



**CHHATTISHGARH STATE MARKETING
CORPORATION LIMITED**

**CODE OF PREVENTION AND DETECTION OF FRAUDULENT ACTS IN
CHHATTISGARHSTATE MARKETING CORPORATION LIMITED – 2017 (THE
“CSMCL CODE”)**

A Code to facilitate the development of controls that will aid in the prevention and detection of fraud against Chhattisgarh State Marketing Corporation Limited (CSMCL or the Company) and to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls for anti-fraud activities, conduct of investigations on fraud or suspected fraud activities, and to prescribe appropriate disciplinary action.

Whereas the Board of Directors of CSMCL (herein after called the Board for brevity) are particular that the administration and the functioning of CSMCL shall be characterized by sincerity and honesty, without scope for any fraudulent activities,

Whereas it is found desirable to inculcate a culture which would keep CSMCL away from fraudulent acts and facilitate detection of Fraud and its prevention,

Whereas the Board desires to inculcate value systems in the day-to-day administration and in all dealings with customers, contractors, and others in connection with the affairs of CSMCL, and

Whereas the Board has decided to provide a system for prevention and detection of fraud and for reporting and investigating fraud, to its logical conclusion,

Be it promulgated by the Board as follows:

1(a). This Code shall be called Code of Prevention and Detection of Fraudulent Acts in Chhattisgarh State Marketing Corporation Limited 2017.

1(b). It shall come into force from the date, as may be prescribed by the Board.

2. Definition

(a) Person includes employees and entities.

(b) Employee includes full time employees, part time employees, persons

engaged on ad-hoc, or temporary, or casual, or contract basis, individuals on deputation from the Government (Central/State) and other organizations, and individuals on probation or under- training, including ex-employees for the purpose of this Code only.

- (c) Entity includes advisers, bidders, lenders, borrowers, consultants, customers, contractors, dealers, sellers, service providers, shareholders, suppliers, vendors, outside agencies, or their representatives, employees of such agencies and/or any other parties, other parties with a business relationship with CSMCL, any individuals or body or agency not having any direct transaction with CSMCL but their acts causing monetary loss or adversely affecting CSMCLs business or damage of any sort or loss of reputation or of good will of CSMCL.
- (d) Enquiry Officer means such officer appointed by the Management under Clause 6(h) of this Code.
- (e) Fraud includes wrongful or criminal deception, willful acts, omissions, concealments of fact, abuse of power or any other acts fitted to deceive committed by a Person (either acting individually or in combination with other Persons) with intent to cause wrongful gain to self or to any other entity and/or loss to CSMCL or injury to CSMCL s interests (including CSMCL s reputation). Abetment of any act mentioned above is also Fraud . The above acts constitute Fraud irrespective of whether they actually result in any wrongful gain or loss.

The following acts are illustrative and are not exhaustive of Fraud :

- i. Misappropriation or embezzlement of funds/cash, securities, products or stock/materials of CSMCL, supplies or other assets by any means etc.
- ii. Conniving or colluding with external agencies including customers, dealers, transporters, contractors or vendors or acting on his own in diverting/resale/sale at premium (including MRP violation)/water mixing/adulteration/loose sales of products in which CSMCL has business interest.
- iii. Forgery or unauthorized alteration of any document of CSMCL or that in possession of CSMCL or of account belonging to CSMCL.

- iv. Forgery or unauthorised alteration of cheque, bank draft, e-banking transaction(s), or any other financial instrument, etc.
- v. Making false records such as pay-rolls, removing the documents from files and/or replacing it by a fraudulent note etc., or tampering with such records
- vi. Willful suppression, alteration or manipulation of facts or deception in matters of appointment, placements, submission of reports, tender committee recommendations, sales records, undue claiming of benefits/perks etc. including rendering of incomplete or inaccurate reports/accounts/records with intention to cause harm to the Company s interests and/or as a result of which a wrongful gain(s) is/are made to one and wrongful loss(s) to the others or CSMCL
- vii. Utilizing funds or equipment or materials or any other assets of CSMCL for personal or other than approved official purposes
- viii. Authorizing, effecting or receiving payments for goods/services not supplied as per the specified quality and quantity or for inferior goods/services which are not as per the specified quality and quantity
- ix. Destruction, disposition, relocation, damage or removal of records, equipment, buildings, machinery or any other assets of the Company or assets in which the Company has interest, with an ulterior motive to manipulate and misrepresent the facts, as a result of which objective assessment/decision is hampered or the Company s interests are adversely affected.
- x. Influencing the employees in the matters of recruitment, tender finalisation and payments to Vendors and Contractors.
- xi. Submitting false/forged documents by the tenderers/ vendors/ suppliers/ consultants/while submitting their offer for contracting.
- xii. Manipulating data or recording false data in test reports of materials or constructed works.
- xiii. Coercion in doing any act contrary to the principles, procedures,

practices of the Company, leading to disruption in normal activities or having direct or indirect bearing in business activities.

- xiv. Making available Company documents/files/papers/email/communiqués for other parties outside CSMCL, to be used for their gain and/or against the interests of CSMCL
- xv. Conniving at or colluding with outside elements including dealers, vendors, or any others, to adversely affect tendering or purchase or operational processes so as to cause loss of income or reduction in earnings of CSMCL through cartel formations or deliberate under/over quoting of rates as applicable.
- xvi. Profiteering as a result of insider knowledge of Company activities.
- xvii. Accepting or seeking any benefit from contractors, vendors, lenders, borrowers, customers and persons providing services/ materials to CSMCL.
- xviii. Manipulating, making wrong or delayed entries causing damage, delaying or unauthorized interfering with electronic records, or electronic data processing systems in any way This includes the e-payment, e-tendering and e-auction systems, the Company websites or networks or computers and emails.
- xix. Irregularities or deliberate inaccuracies in any kind of report, which may lead to distortion of facts and adversely affect the process of decision making.
- xx. Irregularity, delay or omission in recording and reporting financial transactions.
- xxi. Willfully causing loss of revenue or reputation of the Company in any manner, with or without getting any personal benefit in the process.
- xxii. Disclosing confidential and proprietary information to the parties to whom the information are not meant for.
- xxiii. Using or permitting use of unapproved/substandard materials or

unapproved construction methods in deviation from approved designs that are likely to affect durability of structures.

xxiv. Any other dishonest or fraudulent act that falls under the gamut of anti-organizational fraud or corruption related activity and considered by the Management to be adverse to the interests of the Company.

(f) Other irregularities include:

i. Irregularities concerning moral, ethical, behavioral conduct of the employees.

ii. Non-maintenance of required books of accounts/records/returns/documents, up-to-date, as per the Retail Vending Manual and instructions issued from time to time, at retail shops and at depots.

iii. Non-furnishing of required books of accounts/records/returns/documents, as per the Retail Vending Manual and instructions issued from time to time, at retail shops and at depots to supervisory officials and/or auditors (internal/external/CAG) and/or vigilance team/squad as and when demanded.

iv. Effecting sale without bills (manual or electronic).

v. The Managing Director shall be the Competent Authority in case any question arises as to whether an action constitutes Fraud or Other Irregularity.

(g) Corruption means dishonest or fraudulent conduct or efforts to influence and/or the abuse of authority by giving or accepting inducement or favour or consideration or illegal gratification or bribe for personal advantage.

(h) Nodal Officer means officer designated by the Managing Director for the purpose of receiving complaints and investigating Fraud or Other Irregularity. Until such designation is made by the Managing Director, the respective District Manager in his District and the respective Senior Regional Managers in their Region shall be the Nodal Officer . In addition, Chief Vigilance Officer and other official nominated by the Managing Director are Nodal Officer . The designation and contact details of Nodal

Officers shall be displayed in all offices, depots, retail vending shops of CSMCL and in the website of CSMCL.

- . (i) Controlling Officer means officer under whom the concerned employee works (e.g., District Manager in case of Shop Personnel/staff of DM Office).
- . (j) Immediately means within 24hours.
- . (k) He includes She .
- . (l) Record includes books/documents/data/file/paper/assets and/or electronically kept record.

3. Vigilance Department

- . (a) The Board of CSMCL is the Competent Authority to notify the name and designation of officer who will discharge the duties and responsibilities of Chief Vigilance Officer .
- . (b) A separate Vigilance Department headed by a Chief Vigilance Officer (CVO) shall oversee the vigilance/anti-fraud functions in CSMCL.
- . (c) Chief Vigilance Officer (CVO) will directly report to the Managing Director and to the Board of CSMCL as and when necessary.
- . (d) The Vigilance Department will be provided with the required Officers and Staff who have unblemished service record with other necessary infrastructural facilities for assisting CVO to discharge the duties and responsibilities of Chief Vigilance Officer . The Officers and staff will be posted to Vigilance Department on tenure basis from other department/wing of CSMCL who will have tenure of 3 years and extendable for a further period of 2 years at the discretion of CSMCL. Officers on deputation from Chhattisgarh Government or Government of India or Public Sector Undertakings (State/Central) may also be considered for posting in the Vigilance Department to work under CVO who will also have a tenure of 3 years and extendable for a further period of 2 years at the discretion of CSMCL.
- (e) Managing Director of CSMCL is the Competent Authority for appointing the Officers and staff in Vigilance Department. The

appointment shall be done in consultation with CVO.

4. Reporting Procedures

- (a) Any person, as soon as he comes to know of any Fraud or suspected Fraud or any Other Irregularities in or in relation to CSMCL, must report such incident
- (b) Similarly, any person outside CSMCL or any person not related to any transaction of CSMCL may also report occurrence of Fraud or suspected Fraud or any Other Irregularities in relation to CSMCL.
- (c) Such reporting shall be made to the Nodal Officer designated for this purpose. If, however, there is shortage of time or urgent nature such reporting should be made to the immediate Controlling Officer whose duty shall be to ensure that the input received is immediately communicated to the Nodal Officer.
- (d) As soon as it is learnt, either by way of reporting or on his own knowledge, that a Fraud or suspected Fraud or Other Irregularity has taken or is likely to take place the Controlling Officer and/or Nodal officer should immediately inform the Vigilance Department about the incident.
- (e) Anonymous / Pseudonymous complaints received will not be entertained as a general rule. However, if the complaint is supported by any verifiable facts/evidence, the same may be acted upon by the Nodal Officer with approval of Vigilance Department. Further, a record of reasons to be made in writing, for not taking any action on such anonymous complaints/reports, will be maintained by the Nodal Officer.
- (f) The reporting of the Fraud, Other Irregularity should normally be in writing. The reporting in writing may be communicated in person, or through an authorized representative, or by post/courier, or by email, or SMS to the Nodal Officer.
- (g) In case the reporter is not willing to furnish a written complaint but is in a position to give sequential and specific transaction of Fraud/suspected Fraud or Other Irregularity then the controlling officer receiving the information/Nodal Officer should record such details in writing as narrated by the reporter and also maintain the details about the identity of the official/employee/other person reporting such incident.

- (h) Reports can be made in confidence and the person to whom the Fraud, suspected Fraud, Other Irregularity has been reported must maintain the confidentiality with respect to the reporter and such matter should under no circumstances be discussed or disclosed with any unauthorized person.
- (i) The Nodal Officer and/or Controlling Officer and/or Vigilance Department and/or any official in CSMCL who is in receipt of such report shall maintain the confidentiality about the identity of the reporting individual and under no circumstances would discuss it with any unauthorized person.
- (j) CSMCL will not tolerate any form of retaliation against individuals providing information concerning Fraud, suspected Fraud, or Other Irregularity. The Corporation shall provide protection to the complainant/individual providing information concerning fraud or suspected fraud against victimization.
- (k) The employee who reports suspected dishonest or fraudulent activity should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.
- (l) The reporting individual should observe strict confidentiality.
- (m) The reporting individual should not contact the suspected individual in an effort to determine facts or demand restitution.
- (n) The reporting individual should not discuss the case, facts, suspicions, or allegations with *anyone* unless specifically asked to do so by the Nodal Officer or the Vigilance Department.
- (o) All reports the Fraud, suspected Fraud, Other Irregularity shall be handled with utmost speed and shall be coordinated by the Vigilance Department.
- (p) Nodal officer(s)/Officer receiving input about any suspected fraud shall act expeditiously upon such reporting and ensure that all relevant records, documents and other evidence are being immediately taken into custody and being protected from being tampered with, destroyed or removed by suspected perpetrators of fraud or by any other official under his influence.
- (q) Nodal officer shall forward the complaint concealing the identity of the complainant. Name of the complainant can be revealed only by the Chief

Vigilance Officer with the approval of the Managing Director.

- (r) The employee or other complainant may remain anonymous. All inquiries concerning the activity under investigation from the suspected individual, his attorney or representative, or any other inquirer should be directed to the Vigilance Department.
- (s) No information concerning the status of an investigation will be disclosed to the complainant or third party.

5. Investigation Responsibility

- (a) It shall be the primary duty and responsibility of the Nodal Officer to conduct preliminary and final investigation of all Fraud, suspected Fraud, Other Irregularity. Provided that if the Nodal Officer decides upon conclusion of his preliminary investigation that he/she cannot handle investigation of the Fraud, suspected Fraud, Other Irregularity either due to his limitation and/or competency considering the gravity of the Fraud, suspected Fraud, Other Irregularity the same must be immediately informed to the Chief Vigilance Officer who shall take further action.
- (b) Decisions to prosecute in Court of Law or refer the examination results to the appropriate law enforcement (Police, Directorate of Anti-Corruption and Vigilance, etc.) and/or regulatory agencies for independent investigation will be made by the Chief Vigilance Officer with the approval of the Managing Director. Provided that in case of misappropriation of cash and/or stock valuing more than ten thousand rupees, an FIR must be registered with Police within 48 hours by the concerned Controlling Officers with intimation to Nodal Officer who shall monitor the progress of the case and send periodical report to the Chief Vigilance Officer. Provided further that in case of misappropriation of cash and/or stock valuing less than ten thousand rupees, an FIR may be registered with Police within 48 hours by the concerned Controlling Officers, on case to case basis, with intimation to Nodal Officer, who shall monitor the progress of the case and send periodical report to the Chief Vigilance Officer.
- (c) If the final investigation substantiates that Fraud have occurred, then there must be appropriate disciplinary action against the fraudster.

There shall be zero tolerance in this regard.

- (d) Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way.

6. Investigation Procedure

- . (a) CSMCL reserves the right to deploy decoy and other methods to unearth the fraudulent act of any person based on complaint and the cost of decoy may be recovered from the fraudster.
- . (b) The person concerned shall be informed in writing of the alleged Fraud giving necessary details to enable him to understand the Fraud alleged against him and he should be given an opportunity to explain the charges leveled against him.
- . (c) Any communication from CSMCL intended to the employee shall be received with due acknowledgement. Refusal to receive communication from CSMCL is a grave misconduct. The communication can be served either in person or by post to the last known address as per the records of CSMCL. It is the responsibility of the employee to keep CSMCL in the know of his latest postal address. In case of refusal to receive the communication or in case of return of communication without being served by the postal authorities/courier, substituted service by way of publication in the local papers will amount to proper and sufficient service of notice.
- . (d) If the charges are grave and if it is found that the continuance of the employee in service is injurious to the interest of fair investigation/disciplinary proceedings, he may be suspended pending enquiry. In such event, he shall be paid subsistence allowance as per rules.
- . (e) When the person does not admit the charges or the Management is not satisfied with the explanation offered by the person and the charges are sufficiently grave and serious to warrant a punishment other than censure, reprimand or warning, the Management shall conduct a domestic enquiry by any person of its choice.
- . (f) At enquiry, the chargesheeted person will be eligible to have the

assistance of any person of his choice to assist him. The person who intends to assist shall give his consent in writing duly attested by the charged person. However, if the charged person is an employee then he is entitled to avail the assistance of one of the existing co-employees.

- . (g) At the enquiry, the charge sheeted person will be given the fullest opportunity to cross examine the witness examined on behalf of the Management and also examine witnesses, if any, on his behalf. It shall be responsibility of the charged person to bring the witnesses he chooses to examine on his behalf to the enquiry.
- . (h) The Management at its discretion may appoint any employee or an outsider as Enquiry Officer. The Enquiry Officer shall make or cause to be made a faithful record of his proceedings of the enquiry and readout the same to the person. The charged person shall be given a copy of such record of proceedings on a day to day basis.
- . (i) The person and his witness shall appear at the enquiry at the appointed place, date and time promptly and punctually and answer truthfully all the questions that may be put to him at the enquiry.
- . (j) If the Person, against whom the enquiry is instituted, fails to participate in the enquiry for a total of three times in spite of proper and sufficient service of notice, he may be set ex-parte and the enquiry may be proceeded with and completed in his absence. A maximum gap of three working days may be given between two adjournments based only on written request of the person seeking adjournment. Similarly, if a person leaves the enquiry without the permission of the Enquiry Officer, the enquiry may be proceeded with and completed in his absence. The enquiry shall be conducted on day to day basis.
- . (k) If the person against whom the enquiry is instituted misbehaves with the Enquiry Officer or the witnesses or other person(s) associated with the enquiry, at the enquiry or outside the enquiry, the same shall be viewed seriously and constitute a grave misconduct.
- . (l) Upon the conclusion of the enquiry, the Enquiry Officer will submit to the Management a report containing his findings after a careful examination of the proceedings of the enquiry. The report should be a self-contained speaking report.

(m) The charge sheeted person will be furnished with a copy of the findings of the Enquiry Officer after giving him an opportunity to make his representation, if any.

- . (n) Before imposing any punishment, consequent upon the charges proved at the enquiry, the person shall be given an opportunity to make his representation against the punishment proposed to be imposed on him.
- . (o) While imposing any punishment, the Management shall take into consideration the gravity of the misconduct proved, the previous record of service of the employee and any aggravating circumstance that may exist.
- . (p) If an employee is relieved/discharged/dismissed/terminated from service during the period of his suspension, the employee shall be deemed to have been relieved/discharged/dismissed/ terminated from service with effect from the date on which he was placed under suspension / relieved from duty.
- . (q) Any order passed by the Management following out of the disciplinary proceedings shall be communicated in writing to the employee and shall be served on him either in person or by registered post with acknowledgement due to his last known residential address available on the records of the Management and the communication so sent shall be complete, proper and sufficient service.
- . (r) The Nodal or Enquiry Officer shall maintain complete confidentiality of the investigation proceedings. To any queries about any pending investigation or enquiry, the response may be: I am not at liberty to discuss this matter. *Under no circumstances* should any reference be made to the allegation , the crime , the fraud , the forgery , the misappropriation or any other specific reference.
- . (s) After completion of the investigation, due & appropriate action, which could include administrative action, disciplinary action, civil or criminal action shall be taken if it is proved that Fraud is committed.
- . (t) In the investigation, if it is proved that Fraud is not committed, the matter shall be closed unless it is shown that some Other Irregularity not amounting to Fraud has occurred.

- . (u) If the final investigation substantiates that Other Irregular activities have occurred, then appropriate disciplinary action would ensue.
- . (v) Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect CSMCL from potential civil liability.

7. Disciplinary Action

(a) Failure to comply with this Code would attract disciplinary actions in the following cases:-

- i. Person who suspects or discovers fraudulent activity and fails to report the same as required by this Code or an employee who intentionally reports false or misleading information.
- ii. Person(s) who is/are engaged in any form of Fraud.

(b) Any one of the following punishment or penalty or both may be imposed on any person for misconduct, proved or admitted by him depending upon the gravity of the misconduct proved or admitted.

I. In case of employee

- i. censure;
- ii. withholding of promotion;
- iii. stoppage of increment(s) with or without cumulative effect;
- iv. suspension from service as punishment;
- v. reduction to a lower stage in the time-scale of pay for a period not exceeding 3 years, without cumulative effect and not adversely affecting his pension;
- vi. Reduction to a lower stage in the time-scale of pay, for a specified period with further directions as to whether or not the employee will earn increments of pay during the period of such reduction and whether on

the expiry of such period, the reduction will or will not have the effect of postponing the future increments of his pay;

- vii. Reduction to a lower time-scale of pay grade, post or service which shall ordinarily be a bar to the promotion of the employee to the time-scale of pay, grade, post or Service from which he was reduced, with or without further directions regarding conditions of restoration to the grade of post or service from which the employee was reduced and his seniority and pay on such restoration to that grade, post or Service;
- viii. Compulsory retirement;
- ix. Relieving, Discharge or dismissal;
- x. Forfeiture of deposits of any type/nature (Earnest Money Deposit, Security Deposits, Bank Guarantee, etc.). Forfeiture of gratuity after giving opportunity to the employee for such employee;
- xi. Making the employee, his spouse, children, brother, sister, father, mother of the concerned employee(s) ineligible for any type of employment/contract with CSMCL;
- xii. Adjustment of damages imposed with the incentives, present and that may accrue in future.
- xiii. Sale of stock sold at premium (MRP violation) shall be classified as a serious offence. The quantum of penalty for such serious offence shall be prescribed by the Managing Director considering, *inter-alia*, the repetition of such serious offence;
- xiv. Recovery at the rate of one and a half times of amount of shortages/excesses, misappropriation, theft of cash and/or stock/any other asset held at retail vending shops / depots / any other offices of CSMCL with an interest of 24 *per cent per annum* from the date of occurrence or detection whichever is earlier. Where the property including cash of CSMCL is in the custody or use of more than one employee, it shall be deemed to have been entrusted to each of them jointly and severally and accordingly for any loss or damage each of

them shall bear loss or damage jointly and/or severally;

xv. Recovery of the whole or part of any pecuniary loss caused to the Corporation; Provided in case of fraud or suspected fraud involving officer deputed from Government department or other Public Sector Undertakings shall be dealt with in accordance with the rules applicable to him.

II. In case of person other than employee

i. Forfeiture of deposits of any type/nature (EMD, Security Deposits, Bank Guarantee, etc.)

ii. Black listing for minimum three years or for life time.

iii. Recovery of the whole or part of any pecuniary loss caused to CSMCL.

III. In addition to above, CSMCL reserve right to prosecute the alleged fraudulent person and initiate appropriate civil or other legal proceedings to recover any losses suffered by CSMCL or unlawful gains obtained by other persons in a Court of Law.

8. Responsibility of Controlling Officers for Anti-fraud activities

Each Controlling Officers shall have the responsibility of prevention and detection of Fraud and for implementing the Code of Prevention and Detection of Fraudulent Acts in Chhattisgarh State Marketing Corporation Limited 2014 of CSMCL for the department under his area of control. It is the responsibility of all the Nodal Officers to ensure that there are mechanisms in place within their area of control to

(a) Familiarize each person with the types of improprieties that might occur in their area.

(b) Educate persons regarding the measures to be taken for prevention and detection of fraud.

(c) Create a culture whereby persons are encouraged to report any Fraud or suspected Fraud which comes to their knowledge, without any fear of

victimization.

- (d) Promote awareness among the persons of ethical principles subscribed to by CSMCL through Rules/Standing orders/Manuals.
- (e) Developing a fraud risk profile and undertaking a regular review of the fraud risk associated with each of the key organizational objectives in order to keep the profile current.
- (f) Designing effective control environment of checks and balances to prevent Fraud.
- (g) Devise response plan commensurate to the level of fraud risk identified in the fraud risk profile.
- (h) Making sure that all persons are aware of the Code of Prevention and Detection of Fraudulent Acts in Chhattisgarh State Marketing Corporation Limited 2017 and know what their responsibilities are in relation to combating fraud.
- (i) Ensuring that vigorous and prompt investigations are carried out if Fraud occurs or is suspected.
- (j) Taking appropriate legal and/or disciplinary action against perpetrators of Fraud.
- (k) Taking appropriate action to recover assets.
- (l) Ensuring that appropriate action to minimize the risk of similar fraud so occurring in future.

9. Responsibility of persons for Anti-fraud activities

Every person having transaction with CSMCL is expected and shall be responsible to ensure that there is no fraudulent act being committed in their areas of responsibility/control and has the duty and responsibility for:

- (a) Acting with propriety in the use of official resources and the handling and use of public funds which may include but not limited to cash, payments systems, receipts, supplies, dealing with suppliers, the use of IT equipment and placing orders and contracts.

- (b) Preventing and detecting Fraud.
- (c) Being alert to the possibility that unusual events or transactions could be indicators of Fraud.
- (d) Reporting details immediately to Nodal Officer if they suspect that Fraud has been committed or see any suspicious fraudulent acts or events.
- (e) Cooperating fully with whoever is conducting internal checks or reviews or fraud investigations.

10. Training on fraud prevention

- (a) Management shall be responsible for making out a suitable module for periodic training of all employees and officers on Fraud prevention.
- (b) Properly designed familiarization module will be put in place for all Management Trainees during their initial training period, including printed material and Manuals along with Class Room sessions not less than two hours.
- (c) For casual/contract/temporary employees, this Code and related circulars must be available on the CSMCL website and this aspect duly mentioned in their contract/appointment letters instructing them to familiarize themselves with this Code before they start working.
- (d) Adequate sets of the Code, manual, and related circulars, orders etc. must be available in hard copy with all Controlling Officers/Nodal Officers which they may also be printed out from the website whenever needed.
- (e) The job/refresher training courses will include modules on this Code with all current/extant updates/orders and circulars.
- (f) Management may decide to conduct/organize necessary training in this field to the employee/any individual, who might use or have custody of any such items or facilities when it is within the scope of their investigation.

11. Incorporation of this Code in Tender/Contract

- (a) Due amendments shall be made in the general conditions of tender/contracts entered into with CSMCL wherein all bidders/service providers/vendors/consultants etc. shall be required to certify that they would adhere to the Code of Prevention and Detection of Fraudulent Acts in Chhattisgarh State Marketing Corporation Limited 2017 of

CSMCL and not indulge or allow anybody else working in their organization and in CSMCL to indulge in fraudulent activities and would immediately apprise CSMCL of the fraud/suspected fraud as soon as it comes to their notice.

- (b) In respect of existing contract, the above provision shall be incorporated by way of amendment within six months from the approval of this Code by the Board of Directors.

12. Information to Audit Committee and the Board

- (a) Vigilance Department shall compile all information relating to anti-fraud activities undertaken in CSMCL including status of action taken on Frauds/suspected Frauds reported on quarterly basis and submit the same to Audit Committee through Managing Director.
- (b) All Frauds involving one lakh rupees and above each shall be reported to the Audit Committee as well as Board of Directors promptly by the Vigilance Department through Managing Director.
- (c) Vigilance Department shall prepare Annual Activity Report on Anti-Fraud Activities undertaken in CSMCL and submit the same to Audit Committee and Board of Directors each year through Managing Director.

13. Administration of the Code

The Managing Director is responsible for the administration, interpretation, and application of this Code. The Board is responsible for review, revision/amendment, and monitor administration of this Code. The Code will be reviewed annually and revised as needed to keep it up-to-date with any changes in law which may be made in the future.

14. This Code is supplementary

This Code is not in derogatory of any of the existing provisions in any of the law dealing with prevention, detection, and punishment of fraudulent acts, and should be deemed to be supplementary to the same.