

THE FOOD CORPORATION OF INDIA
HEAD QUARTERS : NEW DELHI

No.2(7)CC.I/89-90

Dated : 19-7-1993

CIRCULAR NO. 635/ACCTS.

Sub.: Safe guards against frauds – unauthorized opening of Bank Accounts on behalf of FCI and operation thereof.

As you are aware, the Corporation maintains revolving Cash Credit Accounts with the State Bank of India / their Associate Banks at various centres in the Zones for transactions through these accounts. Such bank accounts are being opened from time to time and maintained by all the Distt. Offices / Regional Offices / Zonal Offices / Headquarters in the name of the Corporation and these Bank Accounts are operated by duly authorised officers / officials. You are also aware that for the purpose of opening Bank Accounts, we are required to fulfill some formalities such as submission of documents like Board of Director's Resolution / Authorisation letter / specimen signatures of authorised officers etc.

Few cases have been brought to the notice of Headquarters where Bank Accounts in the names of the Corporation had been opened unauthorisedly (Saving / Current) and operated irregularly by some employees of our office in collusion with employees of some nationalised banks in utter disregard of the prescribed procedure and with the intention to defraud the funds of the Corporation. In all of these cases the Bank Accounts were opened with the branch of a Bank, where the FCI's bank account is not maintained. The instances of this nature, call for stern action and are being dealt with accordingly.

These unauthorised activities have caused great concern about the safety of Corporation's funds and imposed on us an additional responsibility to check such activities effectively. Therefore, there is need for greater vigilance and alertness on our part. While it may not be possible to prescribe centpercent foolproof guidelines to avoid such fraudulent activities, the following precautions may, however, be taken to deter any one from such action:-

1. It shall be ensured that while receiving any instruments by way of cheques/drafts towards corporation's claims from Railways or any other source it should be expressedly obtained in the name of the Food Corporation of India with 'A/c Payee crossing'. Payments by cheques/DDs should not be received in favour of any designated officer of the Corporation. While perffering any claims this point shall invariably be recorded in the correspondence with all clarity.
2. Periodical review of all debtors A/cs should be made to ensure that payments received from them are properly accounted for and debits are

raised for the actual claims of the corporation. In case any irregularity is noticed immediate appropriate action should be taken.

3. The District Managers should obtain statements of accounts for all the bank accounts operated in various centres in their jurisdiction on a weekly basis to ascertain whether the deposits and withdrawals relate to the transactions which are required to be accounted for in the corporation's accounts. Transactions of doubtful nature should be immediately got probed and appropriate action taken to protect the interest of the Corporation.
4. With regard to issue of cheques from the bank accounts, the instructions contained in the following circulars should be scrupulously followed:
 - i) Circular No. 417/Accts dated 6th March, 1987.
 - ii) Circular No. 454/Accts dated 3rd March, 1988.
 - iii) Circular No. 525/Accts dated 19th Dec., 1989.
 - iv) Circular No. 528/Accts dated 11th Jan, 1990.

Kindly acknowledge receipt.

Sd/
(T.K. SETH)
ADDL. FINANCIAL ADVISER (FUNDS)