



**Bandhan**  
**Bank**

# **VIGILANCE POLICY**

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**Contents****1. Vigilance Policy**

1.1. Objective.....	5
1.2. Preamble.....	5
1.3. Introduction.....	6
1.4. Acts Requiring Vigilance Investigations.....	7
1.5. Preventive Vigilance Activities of the Bank .....	9
1.6. Association of CIV with Sensitive Matter.....	9
1.7. Submission of Reports and Returns- Review.....	10
1.8. Staff Rotation and Mandatory Leave.....	10
1.9. Complaints.....	10
1.10. Investigation Agency for Conducting Investigations.....	11
1.11. Review of Cases Entrusted to Police/ SFIO.....	12
1.12. Action Against Persons Making False Complaints.....	12
1.13. Close Liaison between the Law Enforcement Authorities and the Administrative Authorities.....	12

**ANNEXURE I - Glossary**

**ANNEXURE II - RBI Circulars Referred for this Policy**

## **1. VIGILANCE POLICY**

### **1.1. Objective**

In tune with the guidelines issued by RBI vide its circular no.RBI/2010-11/554/DBS.CO.FrMC.BC.No.9/23.04.001 dated May 26, 2011, Bandhan Bank Limited, herein after referred to as "Bank", aims to draw upon a Vigilance Policy to ensure comprehensive treatment and transparency through a set of predetermined and structured procedures.

We as a Bank would like to promote and make available at all times, a Clean, Open and Transparent workplace, wherein business transaction, professionalism and productivity are seen as hallmarks of business practice. Further, at all times our workplace will be free from any malpractices and there will be a Policy and system of Vigilance in place to both report and act as a deterrent for any such practices.

The term "Employee" in this Policy will include staff of the Bank at all levels.

### **1.2. Preamble**

**1.2.1.** Vigilance is an integral part of business function. It promotes clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption, which results in improving efficiency and effectiveness of the personnel as well as the organization

### 1.3. Introduction

1.3.1. While preventing corruption and malpractices in the Bank is the collective responsibility of all concerned, the Chief of Internal Vigilance (CIV) has the overall responsibility of looking into the acts of misconduct alleged against, or committed by the employees within its control and to take appropriate punitive action. The CIV is also required to take appropriate preventive measures so as to prevent commission of misconducts / malpractices by the employees under its control and jurisdiction.

1.3.2. The Vigilance function to be performed by the CIV shall include

- a. Collecting intelligence about the corrupt practices committed, or likely to be committed by the employees of the organization,
- b. Investigating or leading the investigation to substantiate verifiable allegations reported to the CIV
- c. Processing investigation reports for further consideration of the Disciplinary Authority concerned
- d. Referring the matters to the CEO of the Bank for advice wherever necessary
- e. Taking steps to prevent commission of improper practices / misconducts etc.
- f. Monitor / Review / Conduct checks of all High Value purchases made by the Bank on a random basis
- g. Examine / Verify the Assets held/declared by the Senior Management / Employees of the Bank
- h. Monitor / Investigate of reported cases involving an employee in conflict of interest

Thus, CIVs' functions can broadly be divided in three parts namely, viz.

- I) Preventive
- II) Punitive
- III) Surveillance

**1.3.3.** The CIV shall act as an Advisor to the CEO of the Bank in the discharge of these functions. He shall also act as a liaison officer between the Bank and the Police/ SFIO/ other Law Enforcement Authorities.

#### **1.4. Acts Requiring Vigilance Investigation**

**1.4.1.** The following acts on the part of employees shall invite Vigilance investigation:

1. Demanding and/or accepting gratification other than legal remuneration in respect of an official act or for using his influence with any other official.
2. Obtaining valuables, without paying or making inadequate payment from a person with whom he has or is likely to have official dealings or his subordinates have official dealings or where he can exert influence.
3. Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as an employee.
4. Possession of assets disproportionate to his known sources of income.
5. Cases of misappropriation, forgery or cheating or other similar criminal offences.

**1.4.2.** Other cases of probable irregularities shall include:

1. Gross or willful negligence
2. Recklessness in decision making
3. Blatant violations of systems and procedures;

4. Exercise of discretion in excess, where no ostensible organizational interest is evident;
5. Failure to keep the controlling authority/ superiors informed in time

**1.4.3.** In the above cases, the disciplinary authority shall review the circumstance with the help of the CIV to decide whether there is reasonable ground to doubt the integrity of the officer concerned. It may be noted here that the above are all indicative and not exhaustive

**1.4.4. Vigilance and Non-Vigilance cases:**

Bank should bifurcate all Fraud cases between Vigilance and Non - vigilance cases.

**a) Vigilance Cases:**

Any case where an employee is evidenced or suspected of any of the following actions shall be referred to as a Vigilance case:

- 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 valuables, without paying or making inadequate payment from a person with whom he has or is likely to have official dealings or his subordinates have official dealings or where he can exert influence.
- Obtaining for himself or for any other person any valuable thing or pecuniary advantage by corrupt or illegal means or by abusing his position as an employee.
- Possession of assets disproportionate to his known sources of income.
- Cases of misappropriation, forgery or cheating or other similar criminal offences.

Such Vigilance cases would be referred to the Vigilance team for further investigation.

**b) Non-Vigilance Cases:**

- All cases where the above mentioned actions are neither evidenced nor suspected shall be referred to as Non-Vigilance cases.
- Such Non-Vigilance cases are to be investigated at a Bank level by FCMD/IAD/ Any other relevant department.

**1.5. Preventive Vigilance Activities of the Bank**

**1.5.1.** The preventive activities shall include the following:

1. Study the existing procedure and practices of the Bank with a view to modifying those procedures or practices which provide a scope for corruption and also to find out the causes of delay, the points at which it occurs and devise suitable steps to minimize delays at different stages with due approval of the competent authority
2. Design proper methods of control over the exercise of discretionary power to ensure that such delegated authority is not exercised arbitrarily but in a transparent and fair manner.
3. Identify the areas which are prone to corruption and ensure that the employees of proven integrity are posted in those areas in coordination with HR department.
4. Surveillance in staff accounts through continuous monitoring including staff under watch list.

**1.6. Association of CIVs with Sensitive Matters**

**1.6.1.** Employees of the Vigilance department shall not be part of the processing and decision-making processes of the Bank nor be involved in such administrative transactions, which are likely to have clear vigilance sensitivity.



## **1.7. Submission of Reports and Returns – Review**

**1.7.1.** The Vigilance department shall compulsorily 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.

**1.7.2.** The CIV would apprise the MD & CEO on the vigilance activity done once in a month and submit a report to Audit Committee of the Board (ACB) periodically

## **1.8. Staff Rotation and Mandatory Leave**

**1.8.1.** In the HR Policy of the Bank, there is provision for staff rotation and availment of mandatory leave for the employees posted in sensitive positions. The CIV shall ensure that the staff rotation and availment of mandatory leave is strictly adhered as per HR Policy and submit progress report to the ORMC from time to time.

## **1.9. Complaints**

**1.9.1.** The Vigilance function would to a large extent be dependent on Whistle Blower mechanism, apart from preventive vigilance and effective investigation. In addition, any information received, from any source, about corruption, malpractice or misconduct or gross negligence on the part of an employee of the Bank, shall be considered as a complaint shall be investigated by the Vigilance team and closed within 30 working days. Information about corruption, malpractice or misconduct on the part of employees may flow to the administrative authority/the Police/ SFIO/ RBI from any of the following

sources:

1. Complaints received from employees of the Bank or from the public
2. Departmental inspection reports and stock verification surveys
3. Scrutiny of annual property statements
4. Scrutiny of transactions reported under the conduct rules
5. Reports of irregularities in accounts detected in the routine audit of accounts e.g. tampering with records, over-payments, misappropriation of money or materials etc.
6. Audit reports of the accounts of the Bank
7. Complaints and allegations appearing in the press etc.
8. Information/Intelligence, even if received verbally from an identifiable source like CBI, local bodies etc. to be reduced in writing and action may be initiated suitably.

**1.9.2.** In addition, the CIV shall also devise and adopt appropriate methods to collect information about any malpractice and misconduct among the employees. Anonymous / pseudonymous complaints received by the Vigilance department shall be dealt with on merit.

#### **1.10. Investigation Agency for Conducting Investigations**

**1.10.1.** Once it has been decided that a complaint or any other information received needs investigation, it shall decide whether the allegations should be inquired internally or whether a Police investigation is necessary. Guidelines in this respect as contained in the **RBI / 2015 - 16 / 75; DBS. Co. CFMC. BC. No. 1 / 23.04.0001/2015-16 on Frauds - Classification and Reporting'** dated July 1, 2015 are as follows:

1.10.2. In reporting of frauds such as unauthorized credit facilities extended by the Bank for illegal gratification, negligence and cash shortages, cheating, forgery, etc. and in dealing with cases of fraud / embezzlement, the intention of the Bank shall not only be the necessity of recovering expeditiously the amount involved, but shall also be motivated by public interest and the need for ensuring that the guilty persons do not go unpunished.

1.10.3. Therefore, as a general rule, the following cases should invariably be referred to the State Police:

1. Cases of fraud involving an amount of Rs.1 lac and above, committed by outsiders on their own and/or with the connivance of Bank staff / officers.
2. Cases of fraud committed by Bank employees, when it involves Bank funds exceeding Rs 10,000/- & above.
3. Fraud cases involving amounts of Rs. 100 lacs and above should also be reported to the **Special Committee of Bandhan Bank for Monitoring High Value Fraud** and to the **Director, Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, Government of India**. Second Floor, Paryavaran Bhavan, CGO Complex, Lodhi Road, New Delhi 110003. Details of the fraud are to be reported to SFIO in FMR 1 Format. Further notwithstanding the provision, the Special Committee of the Bank will have one meeting every year where the cases of fraud is more than Rs. 10 lacs.

## 1.11. Review of Cases Entrusted to Police/ SFIO

1.11.1. No review shall ordinarily be required to be made by the Bank of a case registered by the Police. If, however, there are special reasons for discussion/review, the Police should invariably be associated with it. The Bank may initiate special investigation based on approval of the competent

authority of the Bank.

### **1.12. Action Against Persons Making False Complaints**

**1.12.1.** If a complaint against an employee is found to be malicious, vexatious or unfounded, it shall be considered whether action shall be taken against the complainant for making such a false complaint. The CIV can initiate action against the person(s) for making false complaints post the approval of the Whistle Blower committee.

### **1.13. Close liaison between the Law Enforcement Authorities and the Administrative Authorities**

**1.13.1.** There is a need for close liaison and co-operation between the CIV of the Bank and the Police authorities / SFIO during the course of an inquiry and investigation and the processing of individual cases as both the Police authorities / SFIO and the CIV, receive information about the activities of the officer from diverse sources. Such information could be cross checked at appropriate intervals to keep all concerned fully apprised with the latest developments through periodical meetings between the CIV and the officers of the Police / SFIO.

Glossary

Term	Description
CBI	Central Bureau of Investigation
CEO	Chief Executive Officer
CIV	Chief of Internal Vigilance
RBI	Reserve Bank of India
SFIO	Serious Fraud Investigation Office

RBI Circulars Referred for this Policy

Sr No.	Circular Reference Number	Description
1	RBI/2010-11/1554, DBS. CO. FrMC. BC. No. 9/23 .04.001/2010-11 dated May 26, 2011.	RBI Circular on Internal Vigilance in Private Sector / foreign Banks.
2	RBI circular no. RBI/2014-15/85; DBS. CO. CFMC. BC. No. I / 23.04.001/2014-15 dated July 01, 2014.	RBI Circular on Frauds - Classification and Reporting