

F. No.99/VGL/54
Government of India
Central Vigilance Commission

Satarkata Bhavan, Block 'A',
GPO Complex, INA,
New Delhi - 110 023
Dated 8th August 2000

OFFICE MEMORANDUM

Subject:- Constitution of Advisory Board for Banking, Commercial and Financial Frauds.

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Considering the complexities involved in commercial decisions of managers in PSBs and PSEs, paras 6.2 and 7.1 in the Special Chapters on Vigilance Management in Public Sector Banks and Public Sector Enterprises provided for the constitution of Advisory Boards to advise the CBI on technical issues relating to registration of RCs and PEs, as part of the institutional infrastructure of the latter. The Central Advisory Board on Bank Frauds was constituted by the Commission w.e.f. 1.3.1999 vide its Office Memorandum F.No.98/Misc./1 dated 26.2.99.

The Commission has since reviewed the matter: it has come to the conclusion that in view of the limited workload, a single Board to advise the CBI on banking, commercial and financial frauds would not only meet all functional requirements but also result in more economic utilisation of public funds and provide uniformity of approach. Accordingly, the Central Advisory Board constituted by the Commission vide its OM dated 26.2.99, is with immediate effect, renamed as "Advisory Board for Banking, Commercial and Financial Frauds". The amended scheme will be governed by the following provisions:

- (i) **Nomenclature:** The Board would with immediate effect be named as "Advisory Board for Banking, Commercial and Financial Frauds". It would continue to form part of the organisational infrastructure of the CBI. The necessary funds to meet the expenditure of the Board, would continue to be provided by the RBI.
- (ii) **Functions:** The Board would render its expert advice to the CBI on frauds in borrowal accounts in banks and commercial and financial frauds in Public Sector Enterprises and financial institutions which the CBI has suo motu found worthwhile to pursue tentatively: in particular,

the Board would advise the CBI as to whether a PE/RC should or should not be registered in such cases. Cases in which there is no difference of opinion between the competent authority in the Organisation concerned and the CBI need not be referred to the Board for its opinion. In any case, the advice of the Board would not be binding on the CBI.

- (iii) **Members:** The Chairman and Members of the Central Advisory Board constituted w.e.f. 1.3.99 would ipso facto be members of the newly constituted "Advisory Board for Banking, Commercial and Financial Frauds". However, when the Board meets to consider a financial or commercial fraud alleged to have been committed in a Public Sector Enterprise or a financial institution, it may co-opt one or two domain experts to assist it from a panel approved by the Commission.
- (iv) **Tenure:** The tenure of Chairman and Members would be for a period of two years. In case of Chairman and Members of the erstwhile "Central Advisory Board", the tenure would be reckoned from 1.3.1999.
- (v) **Facilities/Infrastructure:** The honorarium and other facilities to the Chairman and the Members would be the same as indicated in the Commission's O.M. dated 26.2.99. The RBI would suitably remunerate the co-opted experts from Public Sector Enterprises/Financial institutions, in accordance with their norms.
- (vi) **Secretarial assistance:** Secretarial assistance to the Board would continue to be provided by the RBI. All cases will be brought to the Board by the CBI through the RBI. However, when the Board meets to consider cases pertaining to PSUs, it may contact SCOPE and CBI to provide the basic briefing on the respective points of view. Clarifications required by the Board may be obtained by the Board's Secretariat from either of these organisations.
- (vii) **Miscellaneous:** The Board will ordinarily, within a month of the initial reference, tender advice on whether the CBI should or should not register a case.

The Board will be competent to decide on its internal procedures.

In case of any insurmountable difficulty or doubt, it may refer the matter to the Commission.



(N. VITTAL)

CENTRAL VIGILANCE COMMISSIONER

To

1. The Chairman & Members of the Advisory Board for Banking, Commercial and Financial frauds.
2. The Director, CBI
3. The Governor/Deputy Governor, RBI
4. The Special Secretary, Banking Division, New Delhi
5. Secretary, Department of Heavy Industry & Public Enterprises, New Delhi
6. Chairman, SCOPE
7. All Chief Executives/CVOs of Public Sector Banks/Public Sector Enterprises/Financial Institutions.


(Hardayal Singh)
Additional Secretary