

# Preventive vigilance would work best in PSBs, says RBI Governor

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Urjit Patel, RBI Governor - PTI

## ‘It’s more effective than detective and punitive measures’

**NEW DELHI, SEPTEMBER 20**

Preventive vigilance is likely to work best in a public sector institution setting, RBI Governor Urjit Patel said on Thursday.

By ‘preventive vigilance’, he meant the steps aimed at reducing the occurrence of a lapse (violation of a law, a norm, or broadly speaking a governance requirement).

This is a key tool and takes the centre stage for good governance at public sector institutions, Patel said in his lecture delivered at the Central Vigilance Commission (CVC) here. The lecture was part of a monthly series initiated after Central Vigilance Commissioner KV Chowdary assumed charge in June 2015.

Patel felt that both ‘detective vigilance’ (which is aimed at identifying and verifying the occurrence of a lapse) and ‘punitive vigilance’ (which is aimed at deterring the occurrence of a lapse) are somewhat ineffective.

“While not taking away from the need to engage in some detective and punitive vigilance, preventive vigilance is conceptually likely to be the most effective governance mechanism at public sector institutions,” he said.

However, Patel did not go into the aspect of how one must tighten governance in practice at public sector banks (PSBs), which are facing governance challenges in the backdrop of the current NPA mess in the banking system. “That is for another day,” he said.

## The RBI way

Patel spoke extensively on how vigilance is organised at RBI, the central role that preventive vigilance takes at the central bank and the measures adopted to date in this regard.

Stating that RBI’s vigilance administration focuses on ‘preventive vigilance’ functions, he said this approach inculcates a sense of honesty and integrity among its employees and ensures that sound internal systems and controls are laid down, which act as a defence against intended malafide activity by an employee.

“This is borne out by the fact that the incidence of vigilance cases in RBI has been negligible. Over the last four years, the percentage of vigilance cases against RBI employees vis-à-vis the total staff strength of RBI stood on average at 0.004 per cent. We continue to endeavour to maintain high standards of integrity,” Patel said.

He further sought the CVC’s support and guidance to strengthen the central bank’s preventive vigilance framework. The RBI intends to work in this direction by simplifying rules and procedures as also by leveraging technology to ensure compliance, he added.

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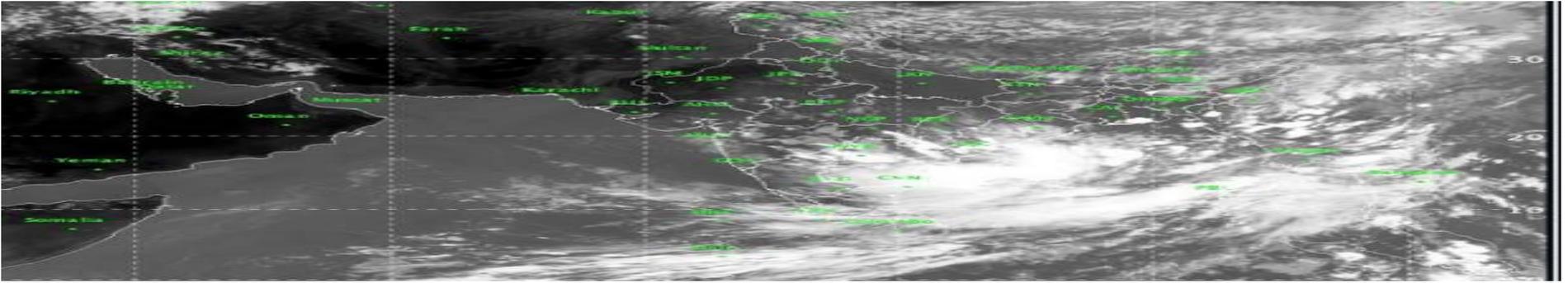
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