

F.No.14/28/2012-Vig.
Ministry of Finance
Department of Financial Services
(Vigilance Section)

3rd Floor, Jeevan Deep Building,
Parliament Street, New Dlehi
Dated: 30th July, 2012

To,

The CEOs of all PSB/FIs/PSICs.

Subject: **Measures to prevent irregularity by certain professionals on the panel of PSBs/PSICs**

Sir,

CVC has observed that while analyzing cases involving PSBs/PSICs it has come to light that the professionals empanelled by Banks/Insurance Companies viz Advocates, Engineers/Valuers, Chartered Accountants, Surveyors etc. are sometimes involved in unfair practices including false/distorted reports which ultimately lead to distressed assets of the banks or unfair claims settled in Insurance Companies.

2. You may agree that while fixing up accountability, the maximum that the bank's can do is to de-panel such professionals for future assignments. Since, decisions taken based on such reports result in huge loss to the organization, mere de-panelment does not serve as a deterrence to such unscrupulous professions. The Commission therefore has advised that Banks and Insurance companies should approach the professional bodies as mentioned below, with complaints of professional misconduct on the part of any professional engaged by the Bank/Insurance Company for suitable action thereon:

- (i) Advocates-Bar Council of India
- (ii) Chartered Accountants/Cost Accountants-ICAI/ICWA
- (iii) Surveyors/Valuers-Institute of Engineers.

3. An enabling clause in this regard may be considered for insertion in the tenure of appointment/engagement of such professionals and the same may be duly accepted by the professionals being considered for appointment/engagement.

4. Please acknowledge the receipt of this letter.

Yours faithfully,

(J.S. Phaugat)

Under Secretary(Vig.)Copy to:

- 1. Secy, IBA/IRDA
- 2. CVOs of all PSBs/FIs/PSICs
- 3. Copy also on DFS Website.
- 4. Copy also to CVC w.r.t. their OM No.1104/BNK/28/176630 dt. 1.6.2012.

Meenkshi Tripathi
SSA,NIC
ph : 011-23748795