**Measures to protect Commercial decision making by Banks**

**Syllabus subtopic:**

- Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.
- Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation

**Prelims and Mains focus:** about the steps taken by the government for protecting genuine commercial decisions of bankers; about CVC

**Context:** The Finance Minister has repeatedly assured Bankers that adequate measures would be taken to protect honest commercial decisions taken by them and distinction would be made between genuine commercial failures and culpability.

**Steps taken by the government**

1. Section 17A inserted in Prevention of Corruption Act requiring prior permission before initiating investigation against a public servant.

2. Advisory Board for Banking and Financial Frauds (ABBFF) constituted for first level of examination of suspected frauds in excess of Rs.50 crore.

3. Personal responsibilities of MD &CEOs of PSBs for compliance with prescribed times lines done away with.

4. Compulsory examination of fraud for all NPA accounts exceeding Rs. 50 crore has been aligned with Central Vigilance Commission (CVC) circular of 15th Jan, 2020 whereby all such cases of suspicious fraud are to be initially referred to the ABBFF.

5. Committee of Senior Officers to monitor progress of pending disciplinary and internal vigilance cases and to frame timelines to reduce delays in deciding such cases.
About Central Vigilance Commission (CVC)

It is the apex vigilance institution. It was created via executive resolution (based on the recommendations of Santhanam committee) in 1964 but was conferred with statutory status in 2003. It submits its report to the President of India.

Composition: Presently, the body consists of central vigilance commissioner along with 2 vigilance commissioners.

Appointment: They are appointed by the President of India on the recommendations of a committee consisting of

1. Prime Minister,
2. Union Home Minister and
3. Leader of the Opposition in Lok Sabha (if there is no LoP then the leader of the single largest Opposition party in the Lok Sabha).

Term: Their tenure is 4 years or 65 years, whichever is earlier.

Removal: The Central Vigilance Commissioner or any Vigilance Commissioner can be removed from his office only by order of the President on the ground of proved misbehavior or incapacity after the Supreme Court, on a reference made to it by the President, has, on inquiry, reported that the Central Vigilance Commissioner or any Vigilance Commissioner, as the case may be, ought to be removed.