

## **CVC on RBI in PNB Case**

Click [here](#) to know on the PNB case

\n\n

### **Why in news?**

\n\n

The Central Vigilance Commissioner has blamed the RBI for the Punjab National Bank (PNB) loan fraud.

\n\n

### **What is the concern highlighted by the CVC?**

\n\n

\n

- RBI had switched over from a periodic audit to a “risk-based” audit.
- So instead of every year or every once in 2, 3 or 4 years, auditing is now conducted only when there is a financial risk involved.
- To determine risk, they must have some parameters based on which auditing is done.
- But as per CVC, there was “no apparent audit” by the central bank during the period of fraud.
- Hence, how are the risk parameters determined and why did the PNB fraud case not come up for scrutiny are uncertain.

\n

\n\n

### **What does the CVC call for?**

\n\n

\n

- CVC calls for a more robust auditing system in the banks.

\n

- It stressed that it was the responsibility of the banks to ensure that their business is conducted in a proper and ethical way.  
\n
- On a bank's role in checking frauds, there were "no timelines" when it comes to deeper decision making processes.  
\n
- The CVC thus demanded for defined timelines.  
\n
- It also proposed the need for strengthening the preventive vigilance mechanism, the guidelines and operating procedures.  
\n

\n\n

### **How did the CVC involve?**

\n\n

- The CVC exercises superintendence over the CBI.  
\n
- Notably, the CBI is now looking into the over Rs.13,000-crore Punjab National Bank fraud case.  
\n
- Also, though RBI is a regulatory body, any lack of integrity on part of RBI would be looked at by the Central Vigilance Commission.  
\n

\n\n

\n\n

### **Source: The Hindu**

\n\n

\n\n

### **Quick Fact**

\n\n

### **Central Vigilance Commission**

\n\n

\n

- The Central Vigilance Commission (CVC) is an autonomous statutory body. It is free of control from any executive authority.  
\n
- It is created to address governmental corruption and is charged with monitoring all vigilance activity under the Central Government of India.  
\n
- The Commission shall consist of:  
\n

\n\n

\n

- a Central Vigilance Commissioner (CVC) - Chairperson  
\n
- not more than two Vigilance Commissioners (VC) - Members  
\n

\n\n

\n

- They are appointed by the President on the recommendation of a three member committee.  
\n
- The committee consists of PM (as its head), the Union Minister of Home Affairs and the Leader of Opposition in the Lok Sabha.  
\n
- They hold office for a term of 4 years or until they attain the age of 65, whichever is earlier, and are not eligible for further employment after their tenure.  
\n

\n