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NABSAMRUDDHI Finance Limited

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VIGILANCE POLICY

1. INTRODUCTION

The word 'Vigilance' means watchfulness. Vigilance mechanism endeavors 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 bonafide 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/stationaries 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 NABSAMRUDDHI 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 minimising 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 who are governed by NABARD policies) have to obtain prior permission from the Internal Vigilance Officer (IVO), for purchase of any immovable property, by submitting an application as per Annexure I.

Similarly purchase of any movable asset of value of more than two times the gross monthly salary of the employee to be reported to the Internal Vigilance Officer within one week from the date of the transaction as per format in Annexure 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 discipline rules.

(ii) Annual statement of Movable/Immovable assets:

All employees in the company (other than the executives on deputation from NABARD who are governed by NABARD policies) have to submit Annual statement of Movable/Immovable property as per annexure III as on 31st December every year within one month, i.e., on or before 31st January every year, to Manager, HR. Provision will be made to submit this statement through HRMS package.

Any failure to submit the annual statement may impact releasing of incentives/increments/renewal of contract/eligibility for promotion.

(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 offices of the Company, each office shall prominently display a standard notice 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 NABSAMRUDDHI 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 Vallabh Patel on 31st October), Vigilance awareness week shall be observed in all offices 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) Mandatory leave

All employees to avail earned leave mandatorily for a continuous period of 5 days in a calendar year. The list of employees who have not availed the mandatory leave for 5 days, to be placed before the IVO within one month from the calendar year end. Provision in HRMS package shall be made to extract a list of such employees.

(vi) 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.

(vii) 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.

(viii) 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. The Company has to nominate a Principal Officer under Prevention of Money Laundering Act (PMLA), to be more vigilant in respect of money laundering dealings, if any.

(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 Audit department/ **appointed auditors**, in cases involving vigilance angle. Internal audit department/ **appointed auditors** may suggest modifications to existing systems and processes based on audit findings to strengthen vigilance mechanism.

(x) Whistle blower policy

NABSAMRUDDHI 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, NABSAMRUDDHI 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 put in place a “Procurement/ Purchase Policy” wherein the system and procedure to be laid down for purchase of any capital or revenue items. Powers shall be delegated to various authorities including the Purchase Committee for procurement of goods and services. Based on the value of goods, various standard methods may be stipulated for procurement such as (i) Advertised tenders (ii) Limited tenders (iii) Single tender (iv) Without quotation for small value of goods **as per the limits prescribed by adopted policy**. The laid down procedure as per Purchase policy should be strictly adhered to avoid any scope from vigilance angle.

(xii) Grievance Redressal Mechanism

The Company has put in place a Grievance redressal mechanism to handle customer complaints and grievances. The Vice President at Corporate office, has been designated as Grievance redressal officer and his/her name, contact number, email Id, postal address to be displayed at all branches/offices and also on the website of the company 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 Hyderabad** and his address also to be displayed on the notice board.

(xiii) 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.

(xvii) Discipline module – The company has put in place HR module on staff discipline. The provisions of the same shall be followed for action to be taken once vigilance case is initiated in respect of any employee.

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. She/he will be assisted by Manager -HR in carrying out vigilance functions. She/He will report directly to the Managing Director, on vigilance matters. She/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 updation 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 NABSAMRUDDHI. 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 NABSAMRUDDHI 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.

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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 Office 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.

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

As per RBI Circular no DOS.CO.FMG.No.S96/23.04.001/2022-23 dated 06 June 2022, all applicable NBFCs are required to report (i) Report on Actual or Suspected Frauds in NBFCs (as and when occurred), (ii) Quarterly Report on Frauds Outstanding and (iii) Quarterly Progress Report on Frauds of 1 lakh & above, vide Return forms FMR, FUA (revised FMR-3) and FMR-4, respectively.

- (i) FMR-1 should be submitted within three weeks (21 days) from the date of detection, as per the MD -Monitoring of Frauds in NBFCs(Reserve Bank) Directions, 2016, dated September 29, 2016,
- (ii) FUA (revised FMR-3) should be submitted on 'as-and-when basis', instead of quarterly submission of consolidated FMR-3 Return.
- (iii) Incidences of Theft, Burglary, Dacoity and Robbery should be submitted:-
 - (a) by e-mail on a case-to-case basis immediately on occurrence, with effect from July 01, 2022, and;
 - (b) on a quarterly consolidated basis (in FMR-4) within 15 days from the end of the quarter to which it relates, starting from the quarter ending September 30, 2022.

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 as per the relevant clauses of NABSAMRUDDHI staff rules. Caution the complainant/informant suitably, if he/she is an outsider.

ANNEXURE 1

**FORMAT FOR SEEKING PERMISSION TO ACQUIRE/ CONSTRUCT
IMMOVABLE PROPERTY**

Sl No	Particulars	Response
1	Name of the Employee	
2	Employee Id Number	
3	Designation	
4	Office/branch	
5	Date of joining the company	
6	Present monthly salary	
7	Nature of property	Vacant site/ Flat/ House/ Shop/ Agricultural land/others
	Location / Address	
	Area of property	
8	Name and address of Vendor	
9	Name and address of broker, if any	
	Amount of brokerage paid	
10	Purchase price/cost of construction (including stamp duty)	
	Cost of land	
	Cost of construction	
	Cost of ready built flat/house/shop	
	Stamp duty	
11	Source of funds	
	Loan availed (mention source)	
	Gift from relatives/friends (Give details)	
	Savings/Bank FDs	
	Sale proceeds of other property(Give details)	
	Other sources (Give details)	
12	Date/likely date of entering into agreement with Vendor	

Date:

(Signature)

ANNEXURE 2

Format for informing purchase of movable asset of value of more than two times the gross monthly salary of the employee

No.	Particulars	Response
1	Name of the Employee	
2	Employee Id Number	
3	Designation	
4	Office	
5	Date of joining the company	
6	Present monthly salary	
7	Type of movable asset	
8	Purchase price	
9	Source of funds	
	Loan availed (source of loan)	
	Savings/FD/Deposits	
	Gift from relatives/friends	
	Other sources (Give details)	
10	Name and address of the party from where the purchase was made	
11	Date of purchase	

Date:

(Signature)

ANNEXURE 3

FORMAT OF ANNUAL STATEMENT OF MOVBLE/IMMOVABLE ASSETS

Statement of immovable and/or movable assets as on 31 December 20__

1. Name of the Employee :
2. Employee Id number:
3. Designation:
4. Office/branch:

Details of asset	Held in whose name	Date of purchase	Purchase value (INR)	Source of funds

Date: