

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3750
ANSWERED ON:16.12.2011
CHARGES AGAINST SENIOR OFFICIALS IN BANKS
Mahto Shri Baidyanath Prasad;Ramkishun Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether any institutionalized mechanism exists to inquire into cases of alleged irregularities complaints and corruption charges levelled against senior officials/Board Level appointees of Public Sector Banks (PSBs);
- (b) if so, the details thereof;
- (c) the nature and number of complaints received against Board level appointees and other senior officials of PSBs including Central Bank of India and Punjab National Bank for alleged irregularities, mis-conduct and other malpractices since 2007-08, bank/year-wise;
- (d) the follow up action taken thereon alongwith present status of such complaints/ irregularities;
- (e) whether Reserve Bank of India has issued any guidelines for prevention of incidents of corruption and other irregularities in the PSBs; and
- (f) if so, the details thereof and the outcome therefrom?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a)&(b) Yes, Sir. The institutionalized mechanism is prescribed in the Vigilance Manual of the Central Vigilance Commission (CVC). Anti-corruption measures of the Central Government are the responsibility of (i) Administrative Vigilance Division (AVD) in the Department of Personnel & Training (ii) Central Bureau of Investigation; and (iii) Vigilance units in the Ministries/Departments of Government of India ,Central Public Enterprises and other autonomous organizations; (iv) the disciplinary authorities; and (v) the Central Vigilance Commission. In addition, a Special Investigation Cell in the Department of Banking Supervision (DBS) in RBI and a Group of Officers in the Cabinet Secretariat, also examine the complaints received against the Board level appointees of Public Sector Banks (PSBs).

(c) Nature of the complaints against Board level appointees of PSBs includes allegations relating to graft in sanction of credit proposals, compromise settlements, write off, take over of accounts from the other banks, irregularities in grant of advances, abuse of official position, possessing disproportionate assets etc.

Number of complaints received in CVC against Bank Officers of the level of Scale-V and above during the year 2007, 2008, 2009, 2010 and 2011 (January - July) are 83, 116, 101, 107 and 48 respectively. The year-wise and Bank-wise details are annexed.

(d) Such complaints are enquired by the Chief Vigilance Officers/Direct Inquiry Officers in CVC/Central Bureau of Investigation and appropriate action is taken against the delinquent officials as per their Conduct and Disciplinary Rules.

Many complaints received in CVC/Government are found to be anonymous or frivolous in nature. Such complaints are filed in the first instance or sent to the concerned CVO for necessary action. Remaining complaints are taken up by CVC for verification of facts /allegations. Status of such complaints are as under:

SL.No.	Status	No. of cases
1.	Recommended for closure	175
2	Recommended for major penalty	6

3. Recommended for administrative action 6

4 Under Various stages of examination 48

Total 235

During this period (2007 to till June 2011), CBI has investigated 62 cases out of which 44 cases have been disposed off and 18 cases are still under investigation.

(e)&(f): RBI has issued various circulars for prevention of frauds and malpractices in banks. Some of the important circulars are as mentioned below:

(i) DBOD Circular dated 25.8.1992 on recommendation of the Committee to enquire into various aspects relating to frauds and malpractices in banks

(ii) DBS Circular dated 1.11.1996 conveying recommendations of the Working Group on internal controls and inspection of audit systems in banks.

(iii) DBS Circular dated 20.9.2004 on strengthening of internal vigilance machinery in banks and financial institutions.

(iv) DBS circular dated 16.9.2009 on fraud prevention and management function.

(v) DBS circular dated 31.5.2011 on findings and forensic scrutiny – guidelines for prevention of frauds.

Banks are required to submit report on each fraud to RBI. RBI may discuss these matters in the structured meetings held between the Banks and RBI.