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# Bankers can now take decision without fear; CVC sets up panel to examine fraud

BY PTI | SEP 18, 2019, 07.05 PM IST

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NEW DELHI: Anti-corruption agency CVC has set up the [Advisory Board for Banking Frauds](#), headed by former Vigilance Commissioner T M Bhasin, to examine [bank frauds](#) of over Rs 50 crore and recommend actions, in line with Finance Minister [Nirmala Sitharaman](#)'s call for protecting honest decision making.

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This development will instill a sense of protection among bankers from prosecution for genuine decisions, and promote lending.

It will decide whether the case is a criminal act or a genuine commercial decision and accordingly, recommend the future course of action.

When asked about the move of the [Central Vigilance Commission](#) (CVC), Finance Secretary Rajiv Kumar said this will enable bankers to take genuine and commercially prudent decision without fear.

The panel in its previous avatar was called the 'Advisory Board on Bank, Commercial and Financial Frauds'.

The Advisory Board for Banking Frauds (ABBF), formed in consultation with the RBI, would function as the first level of examination of all large fraud cases before recommendations or references are made to the investigative agencies by the respective public sector banks (PSBs), CVC said in an order.

The four-member board's jurisdiction would be confined to those cases involving the level of officers of general manager and above in the PSB in case of allegation of fraud in a borrowal account, it said.

Lenders would refer all large fraud cases above Rs 50 crore to the board and on receipt of its recommendation or advice, the bank concerned would take further action in such matter, it said.

"(The) Central Bureau of Investigation (CBI) may also refer any case or matter to the board where it has any issue or difficulty or in technical matters with the PSB concerned," it said.

Other members of the panel are Madhusudan Prasad, former Urban Development Secretary; D K Pathak, former director general of the Border Security Force; and Suresh N Patel, former MD and CEO of [Andhra Bank](#).

The tenure of the chairman and members would be of two years, the order said.

It further said the board will also periodically carry out frauds analysis in the financial system and give inputs for policy formulation related to the fraud to the RBI.

The [Reserve Bank of India](#) (RBI) will provide required secretarial services, logistic and analytical support along with the necessary funding to the board headquartered in Delhi.

To check such incidences, the government has already issued the 'framework for timely detection, reporting, and investigation relating to large-value bank frauds' to PSBs, which makes it clear that all accounts exceeding Rs 50 crore, if classified as an NPA, should be examined by banks from the angle of possible fraud. The framework also said that a report be placed before the bank's Committee for

Review of NPAs based on the findings of the investigation.

On August 23, Sitharaman said the CVC has issued directions that an internal advisory committee (IAC) in banks be set up to classify possible fraud cases as 'vigilance' and 'non-vigilance' and to support decision making, and prevent harassment for genuine commercial decisions by bankers.

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