

RURAL ELECTRIFICATION CORPORATION LIMITED
(A Government of India Enterprise)
Core-IV, SCOPE Complex, 7-Lodhi Road, New Delhi – 110003

VIGILANCE DIVISION

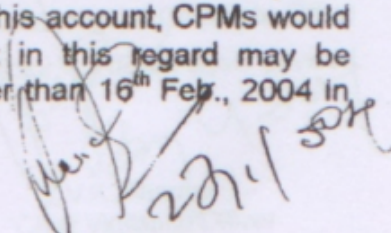
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Dated: Jan., 23 2004

CIRCULAR NO. 1/2004

During Vigilance inspection of various Project Offices, it has been noted that the guidelines/rules framed for creation and administration of Special Reserve Fund (SRF) by the RE Cooperative societies are not being followed. As per the extant rules, the originals of Fixed Deposit Receipts or investment documents relating to Special Reserve Fund should be in the safe custody of the Chief Project Manager. The investments should be made in a Nationalised/Cooperative Bank. The investments should be made at the highest rate of interest available and the banks should be informed of the first charge of the Corporation on these investments. The banks should also be informed that any withdrawal from Special Reserve Fund would require the written approval of the Corporation.

During the vigilance inspections, it has been noted that the originals of Fixed Deposit Receipts are not available with the Project Offices. The investments have been made for the shortest possible period, i.e. about 12 months, the investments have been made in banks other than Nationalised/Cooperative Banks, no instructions have been issued to the bank regarding first charge of the Corporation and regarding withdrawal of amount from the Special Reserve Fund. There is gross violation of existing rules on the subject. All the CPMs are advised to take stock of the situation immediately and initiate necessary remedial action. For any lapses on this account, CPMs would personally be held responsible. Action taken report in this regard may be furnished to the undersigned at the earliest but not later than 16th Feb., 2004 in any case.


(V.K. Sharma)
Chief Vigilance Officer

Chief Project Manager, All Project Offices, REC

Copy for information to:-

1. CMD, REC.
2. All Executive Directors, REC.
3. All GMs/Chiefs at Corporate Office, REC.
4. Addl. Director, CIRE, Hyderabad.
5. Master File /Office Copy.