in making Preventive Vigilance more effective:

- By devising adequate methods of control by generating 'Alerts' for the Controlling Authorities in the matter of exercise of discretion so as to ensure that discretionary powers are not exercised arbitrarily but in a transparent and fair manner.
- By developing mechanism to identify and check the instances of breach in delegation, spurt in advances and other red flags observed in branches. In this regard, off-Sight surveillance should be made more pragmatic and in case of sudden spurt in Advances portfolio, 'Alerts' should be generated for the Controlling Authorities to take necessary steps.
- By ensuring that the Bank has prepared Compendium of Preventive Measures on the subject of Credit & Procurement and these are updated from time to time.
- System of reconciliation of Suspense Accounts:
  - Periodic check of entries in the Suspense Accounts to have monitor over the unauthorized transactions and reconciliation of the entries to minimize the long outstanding entries in the books of the account.

- KYC Norms:
  - Exercising caution in the accounts where cheque books sent by post are returned and to further cross-check the details provided by the customer to avoid any fraudulent opening of the accounts.
- Verifying Exceptional Reports:
  - Daily reports generated in the CBS platform are to be invariably checked by the Branch In-charge/Section In-charge particularly reports such as Exceptional Transactions Report, TOD Reports, Special Watch Reports etc to ensure that the transgressions allowed in the accounts is within the knowledge of the appropriate authority.
- Engaging Concurrent Auditors (External Chartered Accounts) :
  - Allocation of Concurrent Auditors (External Chartered Accounts) is observed to be a matter of discretion. Banks may examine placing a package and applications may be called online based on minimum criteria and system based merit list may be generated as per scoring system decided. Allocation of Branches may be done from the merit list keeping in view of the size of the branch.

3.2 System Improvement Measures

During 2016

- It was observed that the CTS clearing module does not update data from CBS for newly opened accounts, due to which, name of the customer is not available for verification while posting the proceeds of clearing cheques in newly opened accounts and risk of wrong posting is high.
- On the advice of Vigilance Wing, the GA Wing, H.O., has issued special communication wherein it has been advised that the operators need to exercise caution while manually keying in the account number in the CTS package and that only the details available in the CBS system should be taken into account while force saving the data in CTS.
- The Wing has been receiving many complaints alleging unauthorized withdrawal from the accounts of customers. It is observed that the fraudsters either gain access to vital debit card / ATM information on their own or by way of customers themselves revealing vital card related information unintentionally.
- Vigilance Wing has advised Transaction Banking Wing to examine the possibility of adding more security features for such transactions and in response to our advice, concerned Wing has initiated steps for implementation of OTP system for such transactions.
- It was observed that LC Bills were discounted even though the same were not accompanied with LRs. In the above back drop, it was suggested to re-examine instructions contained in the Manual of Instructions to

ensure that bills discounting should not be permitted in case bills are not accompanied by LRs (title to goods). Suitable communication has been issued by the respective Wing at HO.

During 2017

- Suggestion was made to define the Quorum in respect of IAC & other Committees.
- Advised to create Data base in newly devised format pertaining to pendencies in Staff Accountability and DA cases for focussed follow-up and to form a separate and extensive desk for monitoring progress of Staff Accountability cases.
- On our request, Additional Vigilance Officers have been appointed in Circle Offices. Bank now has 12 full time VOs and 9 part time VOs in the field offices to promote Preventive Vigilance. Role of VOs has been defined. Monthly review of their work is undertaken.
- Initiatives are made to hold regular monthly review meetings with HR Wing to expedite disposal of DA cases.
- Follow-up for pending cases under scrutiny of Staff Accountability NPA accounts (level of sanctions of DGM and above).
- Importance has been laid in holding of monthly Preventive Vigilance Committee meetings in the branches.
- It is observed that Auto identification of asset impairment continued to be flawed for the following reasons:
  - System was not able to capture history of restructuring for proper classification in cases of failed restructuring;
  - Devolved BGs continued to be parked separately without linkage to operating account for NPA identification in contravention of IRAC norms;
  - Staff accounts and cheque discounting facilities were not being considered for auto NPA logic.

Suggestion was made to concerned Wing to issue guidelines to capture full details of restructuring in the CBS system. RBIA/IS Audit being advised to report any non-updation of restructuring in the CBS.

- Further it is observed that Branches were not entering LC devolvement data through appropriate module in CBS which led to under estimation of devolved LCs which could compromise account monitoring exercise. LC transactions were often entered direct in XMM-SWIFT instead of through CBS which may lead to fraudulent transactions.

  Concerned Wing at HO was advised to issue detailed guidelines in this regard. Monitoring of such transactions to be done at controlling offices for ensuring compliance.

- It is observed that there were too many General Ledger (GL) heads in CBS platform, some of which were redundant while some lacked ownership. Frauds can happen due to misuse / lack of reconciliation of GL heads.

  Advised the concerned Wing to review of relevance and usefulness of GL Heads to be done and discontinuation of obsolete / duplicating GL Heads to be considered.

3.3 Impact of System Improvements

- Quorum was defined in respect of IAC & other Committees.
- A separate and dedicated Desk has been formed to monitor the cases of Scrutiny of Staff Accountability cases and Data base has been maintained.
- Additional Vigilance Officers have been appointed in Circle Offices and monthly review is being monitored apart from holding periodical video conferences.
- Regular monthly review meetings are being held with HR Wing to expedite disposal of DA cases.
- With vigorous follow-up, pendency of cases under scrutiny of Staff Accountability NPA accounts (level of sanctions of DGM and above) has come down from 216 as on 31.03.2017 to nil as on 30.09.2017.
- Monthly Preventive Vigilance Committee meetings are being held regularly in the branches and during June, July, August 2017 months 1210, 1575 & 2072 Meetings were held respectively.
- Inspection Wing is in the process of forming Board Approved Policy in the matter of engaging Concurrent Auditors in the Bank.

4.0 SUSTAINABILITY AND WAY FORWARD

It is observed that Indian Banking sector in general and Public Sector Banks in particular are burdened with frauds in Credit and general banking areas which has contributed to increasing NPA level in the Banking Sector apart from impacting the reputation of the banks and bringing down morale of the employees. Large number of big NPA accounts in the banking sector is on account of fraud perpetrated by promoters of such companies which are in some cases aided by connivance/negligence of bank employees.

Bank frauds may be classified in following major categories:

- Frauds perpetrated by borrowers.
- Frauds relating to fake/fabricated property/other documents.
- Technology related frauds.
- Frauds perpetrated by employees of the Bank.

Effectiveness and sustainability of preventive vigilance depends on adequacy

of checks and balances in the system, culture and willingness of compliance and robust system of monitoring and reporting. Swift and exemplary punishment on perpetrators of frauds may also prove to be strong deterrent hence effective tool of preventive vigilance. Lately increasing number of fraud cases are observed wherein unethical involvement of professionals like CAs, Advocates and Engineers is suspected in aiding and abetting the fraudulent elements in perpetrating frauds on banks. Banks have little control and deterrent mechanism at their disposal to discourage such behaviour other than black listing such individual/firms found involved in such acts. These measures remain largely ineffective as the impact of action by one bank appears to be inadequate deterrent.

We may also consider following measures for strengthening preventive vigilance in Banks:

- A panel of professional (CAs, Advocates and Engineers etc.) may be created at RBI/IBA level and any wrongdoings observed by any bank against such individuals/firms are to be reported and suitable action may be initiated at centralized level.
- Setting up of special cell in DRT for fraud related NPA accounts.
- Examining necessity for legal reforms/change in laws related to corporate governance and audit related laws.
- Steps towards digitization of land records.
- Preparing minimum standards/check points for tech based banking products.
- Psycho analytical testing of candidates seeking jobs in banking to ascertain ethical/attitudinal leanings.
- Training programmes specifically prepared for identification and prevention of frauds.

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INITIATIVES IN PREVENTIVE VIGILANCE

HAVE YOU TAKEN INTEGRITY PLEDGE ?

PARTICIPATE IN THE FIGHT AGAINST CORRUPTION

TAKE ONLINE INTEGRITY PLEDGE TODAY
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