

VIGILANCE POLICY

1. INTRODUCTION

The word 'Vigilance' means watchfulness. Vigilance mechanism endeavours to ensure transparent business practice, professionalism and to act as a watchdog to curb opportunities for corruption and to deal with the cases of corruption.

2. OBJECTIVES OF VIGILANCE MECHANISM AND POLICY

The basic objective of vigilance mechanism is to promote integrity and transparency in the entire functioning of the Company.

The objective of vigilance is not to hound honest employees but to protect them, by preventing them from becoming a victim of circumstances by sensitizing them about the risks and consequences that may arise, if prescribed systems and procedures are not followed. Vigilance shall ensure an environment of integrity and discipline without leading to any demoralization or risk aversion by the staff.

The objective of Vigilance policy is to frame guidelines to structure efficient and effective vigilance system in the Company in the larger interest of all stakeholders. Vigilance policy will be a useful tool for reference and guidance to the staff of the Company, discharging their duties/responsibilities in whichever capacity. It will also be of assistance to the Management of the Company, to be fully compliant with vigilance related instructions/guidelines and also for maintaining better corporate governance standards.

3. VIGILANCE ANGLE IN OPERATIONS

As per the definition of Central Vigilance Commission, Vigilance Angle is:

- Demanding and/or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official.
- Obtaining valuable thing without consideration, or with inadequate consideration, from a person with whom he/she has or likely to have official dealings or his/her subordinates, where he/she can exert influence.
- Obtaining for himself/herself, or for any other person, any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position.
- Possession of assets disproportionate to known sources of income.
- Cases of misappropriation, forgery, or cheating or other similar criminal offences

There are, however, other irregularities, as follows, where circumstances will have to be weighed carefully to take a view whether the officer's integrity is in doubt.

- gross or wilful negligence
- recklessness in decision making
- blatant violations of systems and procedures

- exercise of discretion in excess, where no ostensible/ public interest is evident
- failure to keep the controlling authority/superiors informed in time –

In above cases, the disciplinary authority shall carefully study the case and weigh the circumstances, in consultation with the Vigilance officer, if necessary; to come to a conclusion whether there is reasonable ground to doubt the integrity of the employee concerned.

Any undue / unjustified delay in the disposal of a case, perceived after considering all relevant factors, would reinforce a conclusion as to the presence of vigilance angle in the case.

Similarly, repeated queries in a piece-meal manner could be viewed as a misconduct having vigilance angle.

Every loss caused to the organization, either in pecuniary or in non-pecuniary terms, need not necessarily become the subject matter of vigilance enquiry. Thus, whether a person of common prudence, working within the ambit of the prescribed rules, regulations and instructions would have taken the decision in the prevailing circumstances in the commercial/ operational interests of the Company, is one possible criteria for determining genuineness of the case.

All procedural or supervisory lapses by way of omissions/ commissions, not attracting vigilance angle, would have to be dealt with appropriately, as per the extant Staff Accountability Policy and other instructions.

4. VIGILANCE ANGLE IN PROCUREMENT OF GOODS AND SERVICES

Vigilance angle in procurement of goods and services, arises when there is nepotism, favouritism etc., or when there is any demand or accepting gratification from suppliers/vendors. Non adherence to laid down policy guidelines for any personal gains shall be looked into from vigilance angle.

The procurement of goods such as furniture/fixture/equipment/stationeries etc., or services including utility services, security services, insurance policies etc., should be done in a fair, transparent and reasonable procedure. Complete transparency shall be maintained while assessing the requirement or finalising the purchases/vendors.

5. SOURCES FOR GETTING INFORMATION PERTAINING TO VIGILANCE ANGLE

There are various sources from where information pertaining vigilance angle can flow in. Some of the sources are as follows:

- Complaints received from employees of NABKISAN or from customers or from general public
- Routine internal/external audit reports with audit findings on misappropriation of funds, gross or wilful negligence, over-payments, malpractices etc.

- Scrutiny of annual statement on movable/immovable assets
- Complaints and allegations appearing in press/media
- Intelligence gathered by agencies like, Police, CBI, Local bodies etc.

6. PREVENTIVE VIGILANCE

The popular adage “prevention is better than cure” implies the importance of preventive vigilance. Preventive vigilance is aimed at minimizing the incidences of frauds, irregularities, lapses etc., by formulating remedial measures/initiating corrective actions and meticulous adherence to laid down systems and procedures. Some of the preventive vigilance measures which shall be put in place, are as follows:

(i) Acquisition of Immovable/Movable assets

All employees in the company (other than the executives on deputation from NABARD) have to obtain prior permission from the Internal Vigilance Officer (IVO), for purchase of any immovable property of value of Rs.25 lakh and above, by submitting an application as per Appendix I.

Similarly purchase of any movable asset of value of **Rs. 1,00,000/-** and above **during the financial year** to be reported to the Internal Vigilance **Officer by the end of the first month of the subsequent financial year** as per format in Appendix II.

The IVO, shall verify the source of funds before processing such applications. Any failure to intimate acquisition of assets can be treated as a lapse, which may attract staff accountability rules.

(ii) Annual statement of Movable/Immovable assets:

All employees in the company (Other than executives on deputation from NABARD) have to submit Annual statement of Movable/Immovable property as per Appendix III as on 31st December every year within one month, i.e., on or before 31st January every year, to the HR & Admin department, Head Office in a closed cover marked as “Statement of movable/immovable assets as at 31st December– Confidential”. The employee’s name and staff number to be written on the cover.

The closed covers will be maintained staff wise, year wise by HR & Admin department. Whenever there is any incidence of doubtful integrity or allegations of corruption against any employee, the closed cover containing the statement of the concerned employee shall be handed over to the IVO for scrutiny to find out any disproportionate assets vis-à-vis known source of income.

Any failure to submit the annual statement may impact releasing of incentives/increments/renewal of contract/eligibility for promotion. The closed covers containing statements shall be preserved for 12 years from the date of submission by the employees.

(iii) Sensitizing public about corruption – Display of notices

In order to improve vigilance administration and to sensitize the public, clients, vendors, suppliers etc., having dealings with the branches/offices of the Company, each branch/office including Head Office shall prominently display a standard notice in the reception area of their offices about the message of the Central Vigilance Commission (CVC), GoI on not giving bribes to any official, etc.

The message should be displayed in the vernacular language of the area, as below:

“DO NOT PAY BRIBES. IF ANYBODY OF THIS OFFICE ASKS FOR BRIBE OR IF YOU HAVE ANY INFORMATION ON CORRUPTION IN THIS OFFICE OR IF YOU ARE A VICTIM OF CORRUPTION IN THIS OFFICE, YOU CAN COMPLAIN TO THE HEAD OF THIS OFFICE, OR THE INTERNAL VIGILANCE OFFICER OF NABKISAN OR THE SUPERINTENDENT OF POLICE, CENTRAL BUREAU OF INVESTIGATION OR THE SECRETARY, CENTRAL VIGILANCE COMMISSION. THE NAME OF INTERNAL VIGILANCE OFFICER IS..... AND CONTACT PHONE NUMBER IS”

All complaints to the Central Vigilance Commission may be made in terms of its “Complaint Handling Policy” which is available in public domain on the Commission’s website i.e. www.cvc.gov.in. Complaints can also be lodged online on the Commission’s website. Any change in the name or phone number of IVO to be promptly corrected in the notice.

(iv) Vigilance awareness week

Every year (to commemorate the birth anniversary of Shri Sardar Vallabhai Patel on 31st October) Vigilance awareness week shall be observed in all offices/branches of the company during first week of November. All employees have to take a vigilance oath/pledge to promote integrity and to prevent corruption. Special communication/activities may be undertaken during the vigilance awareness week to create greater awareness about vigilance, as communicated by the IVO.

(v) Staff Rotation and Mandatory Leave

The company to explore, job rotation, wherever feasible, for the employees, posted in sensitive positions.

Employees of NABKISAN in sensitive positions or areas of operations, identified by the Management from time to time, will be sent on ‘Mandatory Leave’, for a continuous period of 5 working days, in a single spell in a calendar year. IVO will monitor the availment of ‘Mandatory Leave’, of the identified employees.

(v) Password Policy

As a preventive vigilance measure, secrecy of employees' password to be ensured. The company shall have in place "Password Policy" covering responsibility of users, administration of password setup, storage, Password management and security etc.

(vi) Fair practice code for lending

The Company believes to adhere to the highest standards of professionalism, ethical behaviour, moral and legal conduct of business operations. To maintain these standards, the Company shall have in place a policy on "Fair Practice code for lending" to promote fair and transparent business practices, particularly in lending business. Increased transparency and creating awareness among borrowers about their rights and obligations, promote fairness and integrity on the part of both parties in any dealings.

(vii) Know your Customer Policy

The Company shall have in place a policy on "Know Your Customer", covering mandatory guidelines and process for identification of a customer and his/her location, for avoiding any chance of dealing with fake customers/groups and also to prevent any money laundering incidents.

(viii) Advisory to borrowers

To ensure that no commission or bribe is paid/payable by borrowers, a notification containing advisory or Do's & Don'ts, shall be read out at the time of pre-disbursement meeting of loans to SHG/JLGs, covering following information

- Any harassment/difficulties faced due to action of NABKISAN staff or its representative pertaining to loan disbursement/recovery to be brought to the knowledge of the Company without any fear
- No payment of commission/service charges/or any other expenses, either in cash or kind to be made. If there is any such demand, inform the Company without any fear
- No loans/hand loans/advance amount/deposit or any other help in cash or kind to NABKISAN or its representative. Any such demands, to be brought to the knowledge of the Company
- If any wrong doing by the staff of NABKISAN or its representative and if the borrower has any evidence, the same should be brought to the knowledge of the Company immediately. The identity of whistle blower/s will be protected and will be appreciated/honoured.

Contact number of the Grievance redressal officer, Email ID and also contact number of the Company is to be provided at the end of the above advisory notification.

(ix) Role of Internal audit

Internal audit report is an important source for getting information pertaining to vigilance angle. Critical findings during regular internal audit pertaining to fraud/

misappropriation/corruption cases shall be reported through a Critical findings report for immediate action. There is a provision for conducting a detailed investigation and submission of special report, by appointed auditors, in cases involving vigilance angle. Appointed auditors has to suggest modifications to existing systems and processes based on audit findings to strengthen vigilance mechanism.

(x) Whistle blower policy

NABKISAN encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. With this objective in mind, NABKISAN has put in place a Whistle blower policy, framing guidelines for protected disclosure and its disposal, protection available to whistle blower, secrecy/ confidentiality, process of investigation, etc.

(xi) Procurement Policy

The Company has adopted the “Procurement/Purchase Policy” of NABARD wherein the systems and procedures are laid down for purchase of any capital or revenue items. The laid down procedure as per Procurement policy should be strictly adhered to avoid any scope from vigilance angle.

(xii) Grievance Redressal Mechanism

The Company shall have in place a Grievance redressal mechanism to handle customer complaints and grievances. The Company Secretary shall be designated as Grievance redressal officer and his/her name, contact number, email Id, postal address to be displayed at all offices with a request to send any complaints/grievances directly to him/her. If not redressed within a period of one month, the complainant may appeal to the officer-in-charge at the Regional Office of **RBI at Chennai** and his address also to be displayed on the notice board.

(xvi) Staff Accountability Policy

Every employee whatever be his/her designation is prima facie accountable/responsible for his/her actions or omissions. Accountability norms are applicable to all employees on deputation/contract. It is applicable to all acts where gross negligence or ill motivation is manifest or acts falling under vigilance angle, non-observation/non-compliance of laid down systems and procedures. The Company shall have in place a Policy on Staff Accountability, highlighting the accountability areas at various levels, procedure for fixing accountability, conducting preliminary enquiry/investigation, recovery of loss, time limit for fixation of accountability etc.

7. NOMINATION OF INTERNAL VIGILANCE OFFICER (IVO)

The Company has nominated the Chief Operating Officer as the “Internal Vigilance Officer (IVO)”, to oversee vigilance mechanism in the Company. He will be assisted by Admin cell in corporate office in carrying out vigilance functions. He will report directly to the Managing Director, on vigilance matters. He is under the jurisdiction of

CVO-NABARD and shall submit quarterly report on status of vigilance cases, if any, to CVO-NABARD.

8. ROLE AND RESPONSIBILITY OF IVO

- Overall responsibility of looking into the acts of misconduct alleged against or committed by employees and to recommend/make request for investigations and appropriate punitive action through disciplinary authorities
- To study the existing systems and processes of the company with a view to modify those processes which provide a scope for corruption and also find out the causes for delay in decision, the points at which it occurs and devise suitable steps to minimise delays at different stages
- Keep a watch over exercise of discretionary power by various authorities so as to ensure that such delegation is not exercised arbitrarily but in a transparent and fair manner.
- To take appropriate preventive measures so as to prevent commission of misconducts/malpractices by employees – Laying down and periodic review of requisite preventive vigilance mechanism.
- Collecting intelligence about the corrupt practices committed or likely to be committed by employees
- To identify sensitive areas prone to corruption and ensure posting of employees with proven integrity in those areas
- IVO shall not be involved in such administrative transactions, which is likely to have clear vigilance sensitivity
- IVO shall act as liaison officer between the Company and CVO, NABARD and also with external investigating/statutory authorities
- Review and updating of Vigilance policy based on guidelines received from CVO-NABARD, Central Vigilance Commission and other regulatory authorities
- Conducting vigilance awareness week every year and conducting trainings, workshops for staff on vigilance issues.

9. JURISDICTION OF CVO, NABARD

As per guidelines of Central Vigilance Commission, CVO of the parent company to oversee the vigilance function of subsidiaries, holding 51% and above in equity. Accordingly, CVO of NABARD has jurisdiction over vigilance mechanism of NABKISAN. A copy of all policies and process manuals, as and when framed/reviewed shall be sent to CVO of NABARD. A copy of audited balance sheet and copy of audit reports conducted by CAG, RBI and NABARD to be sent to CVO, NABARD. IVO of NABKISAN shall submit a quarterly report on status of vigilance cases, if any, to CVO-NABARD, within 15 days from the end of calendar quarter.

10. VIGILANCE ENQUIRY PROCEDURE

- IVO shall ensure immediate and discreet enquiry of complaints/information received from vigilance angle. Either as a result of the discreet enquiry or on the basis of verifiable evidences provided in the complaint/information itself, if the IVO

is of the opinion that the matter requires to be investigated further, he may recommend the same to the Managing Director. The Managing Director at his discretion, order for special investigation internally or through external investigating agencies, if need be.

- Either as a result of the discreet enquiry or on the basis of complaint/information, if the IVO is of the opinion that, further investigation is not required, he may call for comments/response from the concerned employee of the company.
- After obtaining response of the concerned employee and/or on the basis of investigation conducted by the Company, if the allegations are substantiated, the Company shall take appropriate disciplinary action against the concerned employee as per staff rules.
- If warranted by the facts and circumstances of the cases, the IVO, after obtaining permission from the Managing Director, may recommend to the appropriate law enforcement authorities/external investigation agency, for further investigation and initiation of necessary action.
- The Company shall take corrective measures to prevent recurrence of such events in future.

11. INVESTIGATION – SEIZURE OF RECORDS – TIME LINE FOR DISPOSAL

If the complaint/information from vigilance angle can be verified from any documents or file or any other office records, the IVO/investigating officer/auditor should without loss of time, secure such records for personal inspection. If any of these documents/records, is found to contain evidence supporting the allegations, such documents should be taken over by him for retention in his personal custody to guard against the possibility of tampering/ destroying. Normally the time line for disposal of complaints received under vigilance angle should not exceed 3 months from the date of receipt of the complaint/information/observation.

12. PROTECTION TO COMPLAINANTS

The identity of complainant/whistle blower shall be kept confidential to the extent possible and permitted under law. No unfair treatment will be meted out to any whistle blower by virtue of lodging a complaint/information from vigilance angle. Complete protection will be given to whistle blower against unfair practices like retaliation, threat or intimidation of transfer/refusal of promotion to employees, etc.

13. REPORTING SYSTEM AND REVIEW

Internal Vigilance Officer shall review all pending matters such as investigation reports, disciplinary cases and other vigilance complaints/cases in the first week of every month and take necessary steps for expediting action on those matters. The concerned verticals/sections shall provide all required inputs pertaining to vigilance matters to IVO for the monthly review. Status of all pending vigilance case/s to be reported to CVO, NABARD on quarterly basis as at the end of every calendar quarter, and also to be placed before the Audit Committee of the Board, on quarterly basis.

14. REPORTING FRAUDS TO STATUTORY AUTHORITIES/INVESTIGATING AGENCIES

Any cases of fraud, allegedly perpetrated by employees of the company or in collusion with outsiders may be reported to local police, as considered appropriate depending upon the amount and nature of allegations, after obtaining prior permission from the Managing Director and CVO of NABARD.

The monetary limit of frauds, for reporting to Police are as follows (as prescribed by RBI – Master directions on Monitoring of frauds in NBFCs – DNBS.PPD.01/66.15.001/2016-17 dated 29th, September 2016)

Types of frauds	Amount involved
Frauds perpetrated by employees of Company	More than Rs.10,000
Frauds perpetrated by outsiders with or without connivance of employees of the company	Rs.1 lakh and above

Frauds involving an amount of Rs.1 lakh and above and less than Rs.1 crore to be reported to RBI, DNBS, Regional Office, Chennai in FMR-1 format. Frauds involving Rs.1 crore and above to be reported to Central Fraud Monitoring Cell, RBI, Chennai in FMR-1 within 21 days of detecting the fraud.

Quarterly report on frauds outstanding to be reported to RBI, DNBS, Chennai in FMR-2, within 15 days of the end of the quarter. Quarterly progress report on frauds to be reported in FMR-3, to RBI, Chennai within 15 days of the end of the quarter.

15. HANDLING ANONYMOUS COMPLAINTS

While making a complaint, it is desired and expected that the complainant mention details about himself/herself, which shall be dealt in strict confidentiality. In the event of anonymous or pseudonymous complaints, it becomes difficult to ascertain the veracity of the complaint, investigate and draw conclusion about it. Hence, as prescribed by the Chief Vigilance Commission (Circular No.03/03/16 dated 7th March 2016), no action need to be taken on anonymous/pseudonymous complaints. However, anonymous or pseudonymous complaints supported by verifiable data/facts to be considered and appropriate enquiry to be conducted by IVO.

16. ACTION AGAINST FALSE COMPLAINTS

If a complaint or information against an employee is found to be malicious, vexatious or unfounded, the IVO may consider it seriously and recommend for taking suitable action against the employee who had sent the complaint/information/caution the complainant/informant suitably, if he/she is an outsider.