



# दक्षता

सिडबी की ई-सतर्कता पत्रिका

## Dakshata

The SIDBI e-Vigilance Bulletin



SIDBI Corporate Office, Mumbai

SIDBI Head Office, Lucknow

## MESSAGE



I am happy to note that the Vigilance Vertical of our Bank is bringing out the annual issue of the e-magazine 'Dakshata', to spread awareness about vigilance.

As new investment opportunities emerge for providing financial assistance to entrepreneurs in diverse fields, in line with policy support measures of the Government and RBI, it is imperative that a sense of alertness be instilled among the staff to take up the same and drive the business of the Bank. As you are all aware, the Bank has gone from strength to strength in the past few years and has crossed the milestone of ₹ 4 lakh crore balance sheet in FY 2023, with loans and advances of ₹ 3.5 lakh crore and the highest ever income and profit. Simultaneously, the Bank has been enhancing its digital infrastructure to not only promote ease and speed of business but also to reduce discretion in decision making to ensure seamless delivery of its products.

Simultaneously, the Bank has been laying emphasis on preventing slippages and believes that staff interest must always be protected for bonafide decisions. To this end, the Vigilance Vertical of the Bank has been making earnest efforts to spread the message of scrupulous adherence to the guidelines of the Bank, observing the basic tenets of business ethics and keeping the organizational interest at the core at all levels of decision making. As part of risk management, an evolving staff accountability framework helps to reduce the incidence of NPAs/frauds, through proper observance of safeguards.

Let us therefore pledge to work together to make SIDBI the preferred brand for the MSMEs and accomplish the mandate given by our stakeholders.

With Best Wishes,

**(Sivasubramanian Ramann, IA&AS)**  
Chairman and Managing Director

## MESSAGE



Dear colleagues,

I am happy to present the special issue of the Vigilance journal “Dakshata”, a publication dedicated to spread awareness about vigilance and its related issues.

In today's world, vigilance is more important than ever. From natural disasters to cyber threats, we are faced with a multitude of challenges that require constant attention and preparation. The Vigilance Journal is an essential resource for all individuals committed to promoting transparency, accountability and ethical behaviour.

The Bank endeavours to promote integrity, transparency and accountability in public life with ultimate objective of bring about improvement in governance, which ultimately would facilitate growth of MSMEs.

Taking forward the theme of concluded Vigilance Awareness Week i.e., “Corruption free India for a developed nation” let us all unite together to be more vigilant and follow transparent practices to make India corruption free. Let us all pledge that we shall work together towards a corrupt free India.

With best wishes,

**(V Satya Venkata Rao)**  
Deputy Managing Director

## MESSAGE



Dear Colleagues

I extend heartiest congratulations on the occasion of the special issue of “Dakshata” the Vigilance Journal which aims at creating awareness to adopt a transparent and efficient work culture, free of corruption.

With the participation of all in the much needed periodic awareness initiatives, everyone should adopt integrity and ethics in their daily life as we move in our journey towards self-reliance. We need to come together to reiterate the ideals of integrity, transparency and accountability and strive towards embracing those values. It is our duty to be a vigilant citizen and prevent corruption of any form in the world around us.

An effective and pro-active vigilance machinery can contribute towards improving the quality of governance. We must take this opportunity to renew our commitment to achieve the goals of promoting integrity, transparency and accountability in public life, for a better future.

**(Sudatta Mandal)**

Deputy Managing Director



## MESSAGE



It is a matter of great pleasure for me to share my thoughts with you through this edition of vigilance e-bulletin “Dakshata 2023”.



SIDBI is a premier financial institution in the field of promoting MSME industries in India. Over the period, besides the promotion of MSME industries, they have also done well in the business field. Total business has crossed over Rs.4 lakh crore, including Direct Finance of more than Rs.16,000 crore as on 31.03.2023. Business growth is essential for any financial institution but it is never free from their inherent risk. Therefore, we all have the responsibility to build our system more resilient by adopting best risk mitigation policies and effective preventive vigilance mechanism to provide safe environment for sustainable and quality growth.

Vigilance function is an integral function for good governance. Therefore, it should be looked upon as one of the essential components of management functions like HR, Credit, Finance, IT, Audit, etc. Effective vigilance ensure the efficient functioning of other segments and ultimately it provides good health of the organization. Only few officers posted in the Vigilance Department alone cannot provide effective vigilance in the organization and therefore, there is a responsibility of each and every individual to become proactive in vigilance to provide safe and healthy working environment in the organization.

The Central Vigilance Commission has always been laying stress on preventive vigilance in weeding out corruption. This can be achieved through systemic improvement, adoption of technology, promoting complete transparency, simplification of systems and procedures, reducing discretion and ease of doing business.

Punitive vigilance affects the morale of employees but wherever it is required, it should be taken within short period of occurrence of misconduct and award of exemplary and adequate punishment to deter others from committing such misconduct.

Our Honourable Prime Minister has set target for our country to become developed economy by 2047. We observe that there is a direct relationship between corruption and the economic



development of any country. Those countries which are developed are ranking higher in the corruption perception index. As per the latest report, India is ranked at 85th position among all the countries in the world. Therefore, to achieve the target of becoming a developed economy by 2047, we will have to go a long way improve our rank on the index. This is not the duty of only one or few persons who are running the government but each one of us must ensure honesty and probity in our public and personal life and also promote complete transparency of our conduct at all stages.

Publication of latest edition of vigilance e-bulletin “Dakshata 2023” is one of our sincere efforts to promote preventive vigilance in our organization. I request all of you to give your honest feedback about this e-bulletin and also request you to actively participate by sharing your articles / views for the next edition to make preventive vigilance an effective tool for good governance in our organization.

While performing our duties, we get lot of pressures from various quarters to compromise with extant guidelines without giving any written instruction. In such cases, it is very difficult at a later date to prove innocence of the persons who are following such unwritten instructions and also difficult to establish the accountability of those who are giving such instructions. Therefore, we should avoid such pressures and function as per the extant guidelines.

Further, if you come across any misconduct or malpractices around your working in the organization, you may inform directly to CVO through mail ([cvo@sidbi.in](mailto:cvo@sidbi.in)) / post. I assure you that your identity will be kept strictly confidential.

Wishing you all the best.

**(Dilip Kumar Singh)**

Chief Vigilance Officer

## Events organised during VAW 2022



Hyderabad Office



Pune Office



Prize distribution at MGM Girl School  
by Hyderabad Office



## Walkathon during VAW 2022



Lucknow Office



Jaipur Office



Chennai Office



Hyderabad Office



## Preventive Vigilance



CVO interaction with Lucknow RO



Interaction with CVO - induction training program  
for Grade A Officers

## Observance of VAW 2022 at Head Office



Pledge Lucknow Office



Pledge Lucknow Office

## भ्रष्टाचार-मुक्त भारत- विकसित भारत

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विकास एक सर्वांगपूर्ण अवधारणा है। किसी भी देश, सभ्यता अथवा संस्कृति को तभी पूर्ण विकसित माना जाएगा, जब उसके सभी अवयवों का सर्वांगीण विकास हुआ हो। कोई समाज अन्य दृष्टियों से चाहे कितना ही विकसित हो, किन्तु वह भ्रष्टाचार से ग्रस्त हो तो उसे सर्वांगतः विकसित नहीं माना जा सकता। सच कहें तो भ्रष्टाचार-मुक्त होना और विकसित होना, ये दोनों ही संकल्पनाएँ परस्पर अन्योन्याश्रित हैं। जो समाज भ्रष्टाचार से मुक्त है, वही अपने विकास की समग्र संभावनाओं को प्राप्त कर सकता है। अन्यथा भ्रष्टाचार की दीमक समाज को खाती रहेगी और वह कभी पूर्ण विकसित नहीं हो सकता।

जैव जग और भाव जगत, दोनों ही क्षेत्रों में हम इस प्रपत्ति को फलीभूत होते देख सकते हैं। भ्रष्ट से आशय है जो आदर्श अथवा काम्य से इतर हो। इसे एक उदाहरण से समझा जा सकता है। जब हम कोई पौधा लगाते हैं तो उसकी सुरक्षा के लिए बाड़ या जाली लगाते हैं। यह बाड़ या जाली बाहरी कारकों, पशुओं आदि से उस पौधे की रक्षा करती है। पौधे को समुचित सुरक्षा देने के साथ-साथ हम समय-समय पर उसे खाद-पानी भी देते रहते हैं। इससे पौधे की जैविक वृद्धि होती है। पर्याप्त विकसित होने के उपरान्त हम पौधे की डालियों की कटाई-छँटाई भी करते हैं, ताकि वह आदर्श रूपाकार ग्रहण कर सके और भविष्य में अपनी क्षमतानुसार फलने-फूलने की स्थिति में आ सके। समाज अथवा देश के विकास के लिए भी यही प्रक्रिया अपनाई जानी चाहिए। यदि भ्रष्टाचार का कीड़ा लग गया तो वह हमारे समाज व देश को यथोचित रूप से विकसित नहीं होने देगा और अंततः हम अविकसित अथवा अल्पविकसित रह जाएँगे। हमारा राष्ट्र बौना रह जाएगा। इसलिए समाज में अकाम्य, अप्रेय, अनैतिक तत्वों को काटते-छाँटते रहना और प्रेय, नैतिक तत्वों को संरक्षण प्रदान राष्ट्र के समुचित विकास के लिए परम आवश्यक है।

भ्रष्टाचार क्यों होता है? इस पर भी तनिक विचार किया जाना चाहिए। कोई काम कराने के लिए जब हम नियमों का पालन नहीं करना चाहते, अथवा नियम-पालन के लिए अपेक्षित अनुशासन का हमारे विचार व व्यवहार-जगत में अभाव होता है तब हम अपने इच्छित उद्देश्य की पूर्ति के लिए अनुचित साधनों का उपयोग करते हैं। अनुचित साधनों का यह उपयोग ही भ्रष्टाचार है। विधि-विहित मार्ग से न जाकर, दीवारें फाँदते हुए अपने गंतव्य की ओर बढ़ना ही भ्रष्टाचार है। समाज में दीवारें न हों तो चारों ओर अराजकता फैल जाए। दीवारों के भीतर मनुष्य और मानव-मूल्य सभी सुरक्षित रहते हैं। इन दीवारों को तोड़ना, उनमें संध लगाना और नियमों व मूल्यों को धता बजाना ही भ्रष्टाचार का मूल है। कोई भी विकसित व सभ्य समाज चोर दरवाजे बनाने, दीवारें तोड़ने या लॉघने की अनुमति नहीं देता। यदि ऐसी अनुमति दे दी जाए तो दीवारें तोड़ने-फाँदने में सक्षम तत्व अपने बल व क्षमता का प्रयोग करके समाज और राष्ट्र की समस्त संपदा को अपने अधिकार में कर लेंगे और सीधे रास्ते चलने वाले भले मानुसों का जीना दूभर हो जाएगा। यह पूरी व्यवस्था के लिए हाराकिरी की स्थिति होगी। इसलिए यदि विकास करना है तो समाज व राष्ट्र को भ्रष्टाचार-मुक्त रखने के अलावा कोई अन्य उपाय नहीं।

इस प्रपत्ति के दूसरे पहलू पर भी दृष्टि डालें। विकसित समाज अपनी प्रकृति से ही भ्रष्टाचार-विरोधी होता है। जिस समाज में सभी लोग विकसित हों, सभी अपने अधिकारों, नियमों और विधि-विहित पद्धतियों से अवगत हों, वहाँ भ्रष्टाचार के पनपने की संभावना लगभग नगण्य हो जाती है। आज की विकसित व्यवस्थाएँ पूरी तरह डिजिटलीकृत हैं। वहाँ निर्णयकारिता, सेवाप्रदायगी आदि में पूरी पारदर्शिता है। और इस पूरे प्रक्रम में मानवीय हस्तक्षेप लगभग शून्य है। मशीनचालित व्यवस्थाएँ घूस लेकर मुँहदेखी नहीं करतीं, वे प्रायः युक्ति-संगत मशीनी नियमों से संचालित होती हैं। यदि सभी पूर्वापेक्षाएँ पूरी हुईं तो वे निर्दिष्ट परिणाम देंगी, अन्यथा नहीं। इसके विपरीत जिन व्यवस्थाओं में सेवा-प्रदायगी और निर्णय लेने का काम मानवीय विवेक पर आधारित है, वहाँ नियमानुरूप मानक से विचलन की संभावना भी बहुत अधिक रहती है। यह विचलन प्रायः आर्थिक प्रलोभन अथवा



नियमेतर किसी अन्य कारण से होता है। इस विचलन का ही दूसरा नाम भ्रष्टाचार है। ऐसा आचरण जो भ्रष्ट हो गया। इससे सिद्ध हुआ कि तकनीकी और प्रौद्योगिकीय विकास और निर्णयकारिता के लिए उसके उपयोग के जरिए भ्रष्टाचार से मुक्त हुआ जा सकता है।

इस पूरे परिप्रेक्ष्य में हम भारत की स्थिति को देखें तो बात और भी स्पष्ट हो जाती है। भ्रष्टाचार और मानव सभ्यता संगामी रही है। यह सहज ही समझ आता है कि संपत्ति की संकल्पना के साथ ही भ्रष्टाचार का भी जन्म हुआ होगा। अधिकाधिक संपत्ति संग्रहण के लालच ने मनुष्य के मन में विकार को जन्म दिया होगा और वह आदर्श आचरण छोड़कर गृहित दिशाओं में चल पड़ा होगा। भारत भी इसका अपवाद नहीं है। बहुत दूर न जाकर हम ब्रिटिशकालीन भारत से शुरुआत करते हैं। ईस्ट इंडिया कंपनी में लिपिक के रूप में काम करने वाले क्लाइव ने भारत के शासकों को धन का लालच देकर अपने अधीन किया। बात-बात पर धन देने और लेने की कला में निपुण क्लाइव अंततः भारत का वायसरॉय बना। ऐसी अपूर्व उन्नति भ्रष्टाचार से ही संभव थी। इस प्रकार की उन्नति के लिए उसने हर प्रकार के गृहित साधनों का उपयोग किया। किन्तु अंततः जब वह इंग्लैंड लौटा तो उसके ऊपर महाभियोग लगा और लॉर्ड क्लाइव ने आत्म-हत्या कर ली। भारतीय राजाओं जयचंद और अमीचंद के किस्से हम प्रायः कहते-सुनते हैं। राष्ट्रीय हित के विरुद्ध जाकर केवल निजी स्वार्थ और धन-लिप्सा के कारण अपने चरित्र से गिर जाने का इससे घटिया दृष्टान्त कोई और नहीं हो सकता।

स्वतंत्रता के समय हमारा देश प्रायः हर क्षेत्र में पिछड़ा हुआ था। हमारी साक्षरता-दर केवल तेरह प्रतिशत थी। शैक्षिक पिछड़ेपन और सदियों तक गुलामी, औपनिवेशिक शोषण और अंग्रेजों की दुर्नीतियाँ व दमन झेलने के कारण भारत अविकसित राष्ट्रों की जमात में खड़ा था। भुखमरी, अकाल, अशिक्षा आदि अनेक कारक यहाँ विद्यमान थे जो भ्रष्टाचार के पनपने और पुष्पन-पल्लवन के लिए बड़े ही मुफीद पड़ते थे। आजाद भारत ने विगत पचहत्तर वर्षों में विकास की दिशा में बहुत लम्बी डगर पार की है। आज वह विकसित देश बनने की दिशा में बड़ी तेजी से अग्रसर हो चला है।

एक बड़ा सवाल यह उठता है कि क्या अब भारत भ्रष्टाचार-मुक्त हो जाएगा? उत्तर है- हाँ। काफी हद तक। वैश्विक शक्तियाँ जिस गति से काम कर रही हैं, उनके चलते अब भारतीय अर्थव्यवस्था का बहुत बड़ा हिस्सा निजी क्षेत्र में चला गया है। आनेवाले दिनों में कुछ चुनिंदा क्षेत्रों को छोड़कर अधिकतर अर्थव्यवस्था निजी क्षेत्र के पास होगी। भ्रष्टाचार बुनियादी तौर पर सार्वजनिक क्षेत्र की अवधारणा है। निजी क्षेत्र विवेकाधीन शक्तियों के भरोसे नहीं, बल्कि बाजार की शक्तियों के अधीन अपने हितों को सुरक्षित रखते हुए काम करता है। वहाँ आप नियमानुरूप शुल्क अदा करके सेवा अथवा पण्य प्राप्त कर सकते हैं। सार्वजनिक क्षेत्र में ऐसी सेवा अथवा पण्य प्रदायगी के लिए सरकारी सेवक कई बार निजी लाभ (घूस आदि) के लिए अपने नियोक्ता यानी सरकार के हितों की बलि चढ़ा देते हैं। यह निजी क्षेत्र में संभव नहीं। वहाँ बलि चढ़ानेवाले की ही बलि ले ली जाती है। इसलिए निजी क्षेत्र का बुनियादी चरित्र ही भ्रष्टाचार से मुक्ति की व्यवस्था कर देगा।

विकसित व्यवस्था में सभी उपभोक्ता और सेवाग्राही अपने अधिकारों, सेवा व पण्य के लिए देय शुल्क और प्रक्रियाओं व विहित व्यवस्थाओं से अवगत होते हैं। इन अवधारणाओं से जुड़े सभी तथ्य व जानकारीयों नेट के जरिए सार्वजनिक रूप से ज्ञापित कर दी गई होती हैं। इस समग्र पारदर्शिता के चलते सेवा अथवा पण्य-प्रदाता किसी भी प्रकार से उपभोक्ता को बुद्ध नहीं बना सकता। न ही वह किसी प्रकार के अनुचित उत्कोच (घूस आदि) की माँग कर सकता है। प्रायः सभी विकसित व्यवस्थाओं में सेवा व पण्य प्रदायगी के लिए न केवल मूल्य व शुल्क निर्धारित होते हैं, बल्कि समय-सीमा भी निर्दिष्ट होती है। इसका अनुपालन न किए जाने पर शिकायत करने और न्याय पाने की सुदृढ़ व्यवस्था भी रहती है। वहाँ से उचित न्याय न मिलने पर अपील का प्रावधान भी रहता है। इसलिए विकास के जरिए भ्रष्टाचार का मूलोच्छेद सुनिश्चित होता है।

इसके विपरीततः भ्रष्टाचार-पीड़ित व्यवस्थाएं समाज व राष्ट्र को इतना विकसित नहीं होने देती कि वहाँ पूर्ण पारदर्शिता आने पाए। हम सभी जानते हैं कि जिन क्षेत्रों में बिजली कम आती है, सड़कें खराब हैं, वहाँ रात होते



ही लोगों का आवागमन कम हो जाता है और चोरी-चकारी की घटनाएं अकसर घटा करती हैं। चोर और डाकू सबसे पहले मार्ग-प्रकाश की व्यवस्था पर ही आघात करते हैं। इसी प्रकार भ्रष्टाचारीगण भरसक कोशिश करते हैं कि उनके तंत्र में कोई विकास न होने पाए। आज भारत में चतुर्दिक विकास हो रहा है। विकास की इस रौशनी में भ्रष्टाचार की दाल गलनेवाली नहीं है। भ्रष्टाचार-मुक्ति और विकास, ये दोनों अवधारणाएं साथ-साथ चलनेवाली और एक-दूसरे को बल देनेवाली हैं।

यदि भ्रष्टाचार को कम करना है तो देश को हर दृष्टि से विकसित करना होगा। यदि देश हर दृष्टि से विकसित हो गया तो भ्रष्टाचार का कीड़ा स्वयं ही मर जाएगा। उसके पल्लवन-पुष्पन और संवर्द्धन की सारी संभावनाएं ही सिरे से समाप्त हो जाएंगे। मैस्लो ने हायरार्की ऑफ़ नीड्स नामक अपने सिद्धान्त में प्रतिपादित किया है कि मनुष्य सबसे पहले अपनी भौतिक जरूरतों, रोटी-कपड़ा और मकान की चिन्ता करता है। क्रमशः विकास करते हुए वह अपने बौद्धिक और आत्मिक परिपूर्णता की ओर अग्रसर होता है। अपने दैनंदिन जीवन में हम देखते हैं कि समाज के कुछ गण्यमान्य लोग, बड़े-बड़े अधिकारी और लब्ध-प्रतिष्ठ नेता भी धन के लोभ में गलत काम कर जाते हैं। इसका आशय यह हुआ कि धनवान होने के बावजूद भावात्मक और नैतिक धरातल पर वे सर्वथा विपन्न हैं। इसलिए जब हम विकास की बात करते हैं तो नैतिकता और सनातन मूल्यों के विकास की ओर भी हमारा ध्यान होना चाहिए। हमारा भौतिक पक्ष समृद्ध हो, यह तो ठीक है, किन्तु हमारा भाव-जगत और नैतिक पक्ष उससे भी अधिक समृद्ध होना चाहिए। मदिरा और नशीले द्रव्य बेचकर धन इकट्ठा करने को हम विकास नहीं मान सकते। विकास वह है जो उचित और नीति-विहित माध्यम से हो। विकास वह है जो हमें सन्मार्गी बनाए। बकौल महात्मा गाँधी हमारा साध्य ही नहीं, साधन भी पवित्र होना चाहिए। इस दृष्टि से भ्रष्टाचार-रहित होना और विकसित होना, दोनों परस्पर संगुंफित अवधारणाएं हैं, परस्पर पूरक हैं। भ्रष्टाचार के पंक में विकास का कमल नहीं खिल सकता। यदि प्रकृति-विपर्यय से खिल भी गया तो वह क्षणजीवी होगा। विकास की पूर्वापेक्षा है भ्रष्टाचार-मुक्ति।

चार्ल्स डार्विन ने विकासवाद का सिद्धान्त प्रतिपादित करते हुए कहा था कि केवल वही जीव-जंतु जीवित बचेंगे जो अपने देश-काल-परिस्थिति के अनुरूप विकसित व अनुकूलित होते जाएंगे। शेष का मरण व विलोपन निश्चित है। यही सिद्धान्त विकास और भ्रष्टाचार-मुक्ति पर भी लागू होता है। वही समाज व राष्ट्र अपने-आप को जीवित रख पाएंगे जो भ्रष्टाचार से मुक्त होकर निरन्तर विकास-पथ पर अग्रसर होते रहेंगे। जिस समाज व राष्ट्र की शिराओं में भ्रष्टाचार का रुधिर प्रवहमान हो, वह समाज व राष्ट्र दीर्घजीवी नहीं हो सकता। भारतीय मनीषा की मूल चेतना भ्रष्टाचार विरोधी है। इसीलिए हमें कभी विश्व गुरु कहा गया और इसीलिए इकबाल ने लिखा कि— क्या बात है कि हस्ती मिटती नहीं हमारी, दुश्मन रहा है सदियों दौरे-जमां हमारा।

आज भारत अपने खोए हुए गौरव को पुनः प्राप्त करने की ओर अग्रसर है। इस स्थिति में समाज का सबसे प्रबुद्ध वर्ग होने के कारण हमारे लिए यही करणीय कि हम अपने देश व समाज को इस दिशा में सार्थक नेतृत्व प्रदान कर सकें। हमारा परम कर्तव्य है कि हम इस दिशा में निरन्तर प्रयासरत रहें और मनसा, वाचा, कर्मणा अपने-आप को इस बड़े उद्देश्य के लिए समर्पित कर दें।

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## भ्रष्टाचारमुक्त भारत-विकसित भारत

श्री दिनेश प्रसाद  
पीडीआई

आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,  
चरित्र का, ईमान का, और अपने स्वाभिमान का,  
आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,

पैसों के आगे न बिके ईमान, कर्ज बोझ से ना करे खुदकशी किसान।  
हर घर हो नारी का सम्मान, हर शख्स के होंठों पर हो मुस्कान,  
आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,

भूख नहीं, लूट नहीं, हर हाथ जहां हो काम,  
हर तन रोटी, हर तन कपड़ा, हर जन को मिल जाए मकान  
आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,

सतर्कता के चौकीदारों की फौज गैरजरूरी हो,  
भ्रष्टाचार उन्मूलन को तत्पर, हर शख्स जहां स्वयंभू सतर्क प्रहरी हो,  
आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,

एक दिवस नहीं, एक माह नहीं, एक वर्ष नहीं,  
सत्यनिष्ठा का तप आजीवन करने का, प्रण ले हर शख्स जहां,  
आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,

भ्रष्टाचार मुक्ति का सपना, सपना बन कर ही न रह जाए,  
हम सब मिलकर जुट जाए, भ्रष्टाचार जबतक मिट न जाए,  
आओ एक प्रण निभायें, भ्रष्टाचार मुक्त भारत बनाएं,

## "Corruption free India for a Developed Nation"

Shri Hitesh Khanna,  
Manager, Kundli BO

Corruption in India has an ancient lineage; it is sanctified by tradition. Arthashastra, made some remarks on government officials of his time which are relevant even today: "Just as it is impossible not to taste the honey or the poison that finds itself at the tip of the tongue, so it is impossible for a government servant not to eat up at least a bit of the king's revenue.

India is on course to be the third-largest economy by 2030, trailing the US and China, and headlining emerging markets that are poised to account for more than half the global gross domestic product within the next decade. Amid this impending threat of global recession looming large, India is best positioned among emerging nations to withstand a global recession. A consistent annual GDP (gross domestic product) per capita growth rate of around 7% has the potential to propel India into an upper-middle income economy in another 15 year. However, rise of India's economic clout has not seen commensurate reduction in corruption. India has been plagued by corruption for centuries, and it has become ingrained in the very fabric of our society .

Corruption is a multifaceted phenomenon which makes it difficult to have a single definition. but there is a consensus that corruption stifles growth, hampers development, worsens income inequality, and affects poor people the most. Corruption is a double jeopardy for the poor, who are hardest hit by economic decline, are most reliant on the provision of public services, and are least capable of paying the extra costs associated with bribery, fraud, and the misappropriation of economic privileges. The detrimental effects of corruption are pervasive. According to a World Bank estimate, 0.5% of India's Gross Domestic Product (GDP) is lost due to corruption every year. Furthermore, it makes the business environment less conducive for investors and organizations. Empirical evidence suggests that high levels of corruption are associated with lower levels of investment. Corruption invariably increases transaction costs and forces entrepreneurs to divert their scarce time and money to bribery rather than production. It inhibits the development of a healthy marketplace and distorts economic and social development by distorting the rule of law and weakening the institutional foundation on which economic growth depends.

Transparency International defines Corruption as the abuse of entrusted power for private gain. This abuse of the power is precisely what subverts people's trust in the political system, in its institutions and its leadership. Though there is no silver bullet to fight corruption, following ways/methods can be employed to fight and tackle corruption

1. **Ending impunity and reforming Public Administration and finance management**  
Effective law enforcement is essential to ensure the corrupt are punished and break the cycle of impunity, or freedom from punishment or loss. Successful enforcement approaches should invariably be supported by a strong legal framework, law enforcement branches and impartial judiciary. Reforms focussing on improving financial management and strengthening the role of auditing agencies could go in long way to prevent corruption.
2. **Responsible Media and Watchdog Agencies.** The media (especially social media), which is the fourth pillar of democracy, has an important role in the fight against corruption as it can demand accountability and transparency from the public and private sectors . Media can inform and educate the public on corruption, expose corruption in government, private

sector and civil society organizations and help monitor codes of conduct while policing itself against corruption. Media fights corruption by conducting debates, investigative journalism, RTI, sting operation, Opinion Polls. With ever growing smart phone penetration, social media has become the biggest watchdog for checking the menace of corruption. Investigative reporting by media/social media or reporting of instances of can be a significant source of information on corruption. which forces the authorities to immediately respond to such reports, to appraise the correct facts, to take steps to bring the justice.

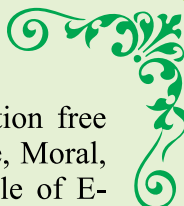

Social Media Initiatives like “**I Paid a Bribe (IPAB)**” ,an online initiative started by Janaagraha that focuses on Retail Corruption uses a crowd-sourcing model to collect bribe reports, and to build a repository of corruption-related data across government departments empowers citizens, governments, and advocacy organizations to tackle retail corruption both within India and increasingly throughout the world.

Similarly the role of Watch Dog Agencies like CVC and Lokpal shall be proactive and not reactive.

3. **Giving more teeth to RTI and Whistleblower Act-** The Right to Information Act, 2005 empowers the citizens of India to ask for information related to the government, and the same must be made available to the public unless it is a confidential piece of information. The landmark judgement on Right to Information was passed on September 28,2015 by Supreme Court of India which gave the right to the commoners to seek information(not available on public domain) to tackle corruption and bring greater transparency and accountability in the government .. There are innumerable examples of how citizens have used RTI to seek answers from the government and thus make it more accountable. However, there is need to add more teeth to this Act. The judiciary and political parties should be brought under the purview of RTI Act and the brutal attacks on whistle-blowers in our country who dare to show truth, makes it of paramount importance to add more teeth to Whistleblower Protection Act .Unless proper systems are put in place to empower whistleblowers by offering them protection and ensuring that their complaints are effectively investigated into and acted upon, corruption will continue to thrive with impunity in society.
4. **Digitalisation of Public Services, E-governance and Transparency** - The most potent weapon for dealing with the menace of corruption is by reengineering and digitalising government processes, minimising direct contacts between government and citizens and establishing appropriate controls. All of this can be achieved by digitalisation which enables the system to enforce rules and thus bring transparency.

Institutions can/are leverage/leveraging technology to make vital information regarding public services readily available in the public domain, and thus improve transparency. In addition, data is a critical asset today, which can be used to power tech innovations that boost integrity systems. Technology can also cut red tape through automation of bureaucratic processes. Complex procedures are cumbersome and typically lay the ground for corruption. With no opportunities for face-to-face interactions between citizens and public officials, digital processes substantially reduce the opportunities for soliciting or accepting bribes.





There is no better tool than e-Governance to realise the objective of Corruption free developed India. The main objective of E-Governance is to bring about 'Simple, Moral, Accountable, Responsive and Transparent' (SMART) governance. The rationale of E-governance is in its need in reducing red tape; fulfilling expectations of the people from government; welfare of citizens and increase reach of service delivery by government by speeding up government processes and decision taking ability.

5. **Special Courts and Speedy Justice** -Establishment of Fast Track special courts for speedy justice can be a huge positive aspect for eradication/minimisation of corruption. Much time should not elapse between the registration of a corruption case and the delivery of judgment. Strong and stringent laws need to be enacted which gives no room for the guilty to escape. The expeditious investigation of offences and trial is a facet of rule of law and a component of Article 21 of the Constitution. The society at large has legitimate interest that the persons accused of serious graft cases should be proceeded against with promptness and expedition and the process should not get tainted by undesirable or extra-legal practices.

### **Conclusion-**

There is no silver bullet to fight corruption. In order to realise the dream of corruption free India it is of paramount importance to reinstate this trust in the political system and leadership by eradicating corruption and unwavering focus on transparency and digitalisation. For a developed Nation and for the true progress of our country we together must fight against corruption. It is the joint effort of the individuals, media, watchdogs as well as the government that can help in building a corruption-free developed India. They must take it as a responsibility to work hand in hand to make the country a better place to live. Only when corruption is completely eradicated, India can hope to develop and progress as a country.

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Corruption free India for a Developed Nation

Shri Sada Bihari Sahoo,  
AGM (Lib)

Vigil India, Prosperous India  
Let's try to build a Developed India  
Corruption free India is our mission  
Life is miserable and much suffocation  
Corruption can be stopped with determination  
With good value system and education  
Curb corruption with dedication  
When Vigilance on, Corruption gone  
On the way to build a prosperous nation & developed nation

Focus on Ecology, Economy and Equity  
Corruption free society leads to prosperity  
With Lokpal, Lokadalat and Vigilance Commission  
Can have speedy justice with much satisfaction  
Currency-free Banking and cashless transaction  
Corruption never comes to imagination  
Stop corruption before its creation  
Vigil India, prosperous India  
Dream for a Developed Nation and progressive India

With Community Participation and Right to Information  
Fair Chance to weed out corruption from our nation  
With digitization and automation  
Vigilance has a deeper penetration  
Corruption will die before germination  
Vigil India, Prosperous India  
Imagine for a developed India and Superpower India

With honesty and integrity  
Can dream for a corruption free society?  
Inner transformation with revolution  
With Public Awareness and propagation  
Corruption can be diagnosed with right prescription  
Corruption is curable with right medication  
With vigilance in action  
Sure, to move India in right direction  
And to make it a developed nation

## **"Corruption free India for a Developed Nation"**

**Shri Gyanendra Bharti**

Assistant Manager

Jodhpur BO

The word corruption is derived from Latin word "Corruptus" which means to break. It not only breaks the institutional values but also the moral values of the person vested with authority. It breaks the core values enshrined in the preamble to the constitution such as the concept of welfare state, equality in governance, equality of opportunity, fraternity among citizen etc. It has socio-politico-economic impact on the country.

### **History of the corruption**

The issue of corruption dates to early civilization. Kautilya in the Arthshastra equates the public servant with fish in the water. No one can estimate how much water is consumed by the fish. Similarly, public servant dealing with public money are tempted to do the corruption. He argued that the extent of corruption depends upon the strength of the king or swami to enforce the vigilance tools. He focused upon both preventive and punitive vigilance.

Similarly, Sangam literature of South India talks about good conduct in human behavior. Thiruvalluvar talks about ideal polity in a state and control of the king over its officials to ensure good governance.

India witnessed a new form of corruption during British era, especially during company rule. The initial years of rule in Bengal was called as Plassey Plunder & officers were called as Nawoobs – the corrupted version of the word Nawabs. The new form of bureaucracy and judiciary along with unchecked authority resulted into new high in the field of administration which continued up to some extent even after the independence.

The extent of corruption in the post-independence era can be understood from statement of former Prime Minister Sh. Rajeev Gandhi at the floor of parliament. He informed the house that only 15 paise out of Rs.1 reaches to intended beneficiary. There are various constitutional & institutional safeguards to deal with corruption. Comptroller and Auditor General (CAG), Courts, Central Bureau of Investigation (CBI) are some institutional arrangements to deal with the issue of corruption.

However, these institutions fell short to the expectation of the people to provide good governance and eradicate corrupt practices from the system of governance. Rainbow Revolution led by Jai Prakash Narayan, popularly called as JP had element of corruption free governance. First Administrative Commission suggested ways to deal

with corruption.

Similarly, India Against Corruption campaign led by Gandhian leader Shri Anna Hazare resulted into passing of Lokpal and Lokayukta Act to deal with corruption. Currently India has numerous institutional, constitutional and statutory bodies to deal with corruption.

It is being said that more the laws and more the institutions to deal with corruption, the more corrupt institution is. India ranks 85<sup>th</sup> out of 180 countries in Corruption Perception Index 2021 by Transparency International report.

### **Impact of corruption**

One must remember that corruption has huge socio-economic and political impacts. Ultimately these results into roadblock to development. Corruption leads to social division of haves and have not. It hampers the access to social upliftment tools such as education, health, skills etc which can help the vulnerable section to uplift their social and economic status and become part in the development of the nation. Deprivation from basic services due to corruption results into violence. Human trafficking, drug trafficking, substance abuse etc along with rise in petty crimes such as chain snatching etc are also result of corruption.

India faces internal security problem in the form of Naxalism or Left-Wing Extremism (LWE). The problem of Naxalism has been rooted in exclusion in governance process and gross corruption at local administration. Delay in rehabilitation due to development induced displacement, illegal encroachment into reserved forest areas, denial of forest rights to tribal people etc are the result of corruption in the administration.

Corruption in the political sphere has also impact on type of people entering legislature. As per report by Association for Democratic Reforms (ADR) 46% of MP elected in 17<sup>th</sup> Lok Sabha have criminal charges. It is like Rule breakers are becoming rule makers! It has impact on governance and promoting corruption in the administration.

Economic corruption have devastating impact on economy. Corruption results into creation of parallel economy challenging and weakening the authority of democratically elected governments. There is no consensus on size of parallel economy. It is estimated that it is as big as quarter of the Indian economy. It results into deprivation of tax collection and hence, limiting spending capability of the government. Corruption, Organized crimes & Terrorism have link and help each other to sustain. Investment in a country is hampered due to corruption. Large investors look into ranking under Ease of Doing Business (EoDB). Another issue with proceeds of corruption is that economic potential of proceeds of corruption cannot be utilized fully. It is dangerous for resource scare country like India

It has also larger impact on overall democratic foundation in the country. It results



into loss of credibility of the system of governance in the country. It results into the situation of might is right. People participation in local governance, voting etc gets gradually reduced. The social and political division in the country gets widened.

Ways to deal with corruption.

The corruption comes from never ending greed. If India aspires to be corruption free and developed, people need to be free from greed.

*Dr. APJ Abdul Kalam (Former Honorable President)*

Further he suggested that there are three persons which can make difference – The Mother, The Father and The Teacher. The concept of greed has ethical dimension. These three are most important instrument in shaping ethical values in a person. Building ethical environment at home and ethical education at school can help to fight with corruption up to a great extent.

John Rawls, a famous political thinker talks about Concept of Social Justice. He talks about building good and just social institutions. He writes aspiration of people is shaped by the social institutions. People tends to compare and compete. It results into corruption. He suggested to “have faith in Variable Sum game” over “Zero Sum game”. It might help in dealing with corruption.

Rousseau talks about “natural state” of a man. He argues that man is born free (from greed, jealousy etc) but social institution makes him corrupt. Hence, one must focus on returning to natural state of mind. Man by nature is pure and kindhearted. Building good social institutions can help to deal with corruption.

On the other hand, Kautilya talks about preventive aspect of dealing with corruption. He talks about regular training to deal with upgradation of moral and institutional values of the public servants. He argues for greater role for the vigilance team to prevent the corruption. The surety of punishment for corrupt activities.

Second Administrative Reform Commission (ARC-II) defined corruption as Authority + Discretion – Accountability = Corruption. It focused upon all three aspects to deal with corruption. Authority must be responsible. Responsibility should be under proper system of checks and balances. Discretion must be minimized. Accountability is largely missing or inadequate in India. Supreme Court also pointed out the issue of surety Vs Severity in punishment due to enforcement of accountability. Further, in case of India Accountability is considered episodic. There should be focus on ongoing accountability.

### **Steps taken to ensure corruption free India**

Right to information (RTI) Act 2005 is the milestone in the field of corruption free administration. It made decision making process and administration transparent. United Nation Development Program (UNDP) and World Bank (WB) have acknowledged the

importance of RTI act. People are acting as vigilance officers by using RTI.

Digitization of the administration process is another tool to ensure transparency and accountability along with reduction in corruption. E-governance makes the process of governance transparent. It helps in enforcing accountability. It also enhances trust of people in the system of governance.

Establishment of Central Vigilance Commission on the recommendation of Santhanam Committee is another milestone in ensuring corruption free administration. It directs and controls the CBI in the matter of corruption.

Lokpal and Lokayukta Act 2013 covers even Prime Minister (with certain exceptions). It is the supreme body in the field of anti-corruption drive. It has provision for Whistle Blower's protection. However, the number of cases filed with Lokayukta and Lokpal is very low as compared to CVC.

Citizen Charter and Sevottam model was inspired from Charter Mark of Britain. It helps in raising awareness among citizen about their rights and obligation of the person with authority. It has properly defined Grievances Redressal Mechanism (GRM).

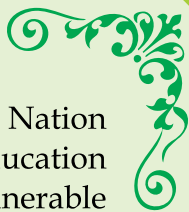

CAG has played important role in dealing with political and collusive corruption. Dr B.R. Ambedkar considered it as the Watchdog of the Public purse. It helps in ensuring accountability of political and permanent executive through financial audit and proprietary audit.

India@2047

Our honorable Prime Minister Shri Narendra Modi mentioned Panchpran or Five Pledge. One among them is to achieve status of Developed country by 2047. For this, everyone needs to be part of this pledge. Another pledge among five pledge is having sense of Duty among all. Once duty comes in corruption goes out. Corruption is nothing but loss of sense of duty.

Another way to ensure corruption free India is building robust administrative system and remove bottleneck in the existing anti-corruption machinery. There is need of implementation of RTI Act in letter and spirit. RTI Activist must be protected against motivated attacks. There is need of bottom-up approach in the administration, decentralization of power.

Protection to Civil Servants under Article 311 of the constitution needs to be revisited. There is need of filling vacancies in the important institutions such as CVC, CIC, CBI etc to ensure proper functioning of these institutions. Undue political interference must be removed. There is need of autonomy to these institutions as mentioned by Supreme Court in Vinit Narayan case.



It would help to improve the administration in the country. United Nation Development Program (UNDP) recommended to improve upon health and education services to bottom 30% of the population to ensure equitable participation of vulnerable section of the society in economy and polity of the country. It is pre-requisite to achieve the developed country status. It can be achieved through corruption free administration.

Corruption free administration would ensure no parallel economy in the country, full utilization of resources of the country. It would also ensure proper tax collection and ability to spend on social safety nets for vulnerable section. It would attract the investment in the country crating employment for youth.

Corruption free country would ensure respect for merit, care for need and ensure 3 E's - efficiency, equity & ethos. It would result into fraternity and cooperation among citizens. It would help in collective effort towards development. It would also ensure social harmony and absence of issues of internal security such as Naxalism, Northeast Insurgency etc.

Following Gandhi ji's Talisman is the best way forward to deal with corruption and ensuring development of the country - whenever you are taking a decision, think about the impact of your decision on poorest people ever you met. It will prevent you deviating from your duty.

## भ्रष्टाचारमुक्त भारत-विकसित भारत

डॉ. रामवृक्ष सिंह  
महाप्रबंधक (हिन्दी)

जनता द्वारा जनता का शासन जनता के हित हो।  
भ्रष्टाचार-रहित भारत माँ सर्व भाँति विकसित हो।

सबको हों समुचित सुविधाएँ सब हों सुखी निरामय  
सुखदा यह वसुधा भारत की दुःख अभाव रहित हो

स्वर्गिक हो तृण-तृण भारत का, सुख-समाज हो ऐसा  
भ्रष्टाचार शून्य हो जो सब सुख-संपद-पूरित हो।

पारदर्शिता होय सुनिश्चित सिस्टम हों सब ऐसे।  
मानव के हाथों मानव-अधिकार नहीं बाधित हो।

नहीं व्यक्ति के हाथों में निर्णय की शक्ति निहित हो  
विधि-निषेध से संस्थाओं का हर निर्णय चालित हो।

हो न कोई अपवाद, नियम का पालन सब करते हों  
विधि-विरुद्ध जानेवाला हर व्यक्ति सदा दण्डित हो।

नहीं अकारण रोकी जाए कहीं किसी की अर्जी  
आवेदन-अभ्यावेदन हर, समय से निस्तारित हो।

मुप्त नहीं हो कुछ भी, सबका दाम तुरत हो देना  
हर सेवा हर पण्य-प्राप्ति की दर भी निर्धारित हो।

नीति-युक्त हो जीवन सबका, सब आदर्श-परायण  
सत्यनिष्ठ, ईमान धर्म पर हर मानव सुस्थित हो।

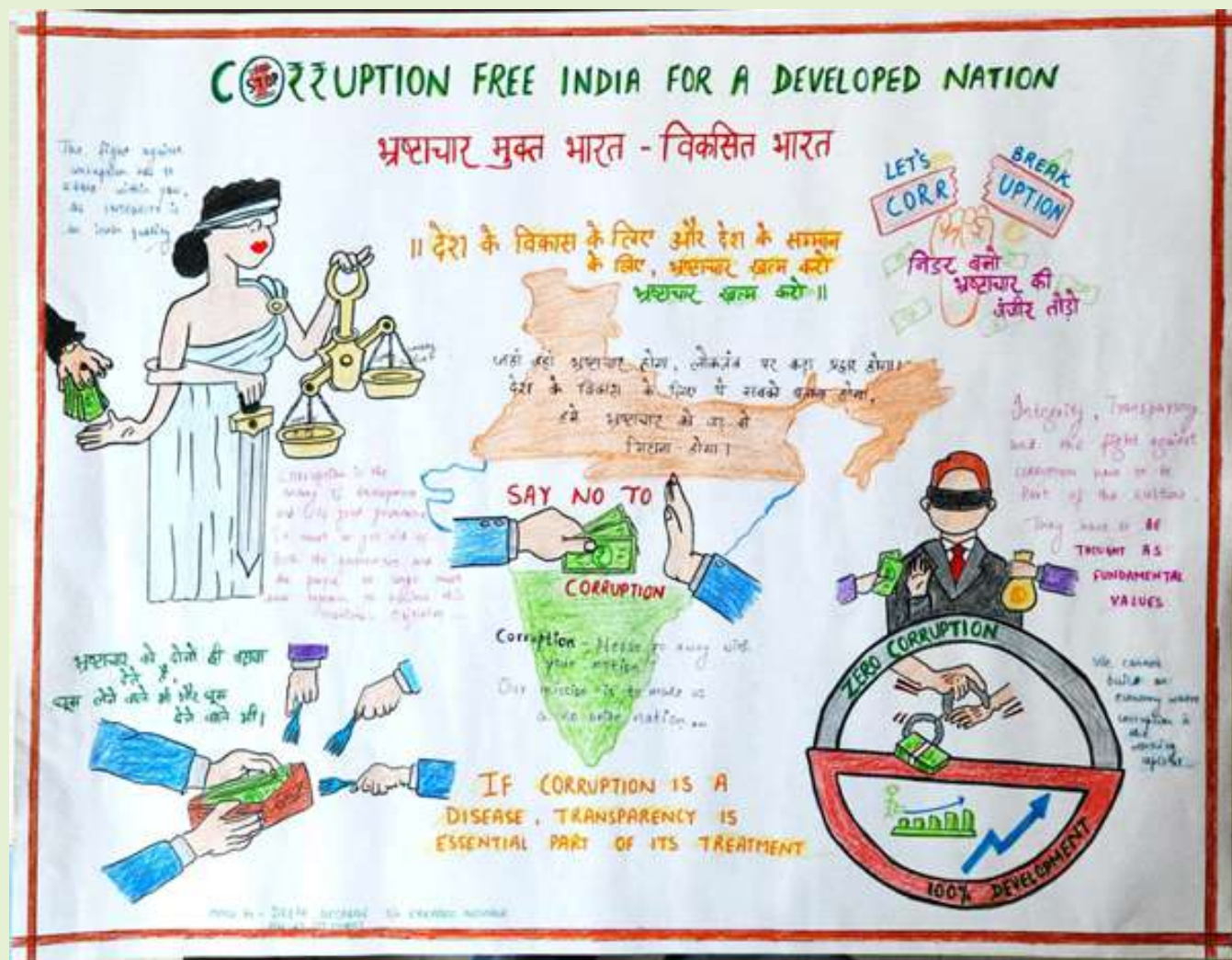
हे मातः हे भरत-भूमि हम सुत-दुहिताएँ तेरी  
तेरे शुभ चरणों में यह संकल्प आज अर्पित हो।

हम मन वचन कर्म से तुझको करते खुद का अर्पण  
हे राष्ट्र-भूमि, तेरे विकास हित कण-कण संकल्पित हो।

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## Poster Making Competition for Children at Lucknow



Miss Deepa Neopane, D/o Shri Ekkadeo Neopane, SpOA, Lucknow HO  
 1<sup>st</sup> Prize



Shri Soumitra Acharyya S/o Shri Pranab Acharyya, Lucknow HO

2<sup>nd</sup> Prize





**Ms. Gayatri Daughter of Shri Ramesh Chandra, Lucknow HO**  
**3<sup>rd</sup> Prize**

**Slogan Competition organized for the spouses of SIDBI staff at Lucknow**

“घूस न देंगे न ही लेंगे, भ्रष्टाचार का करें विरोध।  
भारत विकसित बने हमारा, दूर करें सारे अवरोध।।”

श्रीमती अर्चना तिवारी w/o सौरभ कुमार शुक्ला  
विधिक सहायक सह परामर्शदाता (विधि उद्भाग )

**1<sup>st</sup> prize**



**Smt. Shobhna Neopane, W/o Shri Ekkadeo Neopane, SpOA, Lucknow HO**  
**2<sup>nd</sup> prize**



1. जागरुकता से मत हो परैशान,  
सतर्कता से हर काम होते आसान,,
2. जागरुकता जीवन में अति उपयोगी,  
सतर्कता से इन्सान बनेगा कर्मयोगी,,
3. जागरुकता को जीवन में उतारे,  
जागरुकता, सतर्कता से जीवन सवारे,,
4. देश के विकास के लिये ये सबको बताना होगा,  
हमें श्रष्टाचार की जड़ से मिटाना होगा,,
5. रिश्वत लेकर देश के सम्मान को ठेस ना पहुचाओ,  
श्रष्टाचार मिटाकर भारत की विकसित बनाओ,,
6. तिरंगे शान से लहरायेंगे,  
भारत को श्रष्टाचार से मुक्त बनायेंगे,,

.....  
हीरा देवी न्यौपाने  
w/o चिन्तामणि न्यौपाने

3<sup>rd</sup> Prize

## **Vigilance Vertical**

### **Dos & Don'ts**

#### **DOs**

- o Follow Rules & regulations in letter and spirit. When exigencies warrants deviation, record rationale for such deviation and preferably get the same confirmed by appropriate authority.
- o Meticulously scrutinize any third party reports such as valuation report, TIR and other due diligence reports before accepting the same for its correctness and fairness.
- o Capability of machinery supplier/other service providers to be scrutinize carefully for their capability of supplying goods and services before making payments to these suppliers/service providers.
- o While undertaking collateral visits, remain careful for verification of intended address, boundaries, approach road, possession and ownership etc.
- o While carrying out pre-sanction visit, remain vigilant for adequacy of size of plot, availability of infrastructure facilities and utilities, land use vis-à-vis proposed activity, proper approach road, opportunities and constraints for proposed activity in the areas etc. and take a considered decision.
- o Always remain conversant with rules and regulations of your working areas. Be very careful while examining eligibility of the proposals against benchmark set by the Bank and deviations/relaxations required if any may be obtained by properly explaining rationale for the same and by the delegated authority.
- o Complaint or request from borrower/stakeholders should be attended to promptly and with due care and sensitivity. The letter must be acknowledged immediately and replied back with appropriate resolution in defined timeframe.
- o Monitor your accounts closely and regularly. Take appropriate measures on early warning signals received, if any. Initiation of timely and appropriate action goes a long way in preventing slippage and frauds.
- o Make sincere efforts to avoid delays. Undue delay gives rise to complaint and customer dissatisfaction while prompt and proper action instill confidence.

#### **DON'Ts**

- o Avoid casual approach while discharging official duties.
- o Value your signature. Don't put your signature on any document without properly going through the contents and rationale for the same.
- o Avoid seeking any personal favour or gifts from constituents, stakeholders and customers. It goes a long way in making good rapport and instilling confidence in the system.
- o Don't abuse your official position for personal gains.
- o Don't ignore just and fair demand of customers/stakeholders and hear them out with sensitivity and try to seek amicable resolution within the framework of bank.
- o Do not flout or circumvent the rules and regulations for temporary gains;
- o Faith is good, blind faith isn't.
- o Do not take any obligation in any form from anyone.
- o Do not allow your family members to use your name for personal gains.
- o Do not share your password under any circumstances.
- o Do not forget to lock the screen and close the files before moving away from desk.

### Financial Fraud in Banking System

Financial Frauds have been defined by Reserve Bank of India in its Master Directions on Frauds dated July 01, 2016 which includes misappropriation and criminal breach of trust, manipulation of books of accounts, unauthorised credit facilities extended for reward or illegal gratification and cheating and forgery etc. as fraudulent activities. Once an account is declared as fraud, such borrowers/promoters are barred from accessing bank finance for a period 5 years from the date of full payment of defrauded amount. No restructuring is allowed in fraudulent accounts and OTS is considered only with a condition that criminal complaint would continue. Role of TPEs such as advocate/valuers etc. are examined and if it is found that they have colluded with the borrower, their names are sent to IBA. However, Banks have onus of not only to satisfy themselves that they have colluded with the borrower but also give an opportunity to TPEs of being heard. At present banks have internal committees to examine individual cases and declare fraud depending upon the facts and circumstances of the individual cases.

#### Reporting Requirements :

- Once an account is classified as Fraud, it has to be reported to RBI through Fraud Monitoring Report (FMR) within 21 days of detection of fraud and case should be filed with CBI/local Police.
- It is also to be reported to Central Fraud Registry (CFR) and CRILIC so that other banks are alerted. Monthly certificate is also required to be sent to Central Fraud Monitoring Cell (CFMC), Bengaluru with a copy to Senior Supervisory Manager (SSM) within 7 days of each month.
- Banks' are also required to submit flash report in respect of fraud cases of more than Rs.500 lakh within a week of detection of fraud.
- Based on Early Warning Signals (EWS), banks may mark an account as Red Flag Account (RFA) in respect of accounts having exposure more than Rs.50 cr; however, within 6 months based on outcome of investigation, bank's have to either lift the RFA status or classify the account as fraud.

Reporting timelines should be strictly adhered to by banks to avoid penal action by RBI.

#### Recent Supreme Court Judgement and its impact

Recently, Hon'ble Supreme Court of India in case of SBI Vs. Rajesh Agrawal & Others passed a landmark judgement on the process of declaration of frauds. Master Directions on Frauds issued by RBI have been challenged in various courts mainly on the grounds that no opportunity of being heard is given to the borrower before classifying an account as fraud. The court has observed that declaration of frauds by Bank's have serious civil consequences as indicated above without providing a show cause notice or an opportunity of being heard. In view of above, the Hon'ble Supreme Court has passed a judgement consistent with the principles of natural justice that the lender banks should provide an opportunity to a borrower by furnishing a copy of the forensic audit reports and allow the borrower a reasonable opportunity to submit a representation before classifying the account as fraud. A reasoned order has to be issued on the objections addressed by the borrower.

SBI has submitted a plea against the order stating that handing over the complete forensic

audit report would hamper the investigating agencies by law enforcing agencies as it would result in forewarning the perpetrators by way of disclosure of confidential and critical information. This could give them an opportunity to delay the investigation, destroy the evidence and abscond from the country. SBI has urged the Supreme Court to allow banks to decide the time frame of adjudication, depending upon the urgency of the matter and sought the apex court to clarify that providing relevant extracts from the forensic auditor report would meet the ends of justice.

Supreme Court judgement has two critical ramifications on classification of frauds viz. (i) Declaration of fraud may become time consuming affairs as borrower may utilise the opportunity of being heard to his benefit even on flimsy grounds and delay the whole process jeopardizing the interest of all stakeholders and (ii) tamper with evidence and weaken the cases of the bank by accessing forensic audit reports before hand.

### **Fraud Prevention :**

In view of above, it is more imperative for the bankers to remain vigilant and prevent frauds by adhering to the well laid down process of due diligence and having a robust credit appraisal system responsive to the challenges emerging from ever evolving threats and adoption of latest technology for real time verification of antecedents and credentials of the borrower and their projects. Effective and continuous monitoring of accounts goes a long way in detection of early warning signals and taking effective steps to prevent fraud/minimise losses. Some of the monitoring tools for detection of EWS could be :

- Rather than ritual visit, regular and meaningful well planned visits should be carried out to ensure satisfactory operations of the unit, availability of assets/stocks, upkeep of the unit and statutory compliance.
- Periodical returns viz. audited annual accounts, bank account statements, project implementation report, no lien account statement, stock statements and stock audit reports should be timely obtained and scrutinised. Any aberrations to be flagged immediately to the borrower and remedial actions should be taken. Wherever serious observations are found, the same should be flagged to higher officials for seeking their guidance.
- Digital tools such as CIBIL Trigger reports, EWS from bank's internal system, GST based reports on operations of the account, scrutiny of account statements through Bank Statement Analyser, Score me report for major customers, suppliers and level of engagement with the borrower vis a vis bank transactions and ITR details should be closely scrutinised regularly and deviation should be recorded and remedial measures should be initiated timely.
- Periodical inspection/valuation of collateral security should be carried out for its availability, enforceability and realisability. Periodical legal audit as per RBI guidelines must be carried out.

Effective monitoring mechanism helps bank not only in identify incipient weakness in credit proposals very early and take timely action to rectify the weakness but also goes a long way in prevention of fraud and recovery of bank's dues. Wherever it is not possible to implement, redressal measures, effective and timely steps including through legal recourse should be initiated expeditiously to put pressure on the borrower for recovery of bank's dues. Growth of business is meaningful only when quality is maintained and leakages are prevented through timely and effective monitoring measures.





The next edition of DAKSHATA is likely to be released in October 2023. We invite your contributions for the next edition by way of articles related to Banking/finance/economy etc. The same may be shared with Vigilance Vertical by September 30, 2023. We solicit your cooperation and active participation through your suggestions and feedback for continuous improvement of the e-magazine.