

F. No.15(2)/2001-DPE(GM)
Government of India
Ministry of Finance
Department of Public Enterprises

Public Enterprises Bhawan
Block 14, Lodhi Road
New Delhi 110003.
Date – 29th July, 2024

OFFICE MEMORANDUM

Subject: - Consolidated & revised Guidelines regarding Vigilance Policy for CPSEs.

- Ref: 1. DPE OM No. 15(6)/98(GL-008)/GM Dated 1st September, 1998**
2. DPE O.M. No.15(7)/98(GL-009)/GM Dated 25th September, 1998
3. DPE O.M. No. 24(4)/99(GL-023)/DPE(GM) Dated 29th May, 2000
4. DPE O.M. No. 15(3)/2003-DPE(GM)/GL-48 Dated 8th October, 2003
5. DPE O.M. No. 15(7)/2002-DPE(GM)/GL-50 Dated 15th December, 2003
6. DPE O.M. No. 15(7)2002-DPE(GM)-GL-96 Dated 11th August, 2009
7. DPE O.M. No. 15(1)2010-DPE(GM)-FTS-2874 Dated 11th December, 2017
8. DPE O.M. No. 13(1)2020-FTS-11420 Dated 2nd February, 2024
9. DoPT OM No. 11012/11/2007 Dated 27th November, 2011
10. DoPT OM No. DoPT-1667820093974 Dated 28th September, 2022

1. Model vigilance structure for CPSEs.

The Government having expressed its concern to tackle corruption and make the functioning of investigating and vigilance agencies more independent, effective, credible, and prompt entrusted the Department of AR & PG to conduct a study on vigilance set up in respect of CPSUs. The study observed that the nature of functions and operations of PSUs is different, dissimilar, and largely of a heterogeneous type. Nevertheless, it stated that the vigilance division in PSUs by and large deals with investigations, disciplinary proceedings, anti-corruption work, preventive vigilance and in some cases technical and audit work and all vigilance units in the PSUs should have adequate personnel to carry out all these functions. The study concluded that it would be impractical to recommend a uniform vigilance set up for all PSUs but emphasized the need for a vigilance setup in each PSU to have the desired manpower requirements of skilled and trained vigilance personnel and recommended the following model of vigilance set up for the PSUs as a broad guideline to be adopted with such modifications as may be appropriate to their requirement: —

1.1 CORPORATE OFFICE:

- i. Chief Vigilance Officer
- ii. Dy. CVO (For Schedule 'A' and 'B' PSUs)
- iii. Vigilance Wings
 - a) **Investigation Wing**
 - Sr. Vigilance Officer One
 - Investigators Two
 - Steno Two

b) Anti-Corruption and Vigilance Wing

- Sr. Vigilance Officer	One
- Vigilance Assistant	Two
- Steno	One

c) Disciplinary Proceedings Wing

- Sr. Vigilance Officer	One
- Vigilance Assistant	Two
- Steno	One

d) Preventive Vigilance Wing

- Sr. Vigilance Officer	One
- Vigilance Officer	One
- Steno	One

e) Technical Wing (This is applicable to PSUs engaged in engineering and other technical operations).

- Sr. Vigilance Officer	One
- Vigilance Officer	One
- Expert	One
- Steno	One

1.2 Regional/Project/Plant Office: (This is applicable to Schedule 'A' and 'B' PSUs only)

i. Sr. Vigilance Officer	One
ii. Investigator	One
iii. Steno	One

1.3 This recommendation has been examined in this Department and it has been decided that PSUs should take immediate steps for adoption of the model vigilance structure with suitable modifications depending upon the size, function and operation of the organization.

1.4 CPSEs under their respective administrative jurisdiction to put in place a mechanism for exempting 50% posts in Vigilance Department of CPSEs from the "Rule of Immediate Absorption" and submit such proposals for approval of DPE through the concerned Ministry / Department.

2. Strengthening Vigilance Machinery in Public Sector Undertakings

2.1 The Chief Vigilance Officer (CVO) of a PSU will report directly to the Chief Executive as required under the approved Action Plan on anti-corruption measures.

2.2 It has been observed by the Department of Company Affairs that the practice of designating executives of companies who are not Members of the Board of Directors as Special Director, Executive Directors, etc. is patently wrong as it gives an impression to public at large that they are full-fledged Directors and entitled to act as such on behalf of the company. The Department of Company Affairs has advised companies to desist from giving such designations. Keeping this in view, as decided by the CVC in its latest guidelines circulated vide communication No. 3(V)99/5 dated 27.9.99 all Heads of Vigilance Divisions in the PSEs will be designated only as "Chief Vigilance Officer" irrespective of their status in the present organization.

2.3 CVOs in Schedule 'A' and 'B' companies who are of the level of Joint Secretary to the Government of India and above may exercise such administrative and financial powers which are considered

essential for efficient functioning of the vigilance machinery of the PSU subject to the condition that the financial powers are exercised within the allocated budget to the vigilance unit and in accordance with the financial discipline and accountability, at par with other functional Directors.

- 2.4 CVOs in Schedule 'A' and 'B' companies who are of the level of Joint Secretary to the Government of India and above may be given status equivalent to that of a functional Director without allowing the scale of pay (of functional Directors) in the PSU but it is not necessary for him to attend Board Meetings even as an invitee, on a regular basis, because in the process his neutral position may be compromised. However, he may attend Board meetings on rare occasions when an issue relating to vigilance is discussed.
 - 2.5 CVOs in Schedule 'A' and 'B' companies who are of the level of Joint Secretary to the Government of India and above will continue to be entitled to such accommodation and staff car facility which are available to other functional Directors in the PSU.
 - 2.6 CVOs, being head of the Department of Vigilance in the PSU, may be treated as "key official" and accommodation may, therefore, be arranged by the PSU for the CVOs on the lines admissible to key officials as indicated in DPE OMs No. 2(8)/91-DPE(WC) dated 19.7.95 and 25.6.99 (below Board level) and 2(42)/97-DPE(WC) dated 20.7.98 as applicable.
 - 2.7 CVO who are below the rank of Jt. Secretary to Government of India may be provided staff car facilities for official duties including pick and drop at residence as a special case and this facility will be in lieu of car allowance. The officer may be allowed to exercise his option in favour of either of these two.
 - 2.8 Progress of vigilance work/disciplinary cases needs to be reviewed periodically and it has been decided that the Board of Directors of PSUs will continue to undertake such review at least once in six months.
 - 2.9 If the CVO of an administrative Ministry asks for a factual report against a Board level appointee from the CVO of the PSE, the latter will send the same to the CVO of the Ministry, after endorsing a copy of the report to the CMD to keep him informed of the development. However, if the CMD himself is the subject matter of the investigation, the CVO of the PSE need not endorse a copy of the report to him. It would thus be the responsibility of the CVO of the Ministry to obtain the version of CMD (qua suspect person) at the appropriate time. The CVO of the Ministry may make reference to the CVC after collecting all the relevant facts and following the prescribed procedure.
 - 2.10 In case of difference of opinion between the Chief Vigilance Officer and the CMD in respect of corruption cases and consequent action to be taken against below Board level appointees it will be the responsibility of CMD to bring the case to the Board.
 - 2.11 It will be the responsibility of the CMD to inform the Secretary of the administrative Ministry/ Department about any major irregularity brought to his notice by the Chief Vigilance Officer.
 - 2.12 CVOs and other officials in vigilance set up of CPSEs, who are not employees in the concerned CPSEs shall not be eligible for allotment of shares in public issue under the quota meant for employees of CPSEs. Such extraordinary benefits compromise on independence and objectivity of CVOs in overseeing the vigilance administration in CPSEs.
3. **Complaints against CMDs/Chief Executives/Functional Directors/Nonofficial Directors (NoDs) etc. of Central Public Sector Enterprises (CPSEs), Public Sector Banks (PSBs), Financial Institutions (FIs) and Public Sector Insurance Companies (PSICs)**
- 3.1 Vide OM No. 15(I)/2010-DPE(GM) dated 11.3.2010, a Group of Officers (GoO) was constituted under the Chairmanship of Secretary (Coordination) in the Cabinet Secretariat to first scrutinize and take a view on complaints, whether pseudonymous or otherwise, against CMDs/Chief Executives/Functional Directors of CPSEs, PSBs and FIs, some modifications were done to the guidelines vide OM dt. 12.04.2010 and 11.05.2011. Subsequently, vide OM No. IS(I)/2010-DPE (GM)

FTS-2874 dated 25.01.2017, Non-officials Directors (NODs) of CPSEs were also included in the purview of GoO.

- 3.2** It is considered necessary to further modify the guidelines/procedure regarding handling of complaints with a view to include NoDs and certain other categories of Directors of PSBs, part-time/non-official Chairpersons of PSBs/CPSEs, etc. Accordingly, the following revised consolidated guidelines are issued.

3.3 Composition of the Group

A Group under the Chairmanship of the Secretary (Coordination) in the Cabinet Secretariat is constituted to take a view on such complaints. The composition of the Group shall be as follows:

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|-------|---|---|----------|
| (i) | Secretary (Coordination) in the Cabinet Secretariat | : | Chairman |
| (ii) | Secretary, Department of Public Enterprises (DPE) | : | Member |
| (iii) | Secretary, Department of Financial Services (DFS) | : | Member |
| (iv) | Secretary, Central Vigilance Commission (CVC) | : | Member |

3.4 Categories of officials covered in the purview of GoD

- (i) CMDs, Chief Executives, Functional Directors and NODs of CPSEs, PSBs, FIs and PSICs
- (ii) Part-time/ Non-official Chairperson of CPSEs, PSBs, FIs and PSICs, wherever applicable.
- (iii) Workmen Directors, Officers' Directors, and Chartered Accountant Directors (excluding Govt. nominee Directors, RBI nominee Directors, Shareholder Directors) in the case of PSBs.

3.5 Category of complaints received

Complaints received from PMO, Cabinet Secretariat, or DPE against above stated categories of officials would be dealt by GoO. Further, GoO will also look into complaints received by Cabinet Secretary from cvc under cvc.

Act or Public interest Disclosure Resolution. Complaints against the above-stated category of officers received directly by the concerned administrative Ministry/Department. are handled by them. However, in ex-optional cases where concerned Ministry /Department considers it necessary to refer a particular case to GoO, the same may be done with the approval of competent authority 'Of the administrative Ministry/Department.

3.6 Procedure to be followed by Group of Officers (GoO)

3.6.1 This Group, after receiving the complaint(s), would proceed as follows:

- (a) If there is no substance in the complaint or the complaint is frivolous in nature, the Group would close the complaint and inform the relevant office from where the complaint was received.
- (b) In case the preliminary scrutiny of the complaint indicates that there is some substance in it or there are verifiable allegations, the Group may:
 - (i) Seek the comments/reports of the Secretary and/or CVO of the concerned Ministry / Department/Organization, comments of officer against whom complaint has been received, and/or
 - (ii) Call for the concerned file(s); relevant records, including annual property returns, other reports, etc. as considered necessary.

3.6.2 Having received appropriate inputs, reports on the complaints, the Group will then proceed in the following manner:

- a) In case the records/comments/reports indicate that there is no substance in the complaint it will be closed under intimation to concerned office from where the complaint was received.
- b) If after scrutiny, it is found that there is some substance in the complaint, a view would be taken by the Group regarding the nature of the investigation and further action called for and an appropriate recommendation would be made in this regard.
- c) Thereafter, the recommendation would be submitted to the concerned Competent/ Disciplinary Authority, for further appropriate action.
- d) If the concerned Competent/Disciplinary Authority, after considering the recommendations of GoO, decides not to proceed further in the matter and close the case/complaint, it would do so by recording reasons for the same and inform the GoO /Cabinet Secretariat.

3.7 Other miscellaneous matters

- i. All the concerned Ministries/Departments shall follow a time limit of maximum of 30 days for submission of the initial report/comments on all the allegations made in a complaint and a maximum of 15 days for furnishing any clarifications/additional information sought by the Group of Officers. In particular, in cases where the officer against whom complaint has been made is retiring in near future, the concerned Ministry/Department will ensure submission of their reports in a strict time frame to enable the GoO to submit its recommendations before the date of retirement of such officer.
- ii. In case the Ministries/Departments do not adhere to the prescribed timeline, the matter would be pursued with the Ministry/Department to clarify the factual position, and if considered necessary, the concerned Secretary may be invited to attend subsequent meeting of GoO as special invitee; with relevant progress/status/ report of the case;
- iii. Anonymous/pseudonymous complaints can be filed with the approval of Secretary (Coordination) and details of such filed complaints will be placed before GoO in its next meeting for information.
- iv. In respect of complaints received from CVC by Cabinet Secretary and referred to this Group, CVC shall be kept informed at regular intervals about the status/progress.
- v. If any complaint received by GoO is also under investigation by CVC GoO may not proceed further with such a complaint.

4. Residual Issues

- 4.1** Vigilance clearance may be denied to an officer if he fails to submit his annual Immovable Property Return of the previous year latest by 31st January of the following year.
- 4.2** **Vigilance clearance** will not normally be granted for a period of three years after the currency of the punishment if a minor penalty has been imposed on an officer. In case of imposition of a major penalty, vigilance clearance will not normally be granted for a period of five years, after the currency of punishment. During the period, the performance of the officer should be closely watched.
- 4.3** **Scrutiny of Annual Property Returns of Officers/Executives of PSUs by the Vigilance Branch**

It has been decided that in view of the emphasis on probity in public life and need for contemporaneous reporting of assets by the official concerned, the vigilance set up in the PSUs would scrutinize, on a random basis and on specific information, about 20% Annual Property Returns of the regular permanent employees of their respective organizations so that the scrutiny cycle is completed in every five years. To carry out this exercise, the management of PSU should provide staff whenever required by the CVO by making internal adjustments. However, the general practice of receiving and filing property returns and their safe custody with Personnel Department of PSUs will continue. This arrangement should be put into effect immediately.

4.4 Acceptance of gift by Government servants.

The undersigned is directed to forward herewith a copy of a letter No. 002-MS/70 dated the 27th August, 2003 issued by Central Vigilance Commission on the subject mentioned above with the request that the contents of the aforesaid letter may kindly be brought to the notice of all Public Sector Enterprises under administrative control of Ministries/ Departments for strict implementation under intimation to this Department.

[Copy of CVC's letter No. 002-MS/70 Dated 27th August, 2003] Acceptance of gifts by Government servants

Gifts are presented by the public sector undertakings, banks etc. to a number of persons including government officials during festive occasions, such as, Diwali, Christmas, New Year etc. This matter has been the subject of comments in the press, media etc. The Commission has considered the matter and is of the view that this practice, at least, so far as Government servants are concerned, needs to be discouraged. The CCS (Conduct) Rules provide that no Government servant shall accept or permit any member of the family or any other person acting on his behalf to accept any gift except on occasions like weddings, anniversaries or religious functions. The practice of PSUs etc. sending gifts to government servants unnecessarily embarrasses them and puts them in a dilemma. The gifts are to be provided only to promote commercial/business interests and need not therefore be sent to government officials etc. who are only doing their duty. The public sector undertakings, banks etc. are, therefore, advised that they may follow this advice with immediate effect. The CVOs may bring this to the notice of the Chief Executives and all relevant executives.

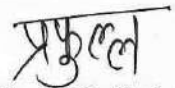
2. The Commission also would like to receive a report from the CVOs on the gift policy of the Company followed by them in the current year and the actual expenditure incurred by them as festival gifts. The Commission hopes to receive the special report by 15th January, 2004 and every year thereafter.

4.5 Recruitment of Management Trainees in CPSEs

- 4.5.1 It has come to the notice of CVC that detailed written procedure for recruitment of Management Trainees (MTs) in one of the PSEs is not laid down with the result that arbitrary short-listing of candidates is carried out and large number of candidates meeting the requirements for the posts are not even called for interview. The CVC observed that absence of proper rules and regulations for recruitment of MTs, recruitment through personal interview only without conducting written test and instead resorting to arbitrary rejecting and short-listing of candidates for interview could result in undesirable consequence of slots of MTs not going to deserving candidates and misutilization of discretion. Recruitment of personnel below the board level falls within the purview of the management of the PSUs. However, as serious lapses in the recruitment of MTs have been observed by CVC it has become necessary to have this matter examined for evolving a uniform and transparent procedure for all PSUs.
- 4.5.2 On an analysis of practice followed in some of the major PSEs, it is observed that procedure for recruitment of MTs vary from organization to organization. While recruitment on All-India basis through open competition (with a written test) and interview is the normal practice followed by majority of PSEs, some of them also recruit personnel through 'campus recruitment' from reputed institutions like IITs, IIMs, RECs, etc. In certain PSUs, selection in specialized disciplines is made through the process of Walk-in-Interview.
- 4.5.3 Considering the fact that the nature of functions and operations of PSEs are different, their manpower requirement is dissimilar and largely of a heterogeneous nature, it may not be desirable to provide a uniform procedure or restrict the selection process to a particular method. PSEs, which come under the definition of 'State' are required to provide equal opportunity to all eligible

candidates, while appointing MTs, and as such, the normal course of selection should be recruitment on All-India basis through a written test followed by personal interview. Detailed procedure for recruitment, requiring written test setting of question papers, evaluation of answer scripts, fixing of benchmarks and criteria for short-listing of candidates for interview, constitution of selection committee/interview board, etc. is required to be laid down clearly with the approval of the Board of Directors.

- 4.5.4 All PSEs should have detailed Recruitment Rules for recruitment of MTs by open competition and if considered necessary, keeping view the exigencies of dynamic corporate management, have provisions for Campus Recruitment from reputed institutions like IITs, IIMs, RECs, etc. or through Walk-in Interview rout in rare and exceptional circumstances where there are compelling reasons and with the prior approval of the Board of Directors. However, detailed procedure should be laid down in the recruitment rules of MTs through these methods.
5. All administrative Ministries / Departments are requested to take necessary action and also bring the contents of this Office Memorandum to the notice of CPSEs under their respective administrative jurisdiction for information and compliance under intimation to this Department.
6. This issues with the approval of the competent authority.


(Dr. P.K. Sinha)
Deputy Secretary

To

All administrative Ministries / Departments of CPSEs.