

Performance during April, 2012

- (i) Commission advised issuance of sanction for prosecution in respect of 3 officials of various Ministries/Departments/Organizations which includes one DIG level IPS officer working in Kerala cadre, one the then Chairman, Railway Recruitment Board, Allahabad (UP) and one Director presently working in Ministry of Social Justice and Empowerment.
- (ii) Prosecution sanctions were issued by the Competent Authorities in 12 cases during the month which includes a General Manager of Bharat Sanchar Nigam Ltd., a Director (Cost), Directorate of Anti Dumping & Allied Duties, Ministry of Commerce and one Superintending Engineer of CPWD.
- (iii) Commission processed 5078 complaints (including 39 whistle blower complaints) during the month and sought investigation/factual report in 18 complaints from the concerned Ministries/ Departments/ Organizations.
- (iv) Commission advised initiation of major penalty proceedings against 74 officials of various Ministries/Departments/Organizations which includes a General Manager of Canara Bank, four General Managers of Bharat Heavy Electricals Ltd., an Executive Director of NALCO, two Commissioners of Income Tax and one Superintending Engineer each from Municipal Corporation of Delhi (MCD) & Delhi Jal Board.
- (v) Commission advised imposition of major penalty against 42 officials of various Ministries/Departments/Organizations, which includes two Directors, Khadi & Village Industries Commission, one Chief Architect from NDMC, one General Manager, Bharat Cooking Coal Ltd., one General Manager and two Superintending Engineers from Northern Coalfields Ltd., one Jt. Director and two Executive Engineers from Municipal Corporation of Delhi.
- (vi) On the advice of the Commission, the Competent Authorities imposed major penalties in respect of 106 officials of various Ministries/Departments/Organizations, which includes a Commissioner of Income Tax, two Superintending Engineers from Ministry of Railways, one

Chief Engineer, Bharat Sanchar Nigam Ltd. (BSNL) and one Superintending Engineer of Delhi Jal Board.

- (vii) Chief Technical Examiner's Organization submitted 10 technical examination reports and these examinations resulted in recovery of Rs.1,47,49,712/- during April, 2012.
- (viii) Vigilance clearances were accorded for 14 empanelment/board level appointments.

B. Important Cases:-

- (i) A case regarding irregularities in trade transactions for exports of various items under Credit Linked Insurance Scheme (CLIS) operated by State Trading Corporation (STC), Mumbai was examined in the Commission. It was observed that during the period 2005-09, various business firms/associates had undertaken export of items such as gold jewellery, construction material, etc., through STC, Mumbai, under the CLIS scheme. Due diligence was not exercised by the concerned officials of STC to ensure the credibility of suppliers/associates before entering into business transactions with them. Non compliance of various terms and conditions, as envisaged in CLIS and various circulars issued by STC from time to time in this regard, resulted in a huge financial risk/liability of an overall amount of Rs. 725.09 crores (as on 15.09.2010) besides interest and other charges, without chances of recovery from the associates or insurance companies. There were adequate tools available with STC to take care of eventualities in the event of default in payment by foreign buyers, but the same were not invoked/utilized by the concerned officials of STC to safeguard the organization's interests. Fixing of credit limit of local suppliers/associates and proper monitoring could have avoided the situation of accumulation of defaults in payments by foreign buyers. Initiation of major penalty proceedings against erring officials has been advised by the Commission.
- (ii) Indian Bank, Gotri Branch, Ahmedabad sanctioned a short term loan of Rs. 50 crores on 31.12.2007 to 11 commission agents under tie-up arrangements with a private limited firm. The loan were sanctioned to the commission agents for onward lending to farmers for procurement of castor

seeds and its cultivation. However, several irregularities were reported in the loan accounts such as disposal of hypothecated stocks, fictitious commission agents etc. A study conducted by the Indian Bank, Gotri Branch, Ahmedabad brought out that the private limited firm had played a fraud on the Bank by availing the loans in the names of commission agents. While examining the case, it was found that the said firm was given loans by various banks with the stipulation that end use of fund should be used by farmers for growing and supplying castor seeds to the firm. However the loan proceeds were not used for the envisaged purpose of onward financing to farmers and the proceeds were diverted. The total amount involved in the whole case is Rs. 1110 crores and a consortium partners of 9 banks lead by State Bank of India (SBI) and various other banks as consortium had lent to the firm. It has also come to the notice of various banks that the firm has perpetrated a fraud on other Banks as well. The loan amount has been siphoned off through Village Level Aggregators (VLAs) appointed by the company. The Indian Bank has recovered Rs. 48.86 crores out of Rs. 50 crores lent under the schemes. The account has become Non Performing Asset (NPA) with outstanding of Rs. 10.73 crores plus interest from the date of NPA i.e. 31.3.2012 in 8 of the 11 accounts of Agents/Artis. The remaining three accounts have since been closed. The CBI has been advised to register the case and investigate the matter. In addition, Commission's advised initiation of major penalty proceedings against the erring officials of the bank.

C. Important activities:

- (i) Shri Pradeep Kumar, Central Vigilance Commissioner attended the conference organized by Confederation of Indian Industry(CII) in the month of April 2012. While addressing the participants on the topic of 'Governance-The key to a developed India', he emphasized that sustainable growth and development is not possible without good governance and suggested reforms that need to be undertaken to curb corruption. He highlighted that the Commission has adopted a strategy of leveraging technology to prevent corruption wherein organizations are persuaded to adopt e-governance measures and computerize on priority all those activities which are vulnerable to corruption, especially in the delivery of public services and in redressing grievances speedily. Also, the Commission has recommended enactment of a False Claim Law, which aims to empower citizens to fight corruption. Regarding reforms being undertaken to address corruption, he stated that the

Government has drafted the “Prevention of Bribery of Foreign Public officials Bill, 2011”, under this provisions, any Indian company bribing the public servant of another country will be liable for punishment. He welcomed the step taken by the Confederation of Indian Industry (CII) in 2010 to develop a Code of Business Ethics for companies. While informing the measures being taken by the Government to strengthen the framework to fight corruption he stressed that the task of building a honest society cannot be left to the Government, anti-corruption agencies or Corporates alone and every Indian must do his bit.

- (ii) On the 40th Anniversary of Corporation Bank Officers’ Organization in April, 2012, Shri R. Sri Kumar, Vigilance Commissioner while addressing the officials of the Corporation Bank explained that Central Vigilance Commission had over the last few years changed its approach from Punitive Vigilance to Preventive Vigilance to Proactive Vigilance followed by Predictive Vigilance. In the fight against corruption, he stressed on participation of every shareholder and citizens. He further cited Project Vigeye as an example of participative vigilance.
- (iii) A training course for newly inducted CVOs was conducted by the Commission in April, 2012. About 23 CVOs from PSUs, Banks and other major organizations attended the five days training course. The course schedule consisted of various matters related to vigilance administration and anti-corruption strategies including investigation techniques and criminal action procedures etc.
