

PROTECTED DISCLOSURES SCHEME

PREAMBLE:

Disclosure of information in the Public Interest by the Employees of organization is increasingly gaining acceptance by Public bodies for ensuring better governance standards and probity/transparency in conduct of affairs of Public institutions. Large scale corporate frauds had necessitated various legislative measures for safeguarding public interest. In this context, the Government of India had authorized Central Vigilance Commission (CVC) as the "Designated Agency" to receive complaints or disclosure of any allegation of corruption or misuse of office by any employee of the Central Government or of any corporation established by or under any Central Act, Government Companies, societies or local authorities owned or controlled by the Central Government and recommend appropriate action. The said provisions are applicable to Central Government and Public Sector Enterprises including Public Sector Banks.

Since Private Sector and Foreign Banks were not covered by said provisions, Reserve Bank of India proposed to introduce a similar scheme for Private Sector and Foreign Banks.

As a proactive measure for strengthening financial stability and with a view to enhancing public confidence in the robustness of the financial sector, Reserve Bank of India has framed a scheme called "Protected Disclosures Scheme for Private Sector & Foreign Banks". With a view to get Public opinion in this regard, a draft of the scheme was placed on the website of the Reserve Bank in January 2006 and invited suggestions from all the concerned, including members of public. After considering all the suggestions received by Reserve Bank of India, the said scheme was finalized for implementation thereof in all Private Sector and Foreign Banks operating in India.

Accordingly, Reserve Bank of India, vide its communiqué No. RBI 2006-07/ 328 DO DBS. Fr.MC No. BC 5/ 23.02.011/ 2006-07 dated April 18, 2007, has circulated a model Draft Scheme, with direction to all Private Sector and Foreign Banks to frame a 'Protected Disclosures Scheme' duly approved by their respective Boards of Directors, keeping in view the broad framework given above. Reserve Bank of India further directed all Private Sector and Foreign Banks to implement the said Scheme with immediate effect.

Accordingly, it has become expedient to frame and enforce 'Protected Disclosures Scheme' in the Bank, conforming to the provisions detailed and contained in model Draft Scheme, circulated by Reserve Bank of India through its communiqué No. RBI 2006-07/ 328 DO DBS. Fr.MC No. BC 5/ 23.02.011/ 2006-07 dated April 18, 2007.

SHORT TITLE, EXTENT, COMMENCEMENT AND APPLICATION:

1. This Scheme shall be called "**THE PROTECTED DISCLOSURES SCHEME OF THE NAINITAL BANK LIMITED- 2007**".
2. It extends to the Nainital Bank Limited and its all Branch offices/ offices, present and future.
3. It shall come into force from the date, as approved by the Board and notified by the Bank through a written communiqué.
4. The provisions of the Scheme would cover the areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, failure to comply with existing rules and regulations such as Reserve Bank Of India Act, 1934, Banking Regulation Act, 1949, etc. and acts resulting in financial

loss / operation risk, loss of reputation, etc. detrimental to depositors' interest / public interest and/ or other areas notified by Reserve Bank of India from time to time.

DEFINITIONS:

In this Scheme, unless the context, otherwise requires:

- a) "THE BANK" means The Nainital Bank Limited, established and incorporated under The Companies Act, 1956, having its Registered office at G.B. Pant Road, Nainital and all its Branch offices/ Administrative offices, present and future.
- b) "Board of Directors" means Directors, collectively appointed/ elected under The Companies Act 1956 read with The Banking Regulation Act, 1949 and other statutes, for the time being applicable in this regard.
- c) "Employee" means Employees of The Nainital Bank Limited, in all cadres including officers.
- d) "Nodal Agency" means Reserve Bank of India.

THE 'WORDS' & 'EXPRESSIONS' USED IN THE SCHEME BUT NOT DEFINED HERETO, SHALL HAVE THE MEANINGS RESPECTIVELY ASSIGNED TO THEM IN THE VARIOUS STATUTES, APPLICABLE UPON THE BANKS OR DEFINED BY RESERVE BANK OF INDIA IN ITS CIRCULARS AND GUIDELINES, FROM TIME TO TIME OR USED AND PREVALENT IN THE BANKING INDUSTRY IN INDIA WITH RESPECT TO CORRUPTION, MISUSE OF OFFICE, CRIMINAL OFFENCES, SUSPECTED / ACTUAL FRAUD ETC.

SCOPE & COVERAGE UNDER THE SCHEME:

1. The complaints under the Scheme would cover the areas such as corruption, misuse of office, criminal offences, suspected / actual fraud, failure to comply with existing rules and regulations such as Reserve Bank Of India Act, 1934, Banking Regulation Act, 1949, etc. and acts resulting in financial loss / operation risk, loss of reputation, etc. detrimental to depositors' interest / public interest.
2. Under the scheme Employees of the Bank, customers, stake holders, NGOs and members of public can lodge complaints.
3. That Anonymous / pseudonymous complaints will not be covered under the Scheme and such complaints will not be entertained.
4. Reserve Bank of India (RBI) will be the Nodal Agency to receive complaints under the Scheme. the identity of the complainant would be kept secret by RBI, except in cases where complaint turns out to be vexatious or frivolous and action has to be initiated against the complainant as mentioned hereafter.
5. The Bank can take action against complainants in cases where motivated / vexatious complaints are made under the Scheme, after being advised by RBI. An opportunity of hearing will, however, be given by the concerned Bank to the complainant before taking such action.
6. Final action taken by RBI on the complaint so received will be intimated to the complainant.

PROCEDURE FOR LODGING THE COMPLAINT UNDER THE SCHEME:

1. The complaint should be sent in a closed / secured envelope by the Complainant.
2. The envelope should be addressed to The Chief General Manager, Reserve Bank of India, Department of Banking Supervision, Fraud Monitoring Cell, Third Floor, World Trade Centre,

Centre 1, Cuffe Parade, Mumbai-400005. The envelope should be subscribed "Complaint under Protected Disclosures Scheme for Banks."

3. The complainant should give his / her name and address in the beginning or end of the complaint or in an attached letter. In case of an employee making such complaint, details such as name, designation, department, institution, and place of posting etc. should be furnished.
4. Complaints can be made through e-mail also giving full details as specified above. For this purpose, a specific e-mail id dbspd@rbi.org.in has been created.
5. The complainant should ensure that the issue raised by him involves dishonest intention / moral angle. He should study all relevant facts and understand their significance. He should also make an effort. If possible, to resolve the issue through internal channels in order to avoid making the complaint.
6. The text of the complaint should be carefully drafted so as not to give any details or clue to complainant's identity. The details of the complaint should be specific and verifiable.
7. In order to protect the identity of the complainant, RBI will not issue any acknowledgement of receipt of the complaint. The complainants should not enter into any further correspondence with the RBI in their own interest. RBI would take necessary action upon the complaint subject to the facts of the case being verifiable, as provided under the Scheme. RBI may enquire from Complainant further clarification, If any, is required.

ACTIONS TO BE TAKEN BY RBI UPON RECEIPT OF THE COMPLAINT UNDER THE SCHEME:

If the complaint is accompanied by particulars of the person making the complaint, the RBI shall take the following steps:

- a) If necessary, it would ascertain from the complainant whether he was the person who made the complaint or not.
- b) The identity of the complainant will not be revealed unless the complainant has made the details of the complaint either public or disclosed his identity to any other authority.
- c) If the identity of the complainant is concealed, RBI shall make discreet inquiries to ascertain if there is any basis for proceeding further with the complaint.
- d) Either as a result of the discreet enquiry, or on the basis of complaint itself without any inquiry, if RBI is of the opinion that the matter requires to be investigated further, RBI may consider calling for the comments / response from the Chairman / Chief Executive Officer of the concerned Bank.
- e) After obtaining the response of the Bank and / or on the basis of an independent scrutiny conducted / ordered by RBI, if RBI is of the opinion that the allegations are substantiated, the RBI shall recommend appropriate action to the Bank. These shall, interalia, include the following:
 - Appropriate action to be initiated against the concerned official.
 - Appropriate administrative steps for recovery of loss caused to the Bank as a result of the corrupt act or misuse of office, or any other offence covered by the Scheme.
 - Recommend to the appropriate authority / agency for initiation of criminal proceedings, if warranted by the facts and circumstances of the cases.
 - Recommend taking corrective measures to prevent recurrence of such events in future.
 - Consider initiating any other action that it deems fit keeping in view the facts of the case.

REMEDY TO AGGRIEVED PERSONS:

- A) If any person is aggrieved by any action on the ground that he is victimized due to filing of the complaint or disclosure, he may file an application before the RBI seeking Redressal in the matter. RBI shall take such an action, as it deems fit. In case the complainant is an employee of the Bank,

RBI may give suitable directions to the Bank, preventing initiation of any adverse personnel action against the complainant.

- B) Either on the basis of application of the complainant or on the basis of information gathered, if the RBI is of the opinion that either the complainant or the witnesses in the case need protection, the RBI shall issue appropriate directions to the Bank in this regard.
- C) In the event of the identity of the informant being disclosed inspite of RBI's directions to the contrary; the RBI shall be authorized to initiate appropriate action as per extant regulations against the person or agency making such disclosure. RBI may also direct such person or agency to suitably compensate the complainant.

PROTECTION OF ACTION TAKEN IN GOOD FAITH:

Scheme hereby envisage that all employees of the Bank are entitled to invoke jurisdiction under the Scheme and his/ her/their identity shall be fully protected if the disclosures are made by him/her/ them under the Scheme. The Complainant employee shall be fully protected from any adverse personnel action/ disciplinary action by the Bank unless the Complaint is motivated or vexatious made with sole view to malign the image of the Bank and/ or any of its officials.

ROLE & RESPONSIBILITY OF BOARD OF DIRECTORS:

The Board of Directors of the Bank shall have absolute power in dealing with the complaints received under the Scheme from RBI and action to be taken thereon.

The Board shall ensure quick implementation of decision of RBI taken on the complaint under the Scheme.

The Board may require Chairman & CEO of the Bank to deal with complaint/s so received from RBI under the Scheme and take necessary decision/ action on the complaint/s on merits and requisite steps for Redressal of grievances of the Complainant/s.

The Board shall monitor the smooth implementation of the Scheme in letter and spirit, as envisaged.

The Board shall be the Appellate Authority, if any action is initiated by the Bank against its employee, who made the Complaint under the Scheme and penalized by the Bank therefor.

That the decision of the Board under the Scheme shall be final in all respect.

POWER TO REMOVE DIFFICULTIES:

The Reserve Bank of India shall have absolute power to remove difficulties in interpretation of any of the Provisions of the Scheme and decision of RBI shall be final in this regard.

The Board of Directors of the Bank shall have absolute power to remove difficulties in implementation of the Scheme and shall take all necessary and requisite steps for smooth implementation of the Scheme in the Bank.

INHERENT POWERS OF RESERVE BANK OF INDIA:

Reserve Bank of India is final authority under the Scheme to issue requisite direction to the Bank. Any amendment in the Scheme, as may be proposed, by Reserve Bank of India from time to time, shall have full effect and the Scheme hereby adopted shall have amended suo-moto to that effect.

If RBI finds that the complaint, received under the Scheme, is motivated or vexatious, RBI shall take appropriate decision in the matter.

OVERRIDING EFFECT OF THE SCHEME:

The system evolved herein shall be in addition to the existing grievances Redressal mechanism in place. However, secrecy of identity shall be observed, only if the complaint is received under the Scheme.
