

**REPORT OF THE COMMITTEE
ON
SECURITY ARRANGEMENTS**

VOLUME I : GENERAL REPORT



**RESERVE BANK OF INDIA
CENTRAL OFFICE
BOMBAY
FEBRUARY 1984**

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SECRET

Report of the Committee on Security Arrangements

Foreword

I have great pleasure in presenting this Report (Volumes I & II) to Governor on behalf of the Committee on Security Arrangements which was appointed by him in October 1982. The Committee has based the Report on the preliminary centre-wise reports submitted by the Member-Secretary on each of the 14 Regional Offices of the Bank having an Issue Office and on-the-spot visits to these offices (except Gauhati) paid by the Members of the Committee. The remaining Regional Office at Bombay was covered by a representative of De La Rue Company and the Committee has, by and large, accepted all his recommendations, barring two or three important ones, for the reasons given in the Report.

2. My first pleasant duty would be to thank the Members of the Committee, one and all, for their single-minded devotion to the task which was performed with a high sense of responsibility. I am grateful particularly to the two police officials on the Committee viz. Shri S.V.Bhave, Additional Inspector General & Additional Commissioner of Police, Bombay and Shri V.G.Vaidya, Deputy Director, Intelligence Bureau, Government of India, New Delhi who, with their expertise and wide experience

in the field, not only brought new ideas to bear on old problems but did this with such a spirit of quest and understanding at the several meetings held by the Committee that common agreed solutions could be found to all the problems. Each and every suggestion and recommendation of the Committee, therefore, is unanimous and reflects the combined knowledge and wisdom of the Committee.

3. It may be pointed out that the Manager and Currency Officer(s) participated in the meetings held in their office during the visit of the Committee, wherein the recommendations of the Committee relating to their office were finalised. At the close of the meeting, the officials were requested to proceed with their implementation without waiting for the general report. A copy of the minutes of the meeting was furnished to the concerned Heads of Central Office departments for quick implementation of specific issues. Thus, some of the observations and findings of the Committee in Volume II may have already been implemented now or could be in the process of implementation.

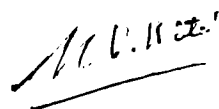
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4. It is the earnest desire of the Committee that the Bank implements all the recommendations expeditiously both in Volumes I & II; some of the recommendations in Volume I (General Report) may involve dialogues with representative bodies of staff.

5. I am grateful to Governor for entrusting me with this responsibility. The Committee has, in preparing this Report, conformed to the terms of reference given to them and hope that the Report would fulfil the expectations which the Governor had in mind in appointing the Committee.



M.V.Hate
Deputy Governor

Bombay
23rd February, 1984.

COMMITTEE ON SECURITY ARRANGEMENTS

VOLUME I - GENERAL REPORT

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List of Abbreviations

| | | |
|--------|----|---|
| ACO | .. | Assistant Currency Officer |
| ASI | .. | Assistant Sub-Inspector |
| ASO | .. | Assistant Security Officer |
| AT | .. | Assistant Treasurer |
| CBI | .. | Central Bureau of Investigation |
| CCTV | .. | Closed Circuit Television |
| CISF | .. | Central Industrial Security Force |
| CNV | .. | Cancelled Note Vault |
| DAD | .. | Deposit Accounts Department |
| DIG | .. | Deputy Inspector General of Police |
| EXD | .. | Exchange Control Department |
| IGP | .. | Inspector General of Police |
| NABARD | .. | National Bank for Agriculture & Rural Development |
| NES | .. | Note Examination Section |
| NVS | .. | Note Verification Section |
| PABX | .. | Private Automatic Box Exchange |
| PAD | .. | Public Accounts Department |
| PAX | .. | Private Automatic Exchange |
| PBX | .. | Private Box Exchange |
| PDO | .. | Public Debt Office |
| RBI | .. | Reserve Bank of India |
| RSI | .. | Reserve Sub-Inspector |
| SBI | .. | State Bank of India |
| SI | .. | Sub-Inspector |
| SLR | .. | Self Loading Rifle |
| TLR | .. | Triple Lock Receptacle |
| TV | .. | Television |
| UHF | .. | Ultra High Frequency |
| VHF | .. | Very High Frequency |

CHAPTER 1

Preliminary

With the enormous demand for currency, the Reserve Bank of India is required to put in circulation more and more supplies of fresh notes/coins as well as handle more and more soiled notes returning from circulation, tendered locally by banks and remitted by currency chests. The consignments of fresh notes have to be received in bulk from the Government security printing presses, taken over after the prescribed verification, stored in our vaults, repacked for remittances to currency chests or issued over our counters. Similarly, supplies of coins have to be taken over from the Government mints and distributed to our offices and small coin depots, for issue. The tenders of notes across our counters and consignments of notes from currency chests have to be received in bulk, examined regarding quantity/quality and sorted into reissuables/non-issuables. While the reissuable notes are recycled, the non-issuables have to be cancelled by defacement followed by verification and destruction. A very large number of claims on 'defective' notes has also to be adjudicated upon. Payments and receipts across the counters, whether in exchange or through debits and credits to the accounts maintained by the Bank are also on a considerably large scale. The notes/coins are thus handled in several stages viz. receipt, storage, movement, exam-

ination, verification and destruction by various categories of staff viz. officers, clerical staff and subordinate staff as well as private contractor's men and again at different points in our various offices. Although, for obvious reasons, the work-force for handling the enormous quantities of notes and coins cannot register a prorata increase, the strength of the staff in the Bank has indeed increased considerably over the years. The Bank has also been taking several steps to expedite the disposal of the work in the issue offices. Notwithstanding this, due to other infra-structural and extraneous constraints, there have been accumulations of arrears in various stages of the processing of notes - examination, verification or destruction - which have been posing problems not only of space but of security as well.

1.1.2 The above factors have exposed the Bank and its treasure to several risks, internal and external. There have, so far, been no attempts at dacoities or burglaries in the case of our Bank or its regional offices as has happened in the cases of branches of other banks reported in the press from time to time. However, there have been cases of internal pilferages, thefts and organised conspiracies as well in a few cases within the Bank. A few cases of thefts in our public halls and attempts at snatching cash across the counters have also been reported. Besides the handling of treasure, as such, the Bank is required to perform several functions which involve handling of -

(a) valuables like cheques, drafts, Government

securities and exchange control permits; and

- (b) sensitive and vital information and sensitive communications not only in the Bank's central office at Bombay but also in our regional offices.

1.1.3 The Bank has, no doubt, been introducing measures of physical security and procedural security from time to time which are also under constant review; changes/tightening have been effected in the light of experience or revelation of loop-holes. In the matter of internal security, these relate to efforts at segregation of security areas, introduction of identity cards/entry permits, enclosures for handling cash and attempts at body search. So far as external security is concerned, the Bank is mainly dependant on the state police authorities both for advice and provision of requisite armed guards. With a view to having a closer look into the present security arrangements as well as the present procedures for handling of currency in the Bank and also tightening up of security measures in general in relation to the Bank's activities, Governor of the Reserve Bank appointed a Committee under the chairmanship of Dr.M.V.Hate, Deputy Governor, to review the security arrangements in central office and regional offices in general and with particular reference to currency handling functions (a copy of the notification appointing the Committee is reproduced at appendix I).

1.2 Composition of the Committee

The Committee consists of the following persons :-

| Name | Designation | Interest represented |
|--------------------------|--|----------------------|
| ---- | ----- | ----- |
| 1. Dr.M.V.Hate | Deputy Governor | Chairman |
| 2. Shri S.V.Bhave | Deputy Inspector-General, CBI* | Member |
| 3. " V.G.Vaidya | Deputy Director, Intelligence Bureau | " |
| 4. " M.R.Karup-panchetty | Chief Officer, Deptt. of Currency Management | " |
| 5. " R.Guha | Chief Officer, Premises Deptt. | " |
| 6. Dr. Y.B.Damle | Adviser, Management Services Deptt. | " |
| 7. Shri R.Sundaresan | Senior officer | Member-Secretary |

} security, anti-corruption, etc. angles.

} operational cash handling

} civil engineering and building design

} organisation and methods

1.3 Terms of reference

The terms of reference fixed for the Committee are as under :-

- i) To study the current procedures/methods/instructions in regard to handling of currency/coins and other 'treasure' at different stages, particularly examination, verification and destruction of currency and suggest improvements with a view

*Now Additional Inspector General and Additional Commissioner of Police, Bombay.

to minimising occurrence of shortages, abstractions, thefts, frauds, etc. in the Bank's various offices.

- ii) To examine the existing security arrangements in the Bank's offices and suggest appropriate measures for strengthening the same to prevent shortages, etc.
- iii) To review the present system relating to access of personnel to security areas and recommend measures to strengthen the same.
- iv) To make recommendations on any other issue relating to the above with a view to minimising shortages, thefts, frauds, etc.

1.4 Scope of the study

In accordance with the terms of reference the scope of study extends to all the various buildings of the Bank at all the centres in general and with particular reference to the cash department. The study has to cover the physical security aspects as well as the functional or procedural security aspects and other allied aspects of cash handling in our premises; the study would not, however, cover the security aspects in various currency chests of the issue department located at branches of the agency banks or treasuries or sub-treasuries, as also inward and outward remittances thereat.

1.5 Methodology

It will be seen from the notification that the Committee has been authorised to settle its own procedures

and methods for conducting its study. The broad outlines of the methodology adopted by the Committee are as under :-

- i) Issue of a Questionnaire to all the offices of the Bank eliciting information on the present security arrangements, suggestions for improvements, past cases of thefts/pilferages, etc. The format of the Questionnaire is at appendix II.
- ii) Visits to each of the offices of the issue department by the Committee, on-the-spot inspection of the building and its 'environs' and discussions at the centre with the local officials, on the basis of observations during the inspection and the background paper prepared by the Member-Secretary for each centre.
- iii) Critical examination of the current procedures for the various activities in the cash department with a view to effecting improvements without compromising on the security aspects but at the same time eliminating the accumulation of arrears in different stages of the work.
- iv) Review of the past cases of thefts, pilferages with a view to studying the possible 'modus-operandi' and loop-holes.
- v) Consideration of the suggestions contained in the foreign specialist consultant's survey report on the security arrangements in the Bank's Bombay office main building and the new central office building (please see para 1.7 below).
- vi) Consideration of the suggestions received from various sources including officers' association and employees' association.

1.6 Meetings

Sixteen meetings of the Committee were held, out of which four were held in Bombay, while twelve were held at the other offices of the Bank. Details of the venues and dates of the meetings are furnished in appendix III.

Although a meeting was scheduled to be held in Gauhati on the day following the date of the meeting at Calcutta, the visit could not materialise due to the last minute cancellations of the Indian Airlines flight to Gauhati. However, the Member-Secretary's report was circulated to all the members as well as the local officials of the Gauhati office.

1.7 Special study in Bombay offices

The security arrangements in relation to the main building of our Bombay office and the new central office building have been studied in detail by a specialist security consultant deputed by Messers De La Rue International Services of UK. Appendix IV contains a summary of his recommendations. The Committee has considered the report and the recommendations in formulating the general report.

1.8 Special study for 'packaging'

The Bank has been following over a long time the traditional methods for packaging notes and coins for remittance purposes e.g. jute bags, wooden boxes and standard coin boxes. Apart from the security aspects, such conventional methods of packing have not only become

cumbersome with the enormous increase in volume of notes and coins but they are also causing a drain on natural resources in the form of wood and jute. Problems of space for storage of empty boxes, repairs to boxes for recycling, etc. have also aggravated the position. Taking all factors into consideration, the Committee considered it appropriate to entrust a detailed study of the present methods of packing and any improvement that could be effected to a specialist body; the study has been conducted by the Indian Institute of Packaging, a semi-Government body located in Bombay. Their suggestions have also been taken into consideration by the Committee in their recommendations in the general report.

1.9 Foreign central banks

During the term of the Committee, the Chairman had occasion to undertake a tour to the United States of America in connection with another portfolio of his viz. Agricultural Credit. Opportunity was taken by him to visit a few foreign central banks during his return journey to apprise himself of the procedures adopted by them in the matter of handling of currency and coins. The Member-Secretary was also associated in the visit. A copy of their report on the foreign central banks is at appendix V. Some of their observations which had a relevance to the Committee's work were brought to the notice of the members for their consideration before finalising the general report.

1.10 Scheme of the report of the Committee

1.10.1 The report is presented in two volumes :-

- Volume I - the general report of the Committee in respect of its major recommendations on security arrangements applicable, by and large, to all our offices; and
- Volume II - the Committee's report in respect of each regional office of the Bank & Appendices.

Volume I contains the general conclusions drawn from the regional meetings as well as the general discussions held in Bombay and elsewhere and the recommendations of the Committee in regard to procedural changes.

As already stated, the Member-Secretary had paid visits in advance to each of the centres and had prepared a detailed report on the security arrangements obtaining at each centre and the steps that could be taken for effecting improvements. These reports were circulated to all the members as well as the officials of the office concerned, as a background paper for the meeting of the Committee at the centre. The Committee on its assembling for the meeting at the centre, first went round the premises along with the local officials and studied the position on its own. Later on, the members' observations as well as the background report of the Member-Secretary were discussed at the meeting and the minutes were recorded indicating the Committee's recommendations for that centre. These recommendations form the basis for the action-oriented points in the regional reports in volume II. As such, the Member-Secretary's reports on each centre as well as the minutes of the various meetings held at

different centres contained in separate files will also be useful for any clarification of the recommendations.

1.10.2 Incidentally, so far as the regional reports in volume II are concerned, the concerned offices are already aware of the contents as the association of the concerned local officials at the regional meetings (generally the Manager and the Currency Officer) was not only with a view to eliciting their views but also to apprise them of the observations and recommendations of the Committee for corrective steps to be taken then and there on urgent matters for tightening the security position. In fact, this aspect was stressed by the Chairman in each meeting and it was emphasised that the local officials should take immediate steps to implement the recommendations without waiting for the formal submission of the report. Copies of the regional reports have also been furnished to the concerned heads of departments viz. Premises and Currency Management for the necessary follow-up action. It is possible, therefore, that some of the recommendations made in the reports have since been implemented.

1.10.3 In relation to the scheme of volume I of this report, it was considered appropriate that this being the first report of its kind, it will be appropriate for the Committee to suggest the principles and practice of security arrangements in relation to the Bank's property particularly treasure and other activities. However, for obvious reasons, the Committee decided that it should not

be reduced to a compendium of the existing instructions of the security arrangements. The appropriate place for the compilation and inclusion of the existing instructions in relation to the security arrangements added to or modified on the basis of the present report will be a "Security Policy Manual" and a "Security Instructions Manual", the issue of which has been suggested by the Committee. As regards the procedural aspects, it has again not been the purpose of the Committee to prepare a parallel manual for the operational functions of the issue department. So far as the procedural aspects are concerned, the Committee has, as stated earlier, examined the current procedures and made suggestions in regard to a total change or a part modification in relation to the functions of the cash department. In regard to certain special steps like introduction of mechanisation for the handling of cash, shredding of cancelled notes or improved methods of destruction, the Committee has been motivated by the sole purpose of prompt and secure disposal and avoidance of accumulations; for obvious reasons, the implementation of the suggestions in this regard has to be naturally considered by the Bank against the background of industrial relations to the extent necessary.

1.11 Implementation

As already stated, some of the observations/recommendations of the Committee made at the regional meetings are in various stages of implementation or necessary action might have been initiated. A separate

group under the chairmanship of the Chief Manager has taken up the implementation of the specialist report on the Bombay office building and the new central office building. The implementation of the major policy and procedural recommendations made by the Committee has to be taken up at the central office level. Some of the aspects may involve dialogues with the representative bodies of the officers and workmen staff so as to elicit their co-operation and involvement in this vital area. However, it is the earnest desire of the Committee that the Bank may take up this with the utmost expedition in the interest of security and image of the Bank as the essence of the whole study would ultimately lie in the speedy implementation of at least a large number of the recommendations.

1.12 Acknowledgments

We are grateful to Shri M.Ramakrishnayya, Deputy Governor who has since retired, Shri A.Ghosh, Deputy Governor and Shri B.N.Srivastava, Executive Director, who have attended some meetings and shared with us some of their ideas on security arrangements.

We also thank the Managers, Currency Officers and the concerned staff of the various offices who assisted the Committee by readily responding to the questionnaire and for extending all necessary co-operation for inspecting their respective offices and holding meetings of the Committee thereat. They also actively participated in the meetings and the Committee is confident that they would take up the implementation of the recommendations with the same keenness and enthusiasm.

We appreciate the hard work put in by Shri I.S.Ahuja, Assistant Accounts Officer and the other supporting staff of the secretariat of the Committee in preparing the material, fair typing of the final report and generally keeping to the tight schedule the Committee had set for itself.

The rest of the members would like to place on record their appreciation of the excellent work done by the Member-Secretary, Shri R. Sundaresan, in undertaking preliminary study of the regional offices of the Reserve Bank of India and subsequently in drafting the report. His untiring efforts and enthusiasm coupled with practical knowledge of the subject helped the members of the Committee to analyse in depth the several connected issues and make appropriate recommendations.

CHAPTER 2

Principles of Security

2.1 The objective in ensuring good security arrangements is to afford protection against any damage or loss to the property of the Bank principally its treasure, as well as the manpower including the customers inside the Bank at any time. The property of the Bank comprises mainly the premises, furniture and fittings, stores, the cash held in various forms, the other valuables like cheques, drafts, Government securities and bullion, while the manpower would obviously consist of all the employees of the Bank and the customers and visitors who call at the Bank for transacting any business. Another important aspect of the security system is necessarily the protection of the image of the Bank as the Reserve Bank of India figures as an important and prestigious institution of the nation and a vital limb of the Government as also a leader amongst the financial institutions and the banks.

2.2 Scope of protection

Unlike the other banks or financial institutions which have also cash transactions, the quantum of cash handled in the Reserve Bank of India offices is indeed colossal. Again, the cash handled is not just in cold storage all the time. Large quantities of cash have to be processed at various points by a large force of staff day in and day out. If one may say so, so far as the processing of cash is concerned, the operations are almost as in a factory with the difference that the raw material as well as the finished product are just cash in one form or the other.

Cash in any form either fresh notes, soiled notes, reissuable notes, defaced notes, defective notes and coins, whether in storage or in process, has to be protected against pilferages and thefts. The large quantities of cash in the raw can be a constant source of temptation and opportunity for perpetrating such crimes. On the other hand, the arrangements available in a factory cannot by any means be duplicated in the Bank by converting it into a "fortress" with no access to anyone as the Bank is also a public service institution where the members of the public, Government departments and banks have necessarily a right to call for transacting business. Any security arrangements will, therefore, have to take cognisance of the efficient customer service that the Bank is required to render and accordingly should not create impediments in such customer service. Thus, while the public should be enabled to have free access to the appropriate areas designated for transacting public business e.g. public halls and counters, we have to have barriers within the Bank for movement of public/staff to segregate the top security areas e.g. basements, vaults and note examination sections or restricted areas e.g. the various departments where visitors/staff may be allowed subject to appropriate prescribed regulations. Again, the top security areas have to be provided with special protection by armed police but even the public areas will have to have similar protection for the Bank as well as the public in view of the cash transactions. As such, there are always grey areas in the matter of tight security and the recommendation of the Committee are made with full cognisance to this somewhat problematic aspect.

2.3 Nature of security

For obvious reasons, the nature of security has to be 'defensive' in the sense that the security system will afford protection against thefts, pilferages, dacoities and frauds intended to be perpetrated deliberately or caused through negligence. The defensive system cannot be just at a single point but it has to be on a succession of preventive barriers to be installed, so that even if one system fails, another system would operate as a supplement or a complement; for instance, if it is 'external' security, it could be perimeter security and access control; whereas if it were a matter of 'procedural' security, it could be a first check or a cross check or reconciliation. Even random sampling methods would constitute an item of procedural security for a second or a third check. Because it is a 'defensive' system, security has to be built on a conceptual basis after an assessment of the likely threats to the property to the extent they can be visualised and also based on the past occurrences so as to plug the loopholes revealed by the 'modus operandi' of such operations. As such, the security system cannot be a one-shot affair after which the Bank could remain complacent about it. Any security system cannot hold good for all time to come but has to be a subject matter of constant review, evaluation and updating. In this regard, the motto should naturally be eternal vigilance. Provision has been made for this in detail on the Committee's recommendations on the Security Organisation required to be set up in the Bank.

2.4 Extent of protection

It has to be appreciated that there cannot be cent per cent or total protection against any damage or

loss to the property including cash as there are so many factors at work, the chief amongst which is the human element and its ingenuity. Unless there is total cessation of all the activities in the Bank, we are constantly exposed to risk in one way or the other and cannot take anything for granted. Secondly, any security system is also subject to several constraints like legal requirements, operational feasibility, economic considerations, infra-structural inadequacies and more particularly in the Bank, industrial relations. The best that can be done is to reduce the incidence of the constraints to the least but there can be no total elimination of these; it would be fallacious to assume that we can live in a 'Utopia' created out of our fancies. More important than any of these considerations is the question of individual disloyalties or dishonesties. Even assuming we could install a hundred per cent 'fail-safe' security system, the human element involved, particularly the individual, is always an imponderable issue; our system, particularly the procedural aspects of it, has to take cognisance of this by making improvements in eliminating/reducing the play of the human element or at least making it very difficult for an individual to perpetrate a crime. Total mechanisation would be an extreme measure like 'untouched by hand', while reduction in the number of occasions when cash has to be handled by employees would be a step in the right direction. Effective supervision at every stage is also another such step. Nevertheless, even admitting such drawbacks, failures and weaknesses, our objective should be to aim at perfection in all aspects of security arrangements.

2.5 Operation of the Security System

It is no doubt necessary that there should be a security organisation equipped with the proper calibre of Security Personnel as well as technological support for the security system. However, it could not be considered that security protection in the Bank is either the sole prerogative of the Security Organisation or the Security Personnel and that others are not concerned with it. Every one in the institution, right from the top to the bottom, should be security conscious and develop a sense of involvement in protecting the interests and the image of the Bank. This does not mean that every employee should necessarily be apprised of all the security arrangements. The extent of knowledge of each individual employee will be on the basis of "Need to know" in relation to the role he has to play or the activity entrusted to him but at the same time a feeling has to be developed in every one that the security system exists and functions, for the common interest of all the employees and the Bank. Further, it is not as if the Security Manual or the Security Regulations will be letter-perfect and cover all contingencies. It is more important that the spirit of the policy or the Regulations that has to be inculcated in the minds of each and everyone. In this matter it is for the top 'echelons' or the Senior Executives in Central Office as well as the branches to give the lead so that the message will, by precept and example, percolate down the line. It is very often the case that pressure of work, lack of time, non-availability of staff, status of the persons, etc. are 'alibis' for not adhering to

the instructions but it has to be realised by all that it is precisely some of these occasions that provide an opportunity for a criminal to exploit the situation. Proper planning and organisation of work are also thus essential part of the security arrangements.

2.6 Discipline

In an organisation of the Bank's nature where there is a large workforce and several areas of operations, there cannot be orderly processing of work and efficient customer service unless there is absolute and total discipline. In this context, the discipline that is referred to is not a military type of discipline or a totalitarian discipline with blind obedience. The Bank is generally served by desk workers. The discipline that is expected of the officers and employees is one of adherence to the requirements and instructions of the security system with a thorough understanding of it and a feeling of conviction about its practical approach and common application. As such, every effort should be made to involve the staff by educating them on the security aspects and also inviting suggestions for improvement and there should, thereafter, be no scope for any short-cut or violations of the prescribed instructions. This is precisely where the discipline factor has to play an important role. For instance, if a system of identity cards or security permits is established, it has to be adhered to, by all officers and employees, irrespective of his or her status to display the card automatically and without being demanded at the appropriate points of entry.

Similarly, if the requirement is that no one should take personal cash or hand-bags inside the cash handling area, this should again be adhered to voluntarily by the staff concerned. The stage for disciplining the indisciplined would of course come as a last resort but to the extent possible, the Bank should make efforts by education/persuasion/dialogues with the Union, warnings, etc. to inculcate a sense of self-discipline in the employees. Having said this, the Bank should not ultimately fight shy from enforcing discipline as even a small dent therein would jeopardise the entire system as the weakest link nullifies the strength of the entire security system.

2.7 Education and Training

As indicated the successful installation and operation of a sound security system depends not merely on the top management and the security organisation but has to be necessarily a matter of involvement by each and every member of the staff. Seminars and programmes for the officers and other members of staff will have to be organised for imparting knowledge on security risks and the steps that are necessary or being taken to protect the interests of the Bank. There have to be specialised programmes for the security personnel also to function effectively in their allotted duties. While fraternisation between the security staff and the others should not needlessly be encouraged lest the security system should get diluted, there should be no objection to the building up of a rapport between the security staff and the others so that there can be mutual co-operation for all contingencies. The security staff

have to be polite and courteous but at the same time firm in the discharge of their duties. There should, therefore, be 'In-House' and 'Inter-face' training for the security staff. Further, they may also be deputed for some specialised courses so that they will be conversant with the developments in security arrangements.

2.8 Role of top management

It is very necessary that the top management should set the trend for creating an atmosphere of security in the full sense of the term. It will have to lay down the Security Policies and Security Regulations as well as ensure strict adherence to the instructions by each and every member of the staff through proper co-ordination, control and supervision. Periodical review, evaluation and updating of the instructions should also be a matter of priority for the top management. In fact, it would be worthwhile for the management to get a report on the security measures in the Bank and deliberate upon it, at one of its meetings at least once a year. The concerned executives in the top management say Chief Manager, Executive Director or even the Deputy Governor should make it a point to visit at least one or two regional offices of the Bank during the course of the year and ensure that the security arrangements are satisfactory and effective. Similarly, the item should be on the agenda in the annual conferences of the Managers/Currency Officers, or the monthly meetings of the Heads of Departments which should discuss the measures at least once in a year. While obviously, it may not be necessary to go in for very sophisticated equipment or extravagant expenditure, there should, on the other hand,

be no constraints on the budget resources for the effective operation of a security system e.g. additions/alterations to structures, partitions, expenditure on police, alarm bell systems, emergency power supply and fire fighting arrangements. Having done this, the management has a right to expect the Heads of Departments, Managers, other officers and staff to ensure the adherence to the security regulations. Cases of non-adherence should be dealt with appropriately. On a few occasions at least the top executives should spare a little time to make surprise visits to the cash areas, (during their visits to different offices) so that the officers and staff will always be alert and vigilant. Unless the management shows that it is serious and concerned about the security through action when called for, the entire system will be reduced to a routine and the officers down the line may prove slack in this vital area.

CHAPTER 3External Security

Under this chapter the Committee has considered all threats to the security from bodies/agencies outside the Bank, like burglaries, dacoities and hold-up/snatching of the cash at the counters and also in relation to any kind of threats outside the office hours. The next chapter deals with Internal Security. It must be admitted, however, that the terms internal and external security are not watertight compartments relating to aspects of security but only a broad line of demarcation adopted for convenience to deal with the subject.

3.1 External Access Control

The primary aspect of external security has necessarily to be an effective regulation of the entry of persons and vehicles into the Bank's premises at all hours to prevent any mischief or any threat to the safety of the property and personnel by unauthorised persons and/or their undesirable activities. As, however, during the business hours of the Bank, free access has to be provided to the vehicles/persons entering the Bank's premises for transacting business, the regulation/control at the entrance point has to be devised in such a way as not to hamper customer's service in any manner. Again the access control has to be of a different nature at different points e.g. at the entrance to the compound, at the entrance to the

building, at the entrance to the security areas and at the entrance to the vaults. The following paragraphs deal with all these aspects in detail.

3.1.1 Location

The Committee found that all the offices are located in prominent business localities in close proximity to banks, except Madras where the office is slightly away from the main business locality (about 1/2 km) and connected by a subway. The location of the offices in a predominantly business locality automatically offers good protection during the office hours whereas such a location gets isolated during night times or on holidays as they are mostly deserted during these periods. In particular, the isolation and darkness offer scope for squatters/gamblers/idlers to intrude into our compound, e.g. the Sabarmati river adjoining our Ahmedabad office, the hutment colonies adjoining our Madras office and the isolated road behind our Kanpur office. It is, therefore, specially recommended that the functioning of security arrangements, particularly outside office hours, should be effectively supervised to keep the premises at all times free of all intruders.

3.1.2 Premises

The Bombay office is a street building surrounded on all sides by public roads without any compound area. The Calcutta office is located in a small compound area nestling amongst all Government buildings without any compound wall

in the front; it just abuts the Dalhousie square. All our other buildings are located in sprawling compounds. In the earlier days, all the Bank's activities as well as the clearing house and amenities to the staff were also located in the office building itself; as a matter of fact, some office space was let out to others e.g. space for company law board (since vacated) and the Delhi treasury department in the New Delhi building, or the central accounts office of the State Bank of India in the Nagpur building. Progressively, as a security measure, the Bank has housed all the ancillary activities like the clearing house, the canteen, the dispensaries, the union offices, the co-operative consumer stores and the maintenance staff quarters in an annexe building either at the time of construction itself or later on if the space in the compound permitted a new addition e.g. Nagpur and Madras. As such, there are annexe buildings wherein such activities are located, in Calcutta, Madras, Bangalore, Patna, Nagpur, Jaipur, Hyderabad, Ahmedabad, Bhubaneswar and Gauhati. So far as New Delhi office is concerned, although an annexe building has been provided, it is mainly used for maintenance staff quarters with the result that the clearing house, canteen and union offices are located in the main building itself. So far as the Bombay and Byculla offices are concerned, there is no annexe at all and all such activities are located in the office premises itself. In fact, they are mixed up in the security area. In most of the offices where annexes exist, bridges are provided to connect the annexes with the main

building which have, in many cases, rendered the security concept of isolation of the main building ineffective. For instance, in Calcutta, there are bridges at two levels connecting security areas with the annexe. The bridges in the Madras and the Jaipur offices (new building) also pose problems of security. While there are no bridges in New Delhi, Bangalore, Hyderabad and Patna offices, the bridges in the Ahmedabad, Kanpur and Bhubaneswar offices pose no security problems. Notwithstanding the provision of a bridge in the Gauhati office, the Bank has not opened it for use in view of the security problems. Further, in the earlier offices, the banking hall has been allowed to be used for some sports activities e.g. Bombay, New Delhi and Nagpur. However, these activities have not been permitted in the new offices as they were found to be undesirable. In the light of the foregoing and the Committee's findings, the following recommendations are made for ensuring general security of the premises :-

- i) The office building particularly the security areas, should be locked up soon after the office hours and as such no other activity should be located or permitted in the building e.g. sports, union and canteen activities; such activities should be located/conducted in a separate building.
- ii) To the extent possible, no bridge should be provided between the main building which has security area and the annexe building which houses the staff activities and which go on till even 9 p.m. in the night. Wherever such bridges exist, the possibility of closing them may be examined.

- iii) In the case of New Delhi office, efforts may be made to shift the canteen and the union offices to the annexe.
- iv) In the case of Bombay (main) and Byculla offices, efforts should be made to locate all the welfare activities in one place/ one floor so that this does not get mixed up with the Bank's own activities.

3.1.3 Perimeter

The Bank has to aim at preventing the ingress/egress of people into the Bank's compound except through the gates provided for the purpose and as such the compound walls have to be such as to render climbing/jumping very difficult, if not impossible. The Bank has not been fully motivated by a concept of such perimeter security in the putting up of compound walls; accordingly, the compound walls have been put up mostly in keeping with the various designs of the local architects. The result is that the compound walls of the office premises at our various centres are not of any particular standard designs/specifications. There is no uniformity even among the four compound walls of the same premises. Further, where there are existing compound walls of other properties just next to our properties, the compound walls are more often left as they are with some barbed wire protection which was also in different states of disrepair. The Committee has a variety of observations to make about the compound walls. They are absolutely low in some centres e.g. front side of Nagpur, very low in some other centres e.g. New Delhi and Kanpur, brick walls with decorative holes in

them e.g. Trivandrum, iron grilles only e.g. Ahmedabad, Gauhati and Bhubaneswar, wall height not following the contour of the terrain e.g. Kanpur and Trivandrum, common boundary wall with adjoining building not high enough e.g. Hyderabad, adjoining property itself serving as a compound wall e.g. Calcutta, Patna and so on. Now that the thinking on the subject has been revised so as to ensure full perimeter security, the Committee has carefully considered the above variations and would recommend that they should be improved upon keeping in view the following factors :

i) The perimeter barrier should be to a minimum height of 8 feet measured from the appropriate ground level.

ii) The barrier could be made up by brick walls upto say 6 feet and barbed wire/grille fencing beyond that. The barbed wire should have a 'Y' shaped overhang; if grille, the design could be as per the design approved by the Committee based on the grille design in some foreign embassies in New Delhi (the approved design is already with the Premises Department).

iii) As it is desirable that the activities inside our compound - particularly the transport of remittances, the movement to the incinerators, movement of treasure between buildings (e.g. Kanpur) should not be exposed to public view, the decorative openings in the walls, the

grille compound may all be bricked up.

iv) If for any reason, the bricking up is not considered appropriate e.g. front of New Delhi office on Parliament street, the grille may be augmented with closed mesh and raised to the required height and topped with the standard grille fitting.

v) The dwarf wall in front of the Madras office building may be raised to a suitable height and then topped with grille tridents or of standard design, to prevent squatting on it or climbing it; at the same time, the inner wire mesh partition protecting the rear of the compound may be strengthened further.

vi) Wherever the existing built-up compound walls are of adequate height, their tops may be embedded with broken glass.

vii) Where there are adjoining properties e.g. Patna and Jaipur (new premises), the compound walls may be raised after providing for grille openings in juxtaposition with the windows of the adjoining property so as not to obstruct light and ventilation to them.

- and so on.

In short, the objective of the whole exercise should be to ensure that no unauthorised persons can enter the compound, whether or not our watchmen staff are alert. Further in this exercise it should be possible to blend

security and aesthetics suitably, the greater emphasis, however, being on security.

3.1.4 Entrance gates

The gates provided in the compound walls should also be of such specifications and design that climbing over them is rendered extremely difficult, if not impossible. However, the Committee's findings in respect of the entrance gates also are more or less akin to the observations in respect of the compound walls. There is neither any standard pattern of providing the gates nor are they uniform even in number. While the Committee appreciated that the positioning of the gates should be with reference to the public roads on the sides, the location of the buildings in the compound and the location of the public hall it is desirable that there is some standardisation in the number of entrances and their user. There are wide openings but no gates in the dwarf compound wall in front of our Madras building. There are two entrances into the compound e.g. Madras, Bangalore, Hyderabad and Ahmedabad, three entrances e.g. Gauhati and Kanpur and four entrances e.g. Bhubaneswar and Trivandrum. In some offices, the entrances to the safety yard for movement of treasure is provided separately e.g. Jaipur, Bhubaneswar and Trivandrum while in almost all our other offices, it is through the gates common for all vehicular traffic. The gates of most of our offices have got a smaller section for pedestrian traffic adjoining the larger gates; similarly, in some centres, a durwan's booth

is provided at the 'in' and 'out' gates or at least near them. The rear gates in most of our offices are utilised for the convenience of the staff entering from the rear approach or the maintenance staff quarters.

The Committee would recommend the following as standards which may be implemented as early as possible :-

i) There should be only a minimum number of gates into the compound.

ii) If there are a large number of gates, they should be locked up subject to the user set out below :-

a) The front 'in' and 'out' gates may be kept open during business hours.

b) Only one of the pedestrian gates of either of the two front gates may be kept open outside business hours. The larger gates for vehicular traffic, if any, should be opened by the durwan/security guard on duty according to necessity.

c) No other gate should be kept open at all; if it has however been a practice to permit entry for our staff/other vehicles through any other gate for facility of approach and parking of vehicles, such gates should be kept open for a limited time at the commencement of the office and closure of the office, and locked up otherwise.

d) Where there are a large number of residential quarters within the compound e.g. Kanpur, it is

desirable to have a separate entrance to their quarters and the quarters should be suitably segregated within the office compound so that no one can stray into the office compound through the staff quarters.

- e) Where there are separate gates for safety yard entrance, they should be utilised for this purpose only and not otherwise.
- f) All gates must have the same height and match with the compound wall, for affording effective protection.
- g) In addition, the gates which expose a view of the cash operations (e.g. safety yard, near the incinerator), etc. e.g. Patna and Trivandrum should be covered to a height of 7 feet at least, so as to protect our cash operations from public gaze.
- h) Durwan's booths must be provided near the gates which will give him full view of the traffic across the gates.

3.1.5 Gardens, trees, lamp-posts, etc.

For the same reasons stated earlier, the layout of the precincts of the compound walls on the inside should be aimed at preventing people jumping inside or outside. At least at some centres where the Bank has large compounds and available areas, it is but natural that some gardens are developed or neat lawns are laid out. Even where the entire compound is almost paved up, it is again but natural to have some trees planted or at least let the old trees stand so

long as they do not interfere with the buildings and roads. The Committee has observed good gardens developed in Kanpur, Bangalore and Patna offices and a lawn in Trivandrum. There are also a large number of trees in the Madras office compound, a few in Gauhati and Patna while some Ashoka trees are just coming up in Hyderabad. While the Committee is obviously not against gardens or trees in the compound, it has to be ensured that they do not pose security problems. For instance, the garden in Kanpur office is used/prone to be used by the staff and the public as a public park particularly in winter. The unbridled growth of shrubs/grass in the rear of that office also provides convenient hiding places for unwanted characters. The proximity of at least some of the trees in the Madras office compound or the Ashoka trees to the compound wall in Hyderabad is tantamount to providing convenient ladders for ingress into/egress out of our compounds, defeating the very purpose of the compound walls; the same would hold good for lamp posts which are in close proximity on either side of the compound walls. Having seen the position in the various offices and considering the matter, the Committee recommends the following steps in this regard :-

- i) Wherever a garden is developed, it should be suitably enclosed with a low-level railing or wall with a small entrance. The wall should be such as to prevent people squatting on it. This can be achieved by the wall being provided with some decorative grille e.g. tridents/semi-circular grille.

- ii) Wild growth of shrubs should be removed at appropriate intervals.
- iii) No new trees should be planted within a distance of 10 feet from the compound wall. Where there are already grown-up trees, they need not be cut down but the lower portions of the trunks should be covered with barbed wire.
- iv) Same steps should be taken about the lamp-posts located near the compound wall.
- v) In respect of trees and lamp-posts outside the compound but in close proximity to it, similar steps may be taken by approaching the municipal/electricity/telephone authorities or the owners of the adjoining properties.

3.1.6 Illumination

Proper and bright illumination of the compound area is a must for the prevention and spotting out of any undesirable activity in the compound. In fact, the bright lights themselves will act as a deterrent to any person(s) indulging in such activities. The Committee has observed during its visits that the illumination is not of the desired standard in all cases. For instance, the compound lights in Ahmedabad office are more decorative than functional. Due to the non-functioning of these lamps, the rear area adjoining the Sabarmati was found to be pitch dark in the night. The lighting in the Madras office compound was also not adequate. The rear of the Kanpur office compound was not properly lit.

The Committee would make the following recommendations in this regard :-

- i) Steps should be taken to have proper and bright illumination of the entire compound area.
- ii) As a precautionary measure, the outer walls of the office premises should be provided with bracket mounted lights so that the periphery of the office building at least, will have good lighting.
- iii) To provide against power failures, load shedding, or a deliberate mischief, at least a few of the periphery lights should be connected to the Bank's own emergency power supply.

3.2 Armed Police guards

3.2.1 The Bank makes arrangements with State police authorities for the provision of armed police guards for guarding the Bank's premises and the property, including in particular, the treasure contained therein. In the case of Union territory of New Delhi and the special circumstances of Gauhati, some Central police unit provides the armed guards. So far as the State police authorities are concerned, the police guards are drafted from the regular city/district armed police or the State reserve police force.

A statement showing the cadre of the police force and the number of officers/men, etc. provided at our various offices is furnished below :-

| Cadre of the police force | Sub- Ins- pec- tor | Res- erve Sub- Ins- pec- tor | Ass- tt. Res- erve Sub- Ins- pec- tor | Jama- dar | Head Cons- table | Police Const- able |
|------------------------------------|-----------------------------|---|--|--------------|------------------------|--------------------------|
| (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Ahmedabad District armed police | 1 | - | - | - | 20 | 62 |
| Maharashtra armed police | - | - | - | - | 4 | 28 |
| Maharashtra armed police | - | - | - | 1 | 4 | 28 |
| City armed reserve police | - | 1 | 1 | - | 16 | 64 |
| 7th armed police battalion | 1 | - | - | - | 6 | 43 |
| Calcutta armed police | - | - | - | - | 12 | 53 |
| Special security bureau | 1 | - | - | - | 4 | 36 |
| City armed reserve police | - | 1 | 1 | - | 12 | 56 |
| Rajasthan state police | 1 | - | - | - | 4 | 16 |

| ----- (2) ----- | (3) | (4) | (5) | (6) | (7) | (8) |
|--|---|-----|-----|-----|-----|-----|
| City armed police | 1 | - | - | - | 2 | 20 |
| Special armed police | - | 1 | 2 | - | 4 | 44 |
| State reserve police force | Police Insp- ector - 1 Police Sub- Insp- ector - 3 | - | - | - | 20 | 91 |
| Special security bureau (para- military force) | 2 | - | - | - | 4 | 35 |
| Bihar military police | 1 | - | - | - | 4 | 25 |
| Trivandrum district armed police | Res- erve Ins- pec- tor - 1 Rese- erve Sub- Ins- pec- tor - 2 | - | - | - | 12 | 64 |

3.2.2 Present arrangements

It has been observed that the sentry positions are not only located within the building near the cash/vault

areas but also at the entry points to the premises e.g. entrance to public halls, staff entrances, counters and note examination sections. The actual location of the sentry posts, the duration of the positions (round-the-clock/office hours/business hours) and the total resident strength are all settled by the local police authorities in consultation with the local office. The final approval and the financial sanction for the expenditure are obtained from central office. It is thereafter the responsibility of the local office to ensure that adequate police arrangements are made and maintained properly. Any variations suggested by the police or the office are discussed with them and cleared with central office.

3.2.3 Committee's findings and recommendations

The Committee has taken special care to examine the position in each office not only by observation in general but also by closely questioning the guard commander as also a few head constables/constables in regard to all the arrangements connected with police guards. The Committee is aware that so long as the police force is drawn from the different State police authorities, their strength, deployment, guard instructions, arms, ammunition and custody will all be based on the respective state police manuals/regulations. Even allowing for these, there were found to be variations in relation to the nature of duties for which the armed guards were drafted and stationed. The findings of the Committee in relation to the various

aspects of the police guard arrangements as well as the Committee's recommendations in relation thereto are set out in the following paragraphs.

3.2.4 Cadre of the police force

As set out in the statement in para 3.2.1 there are variations in the cadre from which the guards are posted. As a general rule, whenever the guards were drawn from the state reserve police, there was better discipline/turn-out than if the guards were drawn from the city/district armed police. The special security bureau (a central para-military cadre) was of course one step better than the state reserve police forces. The following further findings are also relevant to the issue for choosing the appropriate cadre :-

i) As the reserve police force move as a unit, they have their own arrangements for cooks, dhobis and barbers; as a consequence they have normally no need to remain away from the Bank's premises unlike their counterparts in the other cadres.

ii) As the reserve police force normally live in camps/special barracks, away from their families and are moved to the office from some units, outside the city also, they have no local moorings or residences to go to; on the other hand, the city armed police have necessarily their residences in the city - in police lines or private quarters. The latter are thus prone to be away from our premises.

iii) More often than not, the city armed police are drafted for other duties like agitations, VIP visits, bandhs, etc. with the result that their strength in the Bank gets depleted resulting in non-manning of certain posts or the others having to do extra duties.

iv) The state reserve police are used to a better discipline and more rigorous life. The city police are mainly for law and order situations and ordinary police duties.

v) As already stated, the turn-out of the state reserve police is much smarter than that of the city police.

vi) In the matter of arms handling and maintenance also, the state reserve police are much more efficient than the city police.

All factors considered therefore, the Committee recommends that the Bank must make every endeavour for having the police guards drafted from the state reserve police units, if not the Central Industrial Security Force as recommended in para 7.11.2. Accordingly, the offices concerned as shown in the statement which are at present having city/district armed police may approach the concerned state governments for expeditiously bringing about the change.

3.2.5 Strength of the police force

The Committee has found that there are several variations in the sentry positions, duty hours, additional duties, method of arriving at the total strength and billeting of the reserve guards in the different offices

as will be seen from the following :-

i) While in all offices there are sentry positions in the basement vault area, their number varies from office to office, even after taking into account the area of the basement and the number of entrances.

ii) In almost all offices e.g. Madras, Calcutta and New Delhi, there were sentry positions near note examination sections. There were no sentry positions near note examination sections in some other offices e.g. Ahmedabad and Kanpur.

iii) Besides the actual sentry positions, there were police guards provided for local escort duties i.e. post office and incineration e.g. New Delhi, Nagpur, Hyderabad and Madras offices or public hall duties e.g. Madras, Calcutta and Ahmedabad offices or even for remittance escort duties e.g. Ahmedabad.

iv) The alert duty hours to be performed by each constable varied according to the state police regulations. It was 6 hours in a cycle of 24 hours in certain offices e.g. Bangalore, New Delhi and Nagpur, while it was 8 hours in a cycle of 24 hours in certain other offices e.g. Trivandrum. This naturally affected the number of men provided for each post i.e. each post called for 3 men or 4 men for a 24 hour cycle.

v) There were variations in providing for leave reserves and training reserves. Further, there were also variations in the procedure for keeping the reserves. In

some centres they were kept in our office itself, while in some other offices they were kept in the police lines to be drawn upon, if the need arises.

vi) In view of the revised thinking on perimeter security (cf. para 3.1.3), it will be necessary to have a few external police sentry positions in the compound area; as a concomitant to this, a few pill boxes should also be provided in the compound. In locating the external sentry positions, the principle should be for a minimum number and at the same time, they should be able to have visual contacts during their patrol beats so as to cover the entire area of the compound.

The Committee has considered all these aspects and accordingly recommends that although the Bank cannot seek to achieve cent per cent standardisation in these respects, it should be possible to take up with the police authorities for uniformity at least on those aspects which are not strictly governed by the state police manuals e.g. sentry positions, nature of duties for which guards are drafted and attachment of reserves.

3.2.6 Guard Commanders

The Committee has found vide the statement in para 3.2.1 that there is not only no uniformity in the posting of a Guard Commander but in some cases, there were no officers attached to the unit in the office. Its findings in particular

are :-

i) In a few offices, there is no officer on duty in the Bank's premises e.g. Ahmedabad. The highest rank available was just a head constable for each unit of 4 constables with no officer for overall supervision. There were also no officers in the premises in Bombay, Byculla and Calcutta.

ii) Even when there was an officer in charge of the unit, he was not present in the premises throughout the time. It was not, of course, possible for one officer to remain on duty all the 24 hours.

iii) The guard commander's presence in or absence from the office makes all the difference in the discipline of the men and more particularly their availability in the guard room.

The Committee, therefore, strongly recommends that the Bank should arrange for a guard commander of the officer cadre to be present on the premises all the 24 hours. Obviously, this will need the attachment of 3 or 4 officers to the unit so that one can be present by shift duties which will involve additional expenditure. The Committee is of the opinion that this expenditure is worthwhile as it will ensure the maximum utilisation of all the men for whom the Bank pays for.

3.2.7 Guard instructions

The Committee has observed that guard instructions are neither drawn up comprehensively nor uniformly. For

instance, the guard instructions in Calcutta office define each sentry position and delineate its jurisdiction and duties quite comprehensively. Further, the emergency drill is also set out in good detail. Similar comprehensiveness is seen in the guard instructions in Nagpur office but they have been drawn up in 1969. The Jaipur instructions are quite comprehensive. In Ahmedabad, there are no detailed instructions at all except a few painted on a sign board in the guard room. The guard instructions in Trivandrum office were yet to be approved while in Hyderabad, the instructions were in the draft stage as the guard strength itself has not yet been finalised. In most of the offices, the guard instructions bear a very old date but there is no certification regarding their review from time to time. While the instructions must be readily available for reference and also available in the local language for the comprehension of the policemen, the guard instructions had to be hunted out in some cases when asked for by the Committee. In many cases, there was no clear information whether the men were conversant with the instructions.

In the light of the foregoing, the Committee recommends that the offices of the Bank should take up with the concerned police authorities the drawing up of comprehensive instructions according to the latest position and reviewing and updating them at periodical intervals. The guard instructions of Calcutta and Nagpur office which are quite comprehensive are furnished in appendix VI and the instructions in various centres can be modelled on

these providing of course, for necessary local variations. The guard instructions, apart from Hindi and English, must be made available in the local language also. While it should be the responsibility of the guard commander to ensure that the men attached to the unit are conversant with the normal and emergency duties, their signatures should also be obtained in a register kept for the purpose. Besides, the sentry on duty at each post should have in his possession his duty list in a plastic jacket which should also be handed over to the reliever whenever there is change of duty.

3.2.8 Guard room - space, furniture, etc.

This is an area which is well within the realms of Bank's control but here also the Committee has found many variations in arrangements, some of which are due to infrastructural constraints. The findings are broadly as under :-

i) The accommodation for the guards is totally inadequate e.g. Patna or very much inadequate e.g. Ahmedabad Gauhati, Trivandrum and Bhubaneswar.

ii) The accommodation is provided in different floors e.g. Nagpur, Jaipur (present premises) and Gauhati or in different buildings e.g. Hyderabad and Kanpur.

iii) The guard commander does not have a separate room/enclosure e.g. Kanpur and Madras or the allotted room is far away from his men e.g. Trivandrum.

iv) The ventilation is poor; there is scope for

fitting more ceiling fans or wall bracket fans e.g. Calcutta, Trivandrum, Patna and Nagpur (basement room).

v) No cots have been provided to the guards in some offices; in fact, in Madras office, the guards had to sleep on benches. Where the cots are provided, they are not adequate or the upper tiers of the two-tier cots are not used at all for want of proper ventilation, congestion and stuffy atmosphere. Mattresses have not been provided; the bathroom/toilets are not adequate, are not cleaned and are not functioning properly. Many of these shortcomings are prevalent in almost all the offices.

vi) No proper coat stands or hooks have been provided for the men to keep their uniforms, etc. (general lack of facilities in most of the offices).

In the light of the foregoing, the recommendations of the Committee are obviously that the provision of adequate number of cots (two-tier cots, only if there are space constraints), coir mattresses, good ventilation and other comforts to make the stay of the men congenial when taking rest, should receive the special and prompt attention of the offices. The Committee strongly feels that the guard room should be made spacious and fairly comfortable in the Bank's own interests. Firstly, unless the men rest well, they may not be as alert as required during duty periods. Secondly, if it is uncomfortable, they may also be prone to slip away from the Bank's premises on one pretext or the other. The Committee recommends that the guard commander should be given a

separate room adjoining the guard room or an enclosure within it in the interest of maintaining discipline and for mutual convenience. This is particularly necessary as the Committee have elsewhere recommended that a guard commander should be available at all times and the absence of a separate room should not be cited as a convenient 'alibi' for not posting an officer on the premises.

3.2.9 Mess arrangements

As already stated, wherever the reserve police force is attached, they should have a kitchen for making mess arrangements on the spot. It was found by the Committee that in some cases e.g. Gauhati and Bhubaneswar proper kitchens are not available. As we have elsewhere recommended that the Bank should aim at getting the reserve police force at all centres, the Committee, as a concomitant, recommends that proper kitchen facilities should be arranged for and the existing ones improved to the desired extent.

3.2.10 Rotation

Rotation of the guards is a must so that the performance of their duties does not become stale and is not reduced to a routine. On the other hand, very quick rotation may not also make for efficiency. It was found by the Committee that the periodicity of rotation varied from centre to centre - every 24 hours (Bangalore), every 48 hours (Nagpur), weekly (Trivandrum), fortnightly (Calcutta), one-third force every 3 months (New Delhi and

Jaipur), over 2 to 6 months (Kanpur); the guard commander in Kanpur for instance had not been changed for almost two years, and so on. These variations may not be solely due to state police regulations but more for the convenience of the police department.

While the Bank may not directly interfere with the arrangements in this area, the Committee recommends that efforts may be made to discuss the matter with the appropriate police authorities and arrange for the rotation of about 25% of the men at say fortnightly intervals so that there is always an experienced group available in the Bank and at the same time, the entire group gets replaced in 2 or 3 months time. Some rotation for the guard commander is also necessary.

3.2.11 Approach to security areas

It has to be ensured that the guards have no impediments in their reaching the sentry positions or rushing to take positions in an emergency. Guard rooms in two floors or two buildings vide para 3.2.8 are themselves a handicap. Impediments in the passage e.g. opening of a gate in New Delhi, security areas in higher floors e.g. note examination sections in Ahmedabad and Byculla do not also make for facility of operation. Further, the provision of bolting arrangements on the security side of the guard room door in almost all the offices is a risky arrangement in that the bolting of the door will totally immobilise the back-up force in the guard room.

The Committee recommends that the guard room should be located in close proximity to the security areas and all impediments in their free passage to the sentry positions or the security areas removed or at least reduced. The Committee also recommends that in view of the imperative need that the guard room is not used as a common passage, a sentry post may be created just at its entrance from the outside wherever it is not in vogue. Such posts are already set up in certain centres e.g. Hyderabad, Kanpur and Trivandrum.

3.3.1 Arms

In the majority of the offices e.g. Madras, Calcutta, New Delhi and Nagpur the men are provided with .303 rifles. In a few offices like Ahmedabad and Hyderabad, the men have .410 muskets. The men in Gauhati office have in use 7.62 mm rifles while they have in store 10mm rifles. All the rifles have bayonets. The head constables in Patna have sten guns. All the police officers as well as the jamadar in Byculla have service revolvers. The provision of the arms is of course according to the police regulations in vogue in each state. The Committee, however, found that the Bank had not provided proper storage facilities in the guard room e.g. not adequate rifle stands (Hyderabad), no locking up or chaining facility or no enclosure in most of the offices. In Patna, the men were keeping their arms along with them in the beds but the further handicap was that they were resting all along the patrol corridor or the packing hall for want of adequate accommodation. In Ahmedabad, rifle stands

for four rifles were provided near each sentry post and all the arms were thus distributed at the sentry posts with none in the guard room. In Patna, the same arrangement was in vogue only for the night shifts.

As regards the maintenance of the arms, the Committee took special interest in inspecting the arms at each centre to see their cleanliness, etc. Except in a few centres e.g. New Delhi, Nagpur, Hyderabad, Patna, Kanpur and Bhubaneswar, the maintenance of the arms was not up to accepted standards. Further, inspection by the commandants/inspector of armaments was generally in vogue only for the reserve police force.

Considering all aspects, the Committee would recommend the following arrangements to be made in consultation with the police department :-

i) Although the .303 rifles or .410 muskets present a 'properly armed' look to the guards, their use in an emergency because of the weight, length, manoeuvrability, etc. in a crowded place may be somewhat restricted. As such, more sophisticated arms like self loading rifles or sten guns may also be provided at least in the guard rooms for use in an emergency.

ii) Adequate rifle stands may be provided in the guard room for the safe keeping of the arms.

iii) In the opinion of the Committee, the distribution of the arms at the sentry positions does not appear to be conducive to emergency operations. Efforts may be made to

change the practice and store all arms in the guard room.

iv) The police authorities may be prevailed upon, wherever necessary, to have the arms inspected regularly and ensure proper maintenance of the arms.

3.3.2 Ammunition

The rifles with the men on duty or in storage, were all unloaded. Even when they rushed to meet an emergency, they carried only unloaded rifles. However, all the men except in one centre, had some rounds of ammunition ranging from 10 to 50 rounds in their pouches while the balance was stored in the guard room. The unique and surprising exception was Nagpur office, where the men carried no ammunition at all even on their person when the emergency alarm was sounded by the Committee for testing their alertness and ability to meet an emergency; not only their rifles were unloaded but their pouches were also empty. This was as good as they were unarmed and this was the position in our office with the most valuable treasure viz. gold stored in large quantities viz. 85 per cent of our total holdings (the position has been got immediately rectified by the Committee). The ammunition in reserve in the guard room was found to be stored in different types of boxes ranging from simple wooden boxes to steel boxes and kept here and there.

The Committee also found that the bullets in some offices, bore year of manufacture as old as 1968/1969; although the bullets have no particular date of expiry,

there was no knowledge whether they were alive or dead. Suitable instructions have since been issued by central office at the instance of the Committee.

The Committee would accordingly recommend that -

- i) the present practice of carrying unloaded rifles may continue but it must be ensured that the men carry adequate ammunition with them, say 20 rounds;
- ii) the balance of the ammunition should be properly stored in the guard room and be readily available for issue in case of need; if need be, a dwarf size steel cupboard may be provided for the purpose; and
- iii) the ammunition in use/reserve should be periodically tested by the police department to ensure that they are 'live'.

3.4.1 Telephones

This is another area which is entirely within the control of the Bank, at least regarding the provision of telephones; maintenance may sometimes be due to the indifference of the telephone department. The Committee found that in some offices an extension from the office telephone board was provided e.g. New Delhi, Madras, Nagpur, Trivandrum, Jaipur and Hyderabad; it was converted into a night connection outside office hours e.g. Nagpur, Madras and New Delhi; it was not ^{so} converted e.g. Trivandrum and Jaipur; a hot-line was provided which operated on lifting the telephone e.g. Hyderabad, Gauhati; it operated on

manual rotation of a handle e.g. Jaipur and Patna; no hot-line was provided e.g. Bhubaneswar; the hot-line was dead e.g. Ahmedabad and Hyderabad; a special line to the fire brigade was provided e.g. Madras. In Nagpur office, a two-way wireless contact was available which was brought into use for gold remittances.

There can be no two opinions that in the interests of the Bank and its security, the availability of telephone contact to the outside world and the police control room is a must. Accordingly, the Committee would recommend :-

- i) An extension from the PAX, PBX/PABX telephone board of the office.
- ii) The extension instrument of the PBX/PABX should have dialling facility and should be converted into a night connection outside office hours.
- iii) There should be a hot-line, which should preferably establish contact on lifting the receiver.
- iv) Where the instrument operates manually, the batteries and connecting wires must be safely covered to prevent mischief.
- v) It must be invariably ensured that the 'hot-line' does not become 'cold' (as found in many cases) but is always in efficient working order.
- vi) Because of the frequent breakdown of the telephone lines and the time lag in setting them right, the police department may be approached for

providing the guard commander with walkie-talkies with the same frequency as the wireless mobile patrol vehicles of the police department. As we see even traffic policemen are equipped with walkie-talkies, the police department may perhaps be specially requested for the facility.

3.5.1 Emergency alarm drill

The arrangements for the emergency alarms installation are dealt with separately under internal security. However, the Committee has considered it appropriate to record in this chapter its views on the drill prescribed for the police guards whenever the emergency alarm is sounded. Apart from studying the prescribed drill theoretically, the Committee actually tested the turn-out by a surprise test of the alarm e.g. Madras and Nagpur. The Committee has found that there are varying practices in different offices for the back-up force to take their positions in times of emergency as under :-

i) In certain offices like New Delhi, Trivandrum and Nagpur, each sentry position is doubled or trebled or even quadrupled. In the last case e.g. New Delhi there is no strike force left to rush to the trouble spot except the guard commander and one or two policemen on miscellaneous duties.

ii) All the policemen in the in the guard room in Byculla take position around the premises at the ground floor level. The guard commander viz. jamadar alone

proceeds to the trouble spot.

iii) In the Madras office, the guard commander, with a few men, first reports to the Treasurer and then acts under his guidance to proceed to the trouble spot.

iv) In offices like Jaipur and Hyderabad, the guard commander with a few men moves direct to the trouble spot; as however he has only a zonal indication and not a pointer to the specific trouble spot, he has to hunt out the place.

v) In Bhubaneswar, the guard commander stayed back to issue arms/ammunition to the policemen before he himself went out to deal with the emergency.

vi) Under the arrangements as in vogue in Ahmedabad where the rifles as well as the men are more or less distributed at the sentry positions themselves, the guard room is devoid of men or arms for rushing to the trouble spot.

vii) In Nagpur office, the guards take position inside pill boxes provided round the building and in the vault area. Such an arrangement is not in vogue at any other centre.

viii) In Gauhati and Nagpur offices, it was seen that there was a daily drill for the emergency alarm at a fixed hour after closure of the office.

The committee has discussed the various practices and would recommend the following :-

a) The alarm system should be so designed that not only the guard commanders but also the other concerned

persons viz. Managers, Currency officers, Treasurer and Assistant Security Officers immediately come to know the actual trouble spot - at least the zone where the trouble has arisen.

b) On sounding of the alarm the sentries already in position should become alert and where they are near exit/entry doors, should ensure their being closed promptly by the watch and ward staff of the Bank. They should at the same time not allow anyone to enter into or exit from the Bank through the doors.

c) There should always be a minimum back-up force in the guard room who should have not only necessary instructions but also be conversant with the instructions for their deployment in an emergency.

d) The existing sentry positions could be doubled or trebled (depending on the availability of persons) but the guard commanders along with some reserve strength of policemen should straightaway proceed to the trouble spot without going through the Treasurer and security officers or other officers.

e) There should be no need for the guard commanders to issue arms and ammunition to the policemen proceeding to take up their positions in an emergency. They should automatically pick up their rifles and the ammunition and rush to the spot while the guard commanders should be already out to deal with the emergency. At best, a head constable can remain back for supervising the men

obtaining their arms and ammunition before rushing out.

f) The outer gate of the guard room itself should be locked up to prevent entry of outsiders into the guard room.

g) The entire exercise of the deployment of the guards should not take more than a couple of minutes; to this end, there should be sufficient drills through surprise alarms.

h) So far as the Bank's own officers are concerned, they must reach the trouble spot after getting the necessary indications on their indicator boards.

i) The result of the exercise of surprise alarm tests, at each stage of activity, should be recorded in a register and reviewed by the Manager.

Wherever the present practice is in variation with the recommendations of the Committee, the local office may discuss the matter with the local police authorities and evolve a suitable system.

3.6 Contingency plan

Apart from occasions when emergencies are dealt with adequately with the internal i.e. resident Police force that is available in our premises, there may be occasions when additional police force is to be sought for from the local police headquarters/nearest police station e.g. by contacting the police control room through the hot-line. Contingent plans should be drawn up for smooth operation on such occasions so that there is no confusion regarding the deployment of the police force e.g. the approach through which the additional police force should come in, the officer to whom they should

report, and so on. An actual drill should be drawn up which should also be rehearsed at least once a year so that all concerned i.e. the Bank's top officials, security officials, the guard commander and the local police authorities are fully conversant with the arrangements. Accordingly, the Manager of each office should take up the matter with the local police authorities and settle the procedure under advice to central office.

CHAPTER 4Internal Security

The aspects dealt with under this chapter constitute security measures against risks emanating from internal sources e.g. thefts and pilferages, the protection against which, apart from effective procedures, would lie in an efficient security set up, segregation of security areas, internal access control, infrastructural facilities, emergency alarms and body search. The proper storage and locking up of cash and other valuables would also come under this aspect; however, for the sake of convenience, they are dealt with in a separate chapter.

4.1.1 Present Arrangements

Before going on to deal with these internal security aspects, it is necessary to notice, in brief, the present internal security arrangements which are in vogue in the Bank. These would comprise :-

(i) A security set up with the following categories of staff :-

| | | |
|--|---|---|
| Protocol & Security Officer (Gr. 'C' or Gr. 'B') | : | One (in a few offices only) |
| Assistant Security Officers (Gr. 'A') (Internal Security) | : | One |
| Security Guards | : | For manning round-the-clock posts in non-cash areas. |
| Durwans - | | |
| (a) Cash Department | : | For performing duties during office hours in Cash Department. |
| (b) General side | : | For performing duties during office hours in non-cash areas. |

A statement showing the internal security staff in the offices (as on the dates of reports) is furnished below :-

| Name of office | Number of | | | |
|----------------|--|---------------------------------------|-----------------|---------|
| | Protocal & Security Officers (Gr. 'C') | Assistant Security Officers (Gr. 'A') | Security Guards | Durwans |
| 1) Ahmedabad | - | 1 | 9 | 15 |
| 2) Bombay | 1 | 1 | 6 | 25 |
| 3) Byculla | - | 1 | 7 | 22 |
| 4) Bangalore | - | 1 | 2 | 25 |
| 5) Bhubaneswar | - | 1 | 7 | 12 |
| 6) Calcutta | 1 | 1 | 19 | 60 |
| 7) Gauhati | - | 1 | 10 | 16 |
| 8) Hyderabad | - | 1 | 16 | 26 |
| 9) Jaipur | - | 1 | 12 | 16 |
| 10) Kanpur | - | 1 | - | 30 |
| 11) Madras | 1 | 1 | 33 | 65 |
| 12) Nagpur | - | 1 | 3 | 26 |
| 13) New Delhi | 1 | 1 | 8 | 25 |
| 14) Patna | - | 1 | 7 | 22 |
| 15) Trivandrum | - | 1 | 7 | 11 |

The nature of duties performed by the above categories of staff are as under :

The Protocal and Security Officer is not only in charge of the security arrangements but as the very nomenclature signifies, he also attends to Protocol duties i.e. attending

on VIPs and Senior Executives. He is also in charge of the general maintenance of the office i.e. sweeping, swabbing, dusting, cleaning of the premises and maintenance of cars.

The Assistant Security Officers assist the Protocol and Security Officer in the discharge of his duties. Invariably, one of the Assistant Security Officers is specifically designated to be in charge of the Internal Security in the office. He is required to take his seat in the public exchange hall during business hours and also keep an alert eye on all matters which affect security, particularly safe keeping of the treasure. He has also to maintain a close liaison with the armed police guards and also be alert whenever the emergency alarm is sounded.

The security guards are required to perform 8-hour shift duties in positions which are manned round-the-clock. They are generally at the main entrances to the Bank's premises and the staff quarters. They come under the orders of the Protocol and Security Officer and the Assistant Security Officer in charge of the internal security.

So far as the durwans are concerned, there are two categories. The durwans in the cash department perform duties during office hours at the entrances/exits of the cash department or in the various units within the cash department viz. vaults, note examination sections, treasurer's hall and public counters (on the inside). They come under the orders of the Treasurer. The durwans (general side) perform duties again during the office hours at various points in the office premises e.g. internal entrances/exits,

in non-cash department areas say, staff entrance, deposit accounts department, public accounts department, public debt office and exchange control department. They come under the orders of the Protocol and Security Officer/ Assistant Security Officer.

4.1.2 Efforts have been made to segregate security areas within the Bank's premises, entry into which is to be regulated through special identity cards or permits issued to the Bank's own staff or visitors, who have to perform their duties or transact business in the cash department. There is also a system of identity cards issued to all other staff in the Bank which would give them entry into all the other areas of the premises except the security areas.

4.1.3 There is an emergency alarm bell system with activating buttons located at vulnerable points where there can be a threat to cash. The general set-up of the system is that on the system being activated, the emergency bell rings in various points; there are annunciator boards in the police guard room, the Manager's and the Currency Officer's rooms to indicate the particular region or the particular spot where the emergency has arisen. The emergency drill consists of the Bank's durwan staff closing all the doors of the premises and bringing the lifts to a stop so as to prevent entry/exit of anyone. So far as the police are concerned, those already in sentry positions become specially alert while the back-up force resting in the guard room rush to take up additional positions as well as form a strike force reaching the emergency spot without

delay. Different state police authorities have prescribed different drills for such contingencies.

4.1.4 There is a system of body search in vogue in respect of class IV staff who are frisked by the cash department durwans whenever the cash department class IV staff leave from the vaults, note examination sections, note verification sections and the incinerators.

4.2 Revised set-up

The Committee, after considering the present security set-up at the branch levels, has made certain major recommendations in these areas which are separately set out under the chapter "Security Organisation". However, the consideration of these recommendations and their implementation would take some time as apart from other things, they also involve drafting of senior police officers on deputation with the Bank, inducting of the Central Industrial Security Force (CISF) in a phased manner, etc. In the circumstances, it has been considered appropriate to recommend certain changes even under the present set-up, following the Committee's observations and findings during their visits to the Bank's various offices; in due course, i.e. after the major recommendations of the Committee are implemented, corresponding changes will also have to be made in the present internal security arrangements.

4.3 Assistant Security Officer

The Committee has observed the following in respect of the Assistant Security Officers.

i) Irrespective of the size of the office, security area and cash transactions, there is only one Assistant Security Officer in charge of the entire internal security in each of the offices.

(ii) In some offices, e.g. Nagpur, Gauhati and Bhubaneswar, there is only one Assistant Security Officer who, apart from attending to the internal security, has also to look after maintenance, protocol, many outdoor duties and in one case, lounge supervision also.

(iii) During the business hours, the Assistant Security Officer internal security is more or less tied down to his seat in the public hall and as such he has no opportunity to supervise the security area by taking rounds.

In view of the important nature of the duties entrusted to the Assistant Security Officer, the Committee would recommend the following :

(i) In the larger offices, where there are large crowds in the public hall as well as say more than 6 note examination sections, there should be at least 2 Assistant Security Officers (internal security) who can share between them the public hall duties and the supervision of security areas; these offices would be Bombay (main office - old building), Delhi, Calcutta, Madras, Kanpur, Nagpur and Bangalore.

(ii) Suitable instructions demarcating the areas of duties should be drawn up whereby one of the Assistant Security Officers can take rounds in the premises and in particular in security area to spot out any unauthorised person or conduct a surprise check of identity cards/ security permits.

(iii) In those offices where there is only one Assistant Security Officer for all types of duties, an

additional Assistant Security Officer should be sanctioned so that one of them can exclusively attend to the internal security; all the other duties should be entrusted to the other officer.

(iv) The Assistant Security Officer to be placed in charge of the internal security should be from the direct recruits to this cadre; the promotee may be posted for other functions e.g. maintenance etc.

(v) To ensure a clear nomenclature, the term Assistant Security Officer should apply only to the officer in charge of security. The designation of the other officer who attends to maintenance should be different from the Assistant Security Officer.

(vi) The seat of the Assistant Security Officer in the public hall may have a raised platform so that he can have an overall view of the entire hall.

4.4 Security Guards

So far as the present cadre of security guards is concerned, the Committee does not consider it necessary to make any changes. However, the Committee has observed the following :

(i) No specific duty lists have been prescribed for the security guards, nor any training afforded to them in any of the offices.

(ii) The security guards are in the majority of the offices, wearing uniforms of white colour which is the same colour used by all the other categories of subordinate staff.

The Committee would recommend that the security guards should be given specific duty lists; suitable training also should be imparted to them for checking the various kinds of identity cards/gate passes and the manner of doing it politely, but at the same time firmly. It is also recommended that the security guards in all our offices should be provided with Khakhi uniforms or a colour other than white to distinguish them from other Class IV staff.

4.5 Durwans

Except in a negligible number of centres e.g. Hyderabad, there are two categories of durwans in all our offices - one coming under cash department and the other under general side. The Committee found that because of this diarchy of respective groups functioning under orders of the Security Officer or the Treasurer, there is no effective functioning of this cadre, particularly in the cash department. It was further observed that the durwans of the cash department belong to a separate cadre within the department in some offices, but in a majority of the offices, some mazdoors were drafted and posted as durwans (in the Madras Office they are actually known as gatemen). The Committee has, therefore, come to the conclusion that these arrangements are not conducive for proper watch and ward duties in the cash department. In particular, these persons are just durwans in name but they are neither equipped nor can be expected to perform the duties required of them.

In the circumstances (and until the Central Industrial Security Force is inducted for the purpose) the

Committee would recommend the following :

(i) The durwans - whether of the cash department or the general side - should be merged into a separate cadre coming under the orders of the 'Security Organisation' and not under the Treasurer.

(ii) After the durwans working in the cash department and the general side are grouped together, promotions to the security guards cadre should be made from this group.

(iii) As a matter of policy, they should be recruited only from ex-servicemen.

(iv) The durwans should have nothing to do with the cash department activities except carrying out the watch and ward duties at the entrances to the vaults and the note examination sections.

(v) The present practice of posting even 'ticcas' (i.e. daily wage persons) as durwans should be given up forthwith. All casual absences in the durwan's cadre should be filled by posting regular durwans from the leave reserve strength. In cases where no leave reserve strength is available, at least a peon (who belongs to the general side), should be posted to fill up the vacancy and none from the cash department (mazdoors) should be posted to work as durwan in the cash department.

(vi) The suggestions made regarding 'Khaki' uniforms, better turn-out and training would apply 'mutatis mutandis' to the cadre of durwans also.

4.6.1 Security Areas

It is necessary that the areas where cash is handled must be segregated from the general areas of the Bank's premises, preferably with a single point entrance on each floor. The areas which would come under the security area concept will be the vault areas, the patrol corridors, the remittance packing areas, the safety yard when it is in operation, the note examination sections, the public counters, the treasurer's hall, all adjoining corridors which give access to the above, the bullion lift, the note verification sections and the incinerators.

The Committee has observed that notwithstanding the identical nature of the activities conducted in the issue department in all the offices except for variations in volume, there was no identity or even similiarity in the internal lay out. The Committee is, no doubt, aware that the shape, dimension and size of the plot, its location, permitted built-up area, etc. will all have a bearing on the actual building that can be put up. Even assuming that there have to be changes in this, the internal lay out for the cash department could have had some similiarity, developing progressively from the experience of one building to another. The present position is replete with dis-similarities from office to office not only externally but also internally. In fact, it can be safely said that no two buildings are alike. The result is that there are many problems of clear demarcation of the security and non-security areas and the grey areas could not be wished away. For example, the approach to the deposit accounts department strong room

(a non-security area) in Hyderabad was through the security area. The area behind certain cash counters in Bangalore office (which should be a security area) also provided a common passage to the rear. The location of a common toilet to all the staff in the ground floor of the Gauhati and Bhubaneswar offices prevented segregation of the passage thereto (which was also a part of the patrol corridor of the day-to-day vault) into a security/non-security area. The existence of record room/stationery room/stores room in the basement, opening into the security area/patrol corridors e.g. Bombay and Kanpur offices worked against effective segregation. The location of the various cash handling units in different and higher floors and away from the basement/ground floor e.g. Ahmedabad, Byculla, Kanpur and Calcutta posed handicaps in the observance of security. In offices like Calcutta and Nagpur the lobbies just outside the note examination/verification sections or the area behind the counters which are security areas are used as a regular passage for all and sundry to reach the annexe. The rear staircases in almost all our offices provided a common approach to the security areas and non-security areas. The absence of an internal passage to the basement (or the ground floor) where the vaults are located and the (ground floor/higher floors) where the cash is handled necessitated moving treasure through non-security areas e.g. Byculla. Even the new building shortly to be commissioned at Jaipur suffered from this shortcoming - the bullion lift and the staircases are entirely outside the security area. As the situation is peculiar to each office, the Committee has in

its Regional Reports in Volume II made certain recommendations in regard to the segregation of the security areas in each office by erecting/shifting some partitions, sections, etc.

4.6.2 The above structural aspects hold good in regard to the entrances into the security areas also. Because of the distribution of the security area in different floors/ in different locations, as stated in the previous para, it has not been possible to provide one common entrance to all the security areas. Even where there are more than one entrance into the security area, it should be the policy that all the other entrances should be kept closed during the hours when the security area is in use for handling cash e.g. corridors adjoining the note examination sections (Bangalore, Hyderabad, Kanpur and Madras). The entrance into or out of this corridor may be kept open for the facility of movement of staff before or after office hours, but once the cash is in process, there should be only a single entrance which should also be properly manned for regulating the entry of people into the area. Suitable sign boards should be exhibited in the areas at prominent positions and in particular at the entry point requiring everyone to display their security passes so that skirmishes between the durwan on duty and the staff/visitors can be avoided. The Assistant Security Officers (Internal Security) should also make it a point to be present at the entry point occasionally so as to bring about a discipline in this regard. Similarly, they should also politely enquire of any strangers whom they come across within the security area to verify whether their entry into the security area has been authorised.

4.6.3 Even within the security area, it is necessary that the security pass holders are not allowed free access to any point other than where they are required to perform their duties - for instance, it has been observed in many offices e.g. Ahmedabad, Hyderabad and Kanpur that the staff in the note examination sections before or after completing their work or sometimes even during the work session itself, move into the Treasurer's hall and among other things, make efforts to transact business from the rear of the public counters e.g. exchanging notes or obtaining change. This practice 'inter alia' not only distracts the attention of the counter staff but also gives a bad image of the Bank to the customers standing in the queue. Such practices should be totally done away with.

Activities in security areas

4.7.1 Administrative/House keeping work

The Committee observed in all offices that apart from the work relating to the handling of actual cash, the conduct of administrative work relating to the cash department is also attended to in the security areas with the result that it becomes necessary for all the cash department staff to enter the Treasurer's hall for any of their administrative work e.g. leave applications, advances, and various other such matters. On the contrary, the security area should be exclusively for the conduct of actual cash work and not the entire cash department's work. Instead of the present practice obtaining in all offices, all activities not connected with the actual handling of cash should be taken out of the security areas including the seats for the Asstt. Treasurers in charge of the vaults, their assistants, register writers, head mazdoors

as location of these necessitates large traffic and creates crowds. Except perhaps the Personal Assistant to the Treasurer, all others should be located at some suitable place in proximity to the cash department but outside the security area. The location of the Treasurer's seat itself should, while giving him an overall view of the cash department, be somewhat near the entrance so that his visitors need not enter deep into the security area. To do away with the need for subordinate staff of deposit accounts department, public accounts department etc. to enter the Treasurer's hall with the challans, cheques, books etc. as is the common practice in all offices, small openings should be provided for the transit of papers/cheques/challans/registers, etc. from/to other departments to/from the Treasurer's department (in one office, this is done through a vacant counter which can be followed by other offices also if feasible). Once the above steps are taken, the traffic and crowding in the security areas will be greatly reduced which will make for better security for all concerned.

4.7.2 Heavy Payments

In some offices, e.g. Kanpur, Patna and Nagpur, it was observed that heavy payments to banks/Government departments were effected inside the Treasurer's hall or inside the box balance enclosure. This necessitated large scale movement of outsiders and their receptacles inside the Treasurer's hall. It is recommended that such practices should be changed and provision for a separate heavy payment counter should be made in the manner indicated in para 4.13.4 and the suggestions made in the Regional Reports.

4.7.3 Miscellaneous activities

The security areas should also be kept free of all other activities like repairing of boxes, repairing of machines, crowding of chest representatives (dealt with in detail under procedure) which are common features in all offices. Carrying out of such activities necessitates the movement of a large number of people, including outsiders, causing security risks.

4.7.4 The dumping of empty boxes whether in serviceable or unserviceable condition in the patrol corridors which is observed to be a common practice in all offices should be discontinued by creating godowns for such items. Specific suggestions to this effect have been made in the Regional Reports, to the extent possible. Further, steps should be taken to dispose of all unserviceable material at regular intervals. For instance, in the Ahmedabad Office, it was observed that even large scale accumulations of waste paper had been dumped in the mezzanine floor where the cancelled note vault was also located. The aim should not necessarily be to make the maximum wealth from 'waste' but quick clearance of the unwanted material occupying valuable space and that too in security areas. The security areas should present a spick and span appearance without giving any scope for anyone hiding himself or secreting cash or valuables. It would be possible for the officers, the staff, the durwans or the police sentries to ensure that no such activity takes place only if they have a clear view of the entire area and also if there are no open/or even closed boxes, dismantled material or rubbish lying in these areas.

4.8.1 Identity Cards

It has been observed that notwithstanding the instructions issued from Central Office from time to time giving specific instructions regarding the issue of identity cards, the forms thereof, etc., a plethora of different types of identity cards and security passes have come to be in vogue in different offices. In fact, while Calcutta office has even introduced 'Bearer' identity cards, the Bombay office has itself fourteen different forms of such items. Besides causing total confusion to the watch and ward staff, these practices would also make it possible for persons to produce some type of entry permit and get unauthorised entry into the Bank/security areas. The Committee, therefore, recommends that Central Office should standardise the identity cards/entry permits at all our offices according to the following scheme whereafter all the forms now in vogue should be done away with.

It is adequate if there are three distinct forms of identity cards and two forms of passes, as follows :-

(i) Identity card for Bank staff :

- The present cards for general side staff and staff working in security areas may be continued.

A common form of layout but different colours according to permitted areas.

(ii) Identity card for authorised representatives of other banks, official authorities and institutions :

- An official Reserve Bank of India identity card for all such persons.

(iii) Identity card for representative of chests :

- Existing form of identity card will suffice.

(iv) Visitors' pass :

- For all visitors wishing to enter any private administrative area, i.e. not general public areas or security areas.

(v) Security area pass :

- Issued to any authorised person (staff or non-staff) wishing to enter any designated security area, after verifying the person's relevant identity card.

The Committee observed that in almost all offices there is no effective checking of the identity cards; at best some checking of security area passes/permits was practiced off and on. To avoid the need for the security guard/durwan asking for the card, leading to unpleasantness on some occasions, it is recommended that all Bank's staff should wear their identity cards in a clearly visible position on their person or show it voluntarily without being specifically asked to do so. To this end, the present identity photo cards could be replaced by photo cards which are heat-sealed inside transparent plastic jackets/laminates with a clip which can be conveniently worn on the person e.g. security staff at the airports. If for any reason it is not practicable to enforce this for the entire Bank's premises, this practice should be enforced strictly at least for the security areas.

4.8.2 Issue of identity cards/permits

The Committee has observed that the process of issue of identity cards is a slow one as casual enquiries of individuals elicited the information that an identity card had not yet been issued in some offices. So far as new recruits are concerned, they should be provided with identity cards within say a week of their appointment (the time needed for taking photographs, etc.). As there are frequent transfers between the cash department and the non-cash departments in the lower cadres, one of the requirements at the time of the shift from one department to the other should be the surrender of the existing card and issue of a new card, as appropriate to the departments concerned. Where, however, this is not possible due to one reason or the other, (it should be a rare occasion), temporary permits should be arranged to be issued, to be replaced by regular cards at the earliest. In no case, however, should anyone be found in the Bank in any area, particularly the security area, without a proper identity card/permit. It will be the responsibility of the security staff viz. the Assistant Security Officers, the Security Guards, durwans to check the cards at the point of entry or otherwise and bring any offenders to the notice of the higher authorities.

4.9.1 Enquiry Counters (Security areas)

The system of issuing entry permits for entry into security areas has been introduced in all the offices. There are enquiry counters for this purpose in charge of an Assistant Treasurer who not only issues permits for

entry into the security areas but is also in charge of 'Triple lock Receptacle' for envelopes containing defective notes. The location of the enquiry counter varies from office to office e.g. Kanpur (outside the public hall), one of the regular counters (Ahmedabad, Gauhati, Trivandrum and Patna) and a separate counter inside the hall (Bombay). The ideal arrangement would be for this counter to be located in the entrance lobby itself so that the visitors get the information they are in need of, before getting lost in the crowd. Recommendations in respect of each office have been made in the Regional Reports.

4.9.2 Enquiry counters (Non-security areas)

The system of issuing visitor passes has not yet been fully introduced in some of our offices e.g. (Calcutta, Trivandrum and Gauhati). Even where it has been introduced, different practices are followed in different offices. No visitor passes are issued for people who have to call at the counter of exchange control department, public debt office etc. located on higher floors. The location of the enquiry counter also varies from office to office - it is located at the staff entrance in Hyderabad, it is in the centre of the public hall in New Delhi and it is in the outside lobby in Kanpur and so on. The ideal arrangement would be for all the public counters to be located in the public hall itself so that the general public do not have to go to other areas at all. Even if such counters e.g. public debt department/exchange control department are located in a higher floor, a segregated approach as in the Hyderabad office is a satisfactory arrangement. The arrangement made by

New Delhi office to have an exchange control department unit also attached to the general enquiry counter, effectively filters out the visitors to the exchange control department at the ground floor itself as the majority of visitors call at the Bank for making some general enquiries or for obtaining forms. Central Office may also examine whether this arrangement could be introduced at all our large offices, including locating the public debt department receipt/delivery counters also on the ground floor itself. These steps will effectively cut out the large number of public having to go to other floors.

The opening of a separate enquiry counter for the general side departments will obviously depend on the number of visitors to such departments. If the number is not large, there can be a common enquiry counter for the entire office for issue of appropriate passes/permits to the security/non-security areas. However, where the approach to the general side departments is through a separate entrance e.g. Hyderabad staff entrance, a separate enquiry counter is necessary. The same is true of Calcutta office where a separate enquiry counter is to be established at the staff entrance side.

Visitors' Passes/Entry Permits

4.10.1 Issues

While there should be free access to the public into the public halls during business hours, the entry of persons to other areas during business hours as well as outside business hours should be properly regulated in the interests of security. While visitors to the departments other than security areas can be issued visitors' permits without much formalities, the security permits for visiting the security areas should be very restricted and issued only

after proper scrutiny and satisfaction that it is absolutely necessary for the person to enter the security area for transacting authorised official cash work; entry into the security areas merely for meeting friends/relatives, etc. should not be allowed. In such cases, where a meeting is necessary because of urgency, the proper thing is for the concerned employee to be called out and meet the visitor. Registers should be maintained for the issue of the visitors' permits/security permits wherein the full particulars of the visitor including his address, the person to be called on, the nature of business and the time and signature of the person should be recorded.

4.10.2 Returns

It was observed that there was no practice in almost all the offices to meticulously take back the visitors passes/entry permits despite the legend printed on the pass/permit that it should be surrendered with the signature of the official visited, at the time of the exit of the person concerned. The security guard/durwan on duty should also be instructed to ask for the pass/permit at the time the visitor leaves the premises.

4.11.1 Internal Alarm System

There are different types of internal alarm systems installed in the Bank's premises at our various centres which have been commented upon in the regional reports. Although the Bank has gone in for perhaps the best available system as obtaining at the relevant time of their installation, the systems suffer from one handicap or the other with the

result their efficacy cannot be fully vouchsafed in times of emergencies. Some of the deficiencies noticed in the system are as under :-

(i) While the security area is divided into several zones, the distribution of the activating alarm buttons is not equitable with the result that while some zones are over-loaded with buttons, one or two zones have just one button each (e.g. Trivandrum, Nagpur and Madras).

(ii) Because the annunciator boards indicate the zone and not the specific button that it activated, it is a problem for the concerned staff - the police personnel, the Bank's officers, etc. to reach the particular spot of emergency (e.g. Madras, Nagpur, New Delhi and Calcutta).

(iii) The number of zones into which the security area is divided is inadequate and even where the annunciator boards could accommodate more, some are being kept as reserve for the future.

(iv) The annunciator boards are not, besides the guard room, installed in the Manager's cabin, Currency Officer's cabin, near the Treasurer or near the Assistant Security Officer. The hooters or the sirens are not located near all the entrances and other areas including outside the premises, to give warning to all concerned to become alert, to close the gates, doors etc. (e.g. Jaipur, Hyderabad and Patna).

(v) Even where the hooters are properly located, the sound emitted by them is not audible enough for alerting the people (e.g. Madras, Trivandrum and Kanpur).

(vi) The authority and method of giving the "all clear" after an emergency, is not standardised particularly because of the variety of the equipment that has been brought into use in different offices (e.g. it is given by the guard commander going round (Nagpur), by a whistle (Patna), by a special double beep on the siren (Bhubaneswar), etc.

The regional reports indicate the steps that could be taken to rectify the defects office-wise; where it is not technically feasible to rectify the system, the replacement of the outmoded alarm bell systems, has to be effected.

4.11.2 The location of the alarm button varies from office to office. In Byculla Office, there are no buttons for each note examination section but only a common button in the adjoining corridor for a number of sections. In new offices like Ahmedabad or even in old offices like Kanpur, there are separate buttons inside each section. So far as the counters are concerned, the alarm buttons are placed on the side, bottom or along the drawer cover.

The question of proper location of the alarm buttons in different categories of areas was examined by the Committee. So far as the note examination sections, verification sections, vault areas are concerned, it recommends that the button should be located nearest to the person in charge of the particular area e.g. the Assistant Treasurer or the Staff Officer. If for any reason the layout is changed, the button may also have to be shifted e.g. Trivandrum and Ahmedabad. So far as the public counters are concerned, the buttons should be located under the counter and in such a way that they could be operated unobserved by an intruder but at the same time not prone to accidental set-off e.g. the alarm button could be

activated by a move of the leg of the Teller; but it should be so embedded as not to get activated accidentally.

Except in the offices where the alarm system has been installed very recently e.g. Hyderabad and Bhubaneswar, there are no indicator lamps near about the activating button to indicate as to which button has been activated to enable the police to pinpoint and rush to the spot. This is very necessary and the Committee recommends that suitable arrangement should be made to provide for this in all offices.

4.11.3 During the surprise alarm tests conducted by the Committee in some centres e.g. Madras and Nagpur, it was observed that the turn out of the police was not very effective. This aspect has been commented upon by the Committee and its recommendations given under Para 3.5.1 of Chapter 3. The drill to be followed by the Bank's own security staff viz. security guards/durwans was, however, found to be effectively carried out viz. closing of all doors and freezing the movement of the lifts. In the case of the last item, however, the Committee observed certain variations in regard to the floors at which they were frozen viz. the nearest floor or the ground floor. The Committee is of the view that it will be appropriate to freeze them at the ground floor level.

4.11.4 During the surprise alarm tests conducted by the Committee, it has observed the time and effort that it takes to close the massive and heavy main doors of the public hall. As it is necessary to close these doors without any loss of time, the Committee had examined the provision of some

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automatic/mechanised door closing arrangements for the purpose. As it was considered difficult to install such devices, the Committee recommends that a retractable chain fencing (on the analogy of a collapsible gate) should be provided for covering the swinging glass doors at the inner entrance so that an effective barrier may be created immediately an alarm is raised. The present arrangements for closing the main door should also be continued.

4.11.5 Of late, there are sophisticated systems of burglary alarms like electronic alarms which operate on UHF/VHF, silent alarms, digital indicators, paging devices for the security staff, walkie-talkies which operate within a small radius, etc. Such technological equipment are dealt with in a separate chapter.

4.12.1 Body Search

The question of body search as a security measure has engaged the attention of the Committee right from the first meeting. Not only has it been examined on a conceptual basis but the members of the Committee unobtrusively witnessed the actual body search being conducted in some centres e.g. Ahmedabad. While no body search is conducted in Calcutta, a system of body search is in vogue in all other centres.

4.12.2 The findings of the Committee in relation to the present system are broadly as under :-

(i) Although officers, clerical staff and subordinate staff are working in the cash department, the present system is confined to body search of subordinate

(Class IV staff) only at the time they leave cash-handling areas like the note examination sections, vaults, note verification sections or the incinerators.

(ii) Even this body search is not enforced at the time of say, their leaving the Treasurer's hall where also cash is being handled.

(iii) The body search, as it is now conducted, is not of the desired efficacy as the search was being conducted by the class IV staff of the cash department on their-own-colleague-class-IV staff in the same department.

(iv) The manner of search was perfunctory - just frisking the persons' clothes superficially.

(v) The Committee's specific enquiries at the different centres revealed that notwithstanding the occasional actual pilferages that have occurred, the body search as at present carried out, had not disclosed any attempt at pilferage.

(iv) A total body search however, on some occasions had yielded results e.g. where the suspect had been pinpointed.

4.12.3 Recommendations

Taking into account the foregoing, the Committee would make the following recommendations in regard to body search :-

(i) Instead of being confined to the subordinate staff only, the body search must be universally applicable to all the employees irrespective of class (i.e. officers, clerical staff or the subordinate staff) or sex.

(ii) The body search should be conducted at the time the employee leaves the cash handling area. To this end there should be only one entrance to the entire security area (even if it is spread on different floors e.g. basement, ground floor and say first floor or mezzanine floor) during the office hours. Where it is not possible to arrange this due to infrastructural difficulties, there can be more than one exit; the arrangements for the body search should be made at each of these exits.

(iii) The body search should be applied as a surprise check lest it should be reduced to a routine by both the searcher and the searched. Random selection of persons to be searched will ensure this. It will also incidentally, help in clearing the large number of staff to move quickly out of the cash handling area. The search could be confined to about say 5% of the total. It is the surprise element and the liability of any one to be searched that will act as a deterrent. On certain days, however, the percentage may be varied to a higher or lower limit.

(iv) In selecting the people to be searched, the management should neither be motivated by any bias nor should seem to be so motivated. Accordingly, there could for instance be a system of each employee coming out of the security area, drawing a number or coloured ball or letters of the alphabet out of a closed box and those drawing particular numbers or particular colours or particular letters being subjected to search. The number or the colour etc. which would invite the search should be decided by the Manager on each day just before the break for lunch or

break for the day in the note examination sections.

(v) The search should be conducted inside a cubicle. It should not be a perfunctory one as at present but it should be a thorough search. While normally no brief cases, bags, vanity bags should be carried into the sections and vaults, the search should cover them also in case they are carried with the person.

(vi) It is desirable that in view of the nature of the search, the class of people subjected to search, it should preferably be conducted by an outside agency e.g. the Central Industrial Security Force, when they are inducted, as they are doing in the institutions to which they are attached. However, for the time being, the search could be conducted by one or two Assistant Security Officers, who could also be rotated with the other Assistant Security Officers in charge of internal security.

(vii) As there are a large number of lady employees attached to the cash department, the Bank has to appoint at least one lady Assistant Security Officer for the purpose.

(viii) There should be no objection to another employee being present in the cubicle during the search in the common interest of all concerned and the Bank's interests. Such an employee would be nominated by the Manager/Currency Officer by rotation on a daily basis.

(ix) The search is primarily intended to prevent pilferages of cash etc. and has accordingly to be confined to those who handle cash in course of their normal duties including officers. Casual visitors to the sections/vaults for surprise visits, need not be subjected

to the check, as such officials will only contact the officer-in-charge of the cash handling areas e.g. Assistant Treasurers or Assistant Currency Officers and will generally be moving accompanied by them only.

(x) As a concomitant to this arrangement, the lockers of the cash department staff now kept within the security areas should, to the extent possible, be kept outside the security areas; where however, this is not possible, they may be moved to a place just near the exit/entrance so that the employee could take out his personal belongings after the search, in the full view of the security staff.

(xi) There should be a prominent sign board at the point of exit which should indicate the Bank's instructions regarding body search so that no dispute may arise.

4.13.1 Public Halls - Special customers

It was observed that during business hours there is invariably a large congregation of people in the public halls, who come to transact different types of businesses viz. exchange of notes, exchange of defective notes, Government transactions, banking transactions, etc. Again, apart from the different categories of customers, there is also another special category viz. the banks and Government departments, the customers who tender or receive cash in bulk. The Bank has no doubt, taken some steps to provide some facilities to this special category of customers like providing heavy payment counters e.g. at Bombay, Calcutta and Madras, but in most of the other offices, no special facilities exist except that they are sometimes paid inside the Treasurer's hall (e.g. Kanpur, Nagpur and Patna). Irrespective of

whether they are provided with special facilities or not, they have to move the cash through the crowded public halls to reach their transport, etc. As the Bank prohibits the entry of their guards carrying their arms, the customers are exposed to some risk. Separate recommendations have been made in regard to the arrangements for heavy payment counters.

4.13.2 Police help

In a public hall where there is free access and a large crowd, there are always persons of all sorts, and cases of untoward incidents like snatching of hand bags (e.g. Kanpur and Calcutta) and commotion in the public hall (in all our offices). There are always constant quarrels and skirmishes amongst the public regarding formation of queues and intruders. In some offices, a few armed guards from the resident police force are posted in the public halls (e.g. New Delhi, Nagpur and Madras). Some offices e.g. Calcutta and Byculla have made arrangements with the local police authorities for the deputation of a few constables (unarmed, or armed with batons only) and some police in 'mufti' from the State CID authorities for dealing with any law and order situation inside the public halls. In a few offices, there is no arrangement at all for police presence in the public halls.

The Committee is of the view that police presence is a deterrent against any untoward incidents and accordingly recommends that the police presence may be arranged for,

not only from the resident armed guards but also through deputation from the local police authorities. Incidentally, the presence of the police is also a help for the Bank's own security staff i.e. Assistant Security Officers and the security guards, in orderly formation of queues, etc. before the counters and dealing with unruly elements.

4.13.3 Regulation of activities in the public halls

It was observed that one of the main categories of people who regularly come to the Bank's public halls are those who have taken to the profession of dealing in defective notes by acting as middlemen for obtaining value on defective notes or for obtaining exchange - coin etc., known as dealers in defective notes or shroffs. Their business consists of purchasing 'payable' defective notes from the members of the public either just outside our Bank's premises or in their own shops at a discount, and then exchanging them for their full value at our counters or through our claims section. Very often they are prone to conduct their business in the precincts of the Bank's premises in almost all the Bank's offices (this was very much evident in Calcutta); they also attempt to transact their business in the public halls themselves unobtrusively. Secondly they were also seen to be monopolising the concerned counters-defective notes or for obtaining change-through their hirelings. The Security Officers and the local Executives in the Bank should ensure that the public halls are kept free of all undesirable activities and the genuine members of the public are enabled to transact business without hindrance and expeditiously.

4.13.4 Access into the public hall

(a) It was observed that sign boards are exhibited at the entrance to the public hall prohibiting the carrying of fire arms and other weapons inside the hall. An exception was, however, made in the case of kirpans carried by the members of the Sikh community as part of their religious tenet. The prohibition is for the obvious reason that the weapons may not be used in the public hall for committing dacoities or holdups, as large amounts of cash are handled on both sides of the Bank's counters. The Committee have had occasion to examine the effective enforcement of the prohibition with particular reference to those who may carry such weapons concealed or those who may insist on carrying them as part of their uniform (Defence/Police personnel) or otherwise.

The recommendations of the Committee in this regard are as under :-

(i) Instead of the simple notice that is at present exhibited at the entrance to the public hall, a revised notice as under may be exhibited:

NOTICE

Members of the public are prohibited from bringing into the Bank's premises any objectionable material like fire arms, weapons, explosives, etc. They have also been granted permission to enter the Bank's premises subject to the condition that they are not a party to violation of any instructions that may be issued by the Bank from time to time in the matter of issue of notes and small coins in exchange and other matters.

Members of the public are ^{also} advised that they have been granted permission to enter the Bank's premises subject to the condition that they agree to the Bank searching them as also any packets, bags, etc. brought by them for the purpose of ensuring that they are not carrying any objectionable material and also to ensure that they are not a party to violation of any instructions that may be issued by the Bank from time to time.

MANAGER

(ii) The notice should be exhibited in the local language also, besides in Hindi and English as usual.

(iii) In case of any reasonable suspicion, the Bank's security staff may stop the person concerned from entering the public hall until they conduct a search if considered necessary.

(iv) In case a person openly carries a weapon, his attention may be drawn to the notice that is displayed; if despite this, he insists on entering with the weapon, the Bank's security personnel may prevent him from doing so and seek the assistance of police personnel, if necessary.

(v) In case of defence/police personnel insisting on carrying fire arms as part of their uniform, they should be required to establish their identity and bonafides in regard to transacting business in their official capacity. This is particularly necessary as more often than not, dacoits are reportedly wearing clothing akin to defence/police uniforms to camouflage outlaws passing muster as guardians of law.

(b) The Committee also took the opportunity to examine the question of photographs being taken within the Bank's premises as this is a matter vitally connected with security. Photography within the Bank's premises should be prohibited; where necessary, the competent authority may give necessary permission for photographs to be taken on specific occasions, at specific places under proper supervision. Suitable sign boards to the effect that photography is prohibited should accordingly be exhibited at all the entry points including the entrance into the public hall.

(c) Similar notices relating to fire arms as well as photography may be exhibited at the enquiry counters also.

4.13.5 Counters

It was observed that except in a few offices e.g. Trivandrum and Hyderabad, the designs of the public counters suffer from several shortcomings e.g. proximity of the Teller's side to the customer's side which can facilitate snatching the cash from the Teller's side at an opportune moment (e.g. Kanpur), breakage of the glass of the counter (e.g. Ahmedabad), no separate cubicles for each Teller (many offices) and no proper arrangement for closing the cubicles door (Patna). The Committee does not consider it necessary to list out all the lacunae as they will be self-evident from the recommendations for improvements. Accordingly, the Committee's recommendations in respect of the counters are set out below :-

i) The counter tops should be wide enough to keep a safe distance between the customer and the Teller i.e.

even when some cash is kept on the Teller's table, it should be beyond an arm's length from the customer side.

(ii) In the alternative, the counter top may be in split levels i.e. higher on the customer side and lower on the teller's side (usual table level) which will again keep the teller's cash beyond an arm's length from the customer.

(iii) In due course, a moving or a revolving tray called a 'Scoop tray' may be embedded in the counter top instead of having an opening in the counter. In the case of large payments, a cash transfer drawer may be installed. These arrangements will prevent any possibility of physical intrusion across the counters.

(iv) The glass panes of the counter partition should be strengthened with grill or wire mesh backing.

(v) The counter-window shutters may be provided with proper bolting arrangements so that they cannot be opened from the outside.

(vi) The height of the counter partition as well as the total height of the counters may be increased so that no one is enabled to push anything at the top. The necessary arrangements can be achieved by fixing wooden or light metal patties at the top.

(vii) Separate cubicles must be provided for each teller, with the partition separating the counter top also, so that there is no facility to reach the cash in the adjoining counter.

(a sketch of the model counter is furnished at appendix VII)

(viii) All the doors to the teller cubicles, whether of the sliding type or the conventional type, may be provided with spring locks e.g. night latches.

(ix) There should be small openings in the rear partition for transit of challans, cheques, etc.

(x) Wherever non-cash departments are located just behind the cash counters or there is heavy movement of people even within the cash department, a separate corridor may be created just behind the cash counters.

4.13.6 Receipts/Payments (Heavy transactions)

Among the people who call at the Bank for transacting business are banks and Government departments who tender or receive cash in bulk. For the reasons stated in para 4.13.1, it is necessary to extend some special facilities for them. The Committee accordingly recommends the following :-

(i) The parties who bring in heavy deposits have normally to give advance intimation and are allotted particular note examination sections where they can tender their deposits direct. However, except in a few offices e.g. Calcutta and Patna, they have to use the same entrance to the public hall and transport their cash across it. Efforts should be made to provide them with separate entrances; - if not elsewhere, at least through our 'staff entrance' on the side.

(ii) So far as heavy payments are concerned, they should be done in some inner area, away from the public hall. The payment should be received by the parties inside an

enclosure and there should be facilities for them to verify the contents, if they so choose. The exit from the heavy payments should be the same as for heavy receipts i.e. segregated from the public areas.

(iii) Suitable arrangements should be made for the armed guards of the banks/Government departments to wait at the segregated entrance as provided in the Calcutta Office; space for parking the party's vehicles should also be provided for, near the entrance.

4.13.7 In none of the offices at present are there provisions for railings before any of the counters for formation of orderly queues. The large crowds and the quarrels amongst the people at the heads of the queues invariably distract the attention of the tellers which is not in the best interests of the Bank. It is, therefore, recommended that at least in front the counters where there are regular and large crowds e.g. defective notes counter, small coin counters at present, counters for issue of Re.1/- notes/coins, etc., some pipe fittings may be installed at least for a length of say 10 feet (as in the case of railway booking counters) for the orderly approach of the public to the counter. Besides, there may also be temporary railing arrangements which can be moved into position whenever required, for the formation of orderly queues at counters on rush days e.g. Government salary payment days and income tax deposit days.

CHAPTER 5Storage and movement of treasure

5.1 Security aspects relating to storage of treasure either during the processing of work or overnight, and movement of treasure within the Bank's premises are dealt with in this chapter. As stated elsewhere, the security aspect of the remittances in transit and in storage in the currency chests do not come within the scope of the terms of reference to the Committee.

Overnight custody5.2.1 Observations

(i) All the offices of the issue department are provided with vaults of standard specifications for storage of treasure. Except for a few offices e.g. Calcutta, Gauhati, Madras & Byculla, the main vaults are in the basement i.e. either fully or partly below ground level. Besides the main vault for storage of balances in bulk, there is a day-to-day vault divided into several compartments for overnight storage of working balances for various units of banking and issue departments.

(ii) Vaults are built up of massive concrete walls with embedded tang-bar etc. The flooring and roof are also of concrete, steel mesh etc. - the vaults are really concrete shells. Entry doors to the vault are in two parts - grille gate as well as massive security doors which have all double-locking arrangements.

(iii) Depending on the need, vaults have been divided into compartments by erection of grille partitions, separate entry into each cage being provided through a lobby at the main entrance.

(iv) In some of the new vaults e.g. Jaipur, Bhubaneswar and Hyderabad, there are, besides the main door, separate doors for inlet and outlet of air for airconditioning purposes.

(v) In some of the older offices e.g. Kanpur and Patna, such ventilation arrangements are provided through trap doors provided in the masked duct outside the vaults which facilitates connecting of the airconditioning ducts inside and outside the vaults.

5.2.2 Recommendations

(i) Strength of the walls of the vaults and the security doors are designed to offer resistance to any organised attempt to break them open upto about 4 hours. The philosophy behind this is that police help should, at the outside, be available within this period to take charge of the situation. The four-hour limit which has been in vogue in the Bank for a long time requires a review. In the context of the sophistication and development that is being achieved all round, it is not unlikely that what took 4 hours in earlier days, could crack down within a shorter time because of improved gadgets/technology. In some foreign countries, the relative time limit is taken even upto 8 hours, notwithstanding the fact that police help is

comparatively more promptly available. A technical committee should go into this aspect, taking into consideration the recommendation made by the specialist foreign consultant in the case of Bombay office vaults.

(ii) The additional doors provided for the ventilation of the vaults in the recent buildings, do not, in the opinion of the Committee, make for absolute security. Such arrangement do detract from the security achieved by the massive concrete walls or security doors, as ultimately the strength of the vault would lie in its weakest point. The Committee recommends that the technical position should be re-examined and necessary steps taken to ensure that these openings do not prove chinks in the armour.

(iii) The Committee would recommend similar review in respect of trap doors provided for the passage of air-conditioning/airblowing ducts in some of the older offices, for similar reasons.

(iv) The large size of the ducts which are entering the vaults for providing airconditioning/airblowing, notwithstanding some wiremesh barriers, would provide some scope for unscrupulous persons to crawl through them. Accordingly, the Committee would recommend consideration of corrective steps like one duct of large dimension being replaced by a number of tubes of smaller dimensions-small enough to prevent any mischief and at the same time providing in the aggregate, requisite volume for passage of conditioned air, providing at least two right-angled turns in the ducts.

(v) The Committee would recommend that no utility service duct or drains-internal drains, municipal drains, water supply lines, telephone/electricity cables, should be located below the flooring of the vaults so that they neither cause security risk nor are of nuisance value on account of water seepage etc. In cases where such arrangements already exist, the drawings of such utilities not only just below the vaults but in the entire Bank's compound may be kept readily available for use by Civil Engineering/ security services in the Bank.

Patrol corridors

5.3.1 Observations

(i) It is observed that the patrol corridors provided around the vaults are used as dumping places for storage of serviceable/unserviceable wooden boxes, steel trunks, dismantled materials, etc. (almost all offices).

(ii) Lighting in the patrol corridor was also found to be poor (e.g. Bhubaneswar).

(iii) The positioning of the mirrors in the corners was not effective in certain centres (e.g. Byculla) with the result that the sentry does not get a clear view of the entire corridor.

(iv) The ventilators provided on the patrol corridors are not fully fortified on the outside e.g. some openings in Trivandrum and Kanpur.

(v) The police patrolling of the patrol corridor was not being done in some centres (e.g. Bhubaneswar).

5.3.2 Recommendations

(i) The patrol corridor should be kept free for the purpose for which it is intended and all materials stored therein should be removed. As it is observed that in some centres (e.g. Kanpur) the patrol corridor is very wide, there is no objection to erecting a partition all along the corridor leaving say about 3 feet for patrolling to be done and utilising the remaining space for storage purposes.

(ii) The patrol corridors should be kept neat and clean and well lit.

(iii) The mirrors should be kept properly positioned. Instead of having mirrors mounted on wooden stands, it is desirable to have them fixed in the corners so that their position does not get disturbed. The triangular cavity between the wall and the back of the mirror should be got filled up so that no space would be available for secreting of valuables.

(iv) If the patrol corridor has got some portions of columns or niches affording some space for hiding, these corners should be got filled up so as to exclude the possibility of any intruder hiding therein.

(v) Special care should be taken to ensure that ventilators are well fortified to prevent entry through them; besides, seepage of rain water through them should also be eliminated.

(vi) Police patrolling along the corridor is an essential item of security and should be arranged for.

The Manager should ensure that this item is properly included in the guard instructions.

Bin Cabinets

5.4.1 Observations

(a) There was some gap between the partition of adjoining compartments and the sliding doors; similarly, there was some space between the sliding doors; particularly when the inside surface of the door was a hollow cavity. These defects have led to notes/packets being drawn from one compartment to the adjoining one when the sliding doors were operated.

(b) It was observed that except for one centre (Jaipur), Bhuta^{*} bin cabinets have been taken out of the vaults and are not used for storage of treasure.

(c) The bin cabinets inside the chest note vault are not arranged to create proper aisles (many of the offices).

(d) There is vacant space between the flooring and the bottom of the bin cabinets because of supporting legs provided to the bin cabinet. Such an opening could provide a secreting space for notes by unscrupulous persons (e.g. Madras).

(e) The locking arrangement of the bin cabinets was two embedded locks or one embedded lock operated by 2 keys, besides padlocking arrangement for the third lock.

* The bin cabinets of this manufacture were particularly found to have the defects mentioned at (a) above.

(f) The third locks placed on the bin compartments by representatives of chests were found to be of standard as well as non-standard varieties-right from cheap locks to Godrej Navtal locks. In many cases they were not embossed with either the name of the remitting chest or its distinctive number.

5.4.2 Recommendations

(i) Bhuta bin cabinets should be discarded without delay. In the case of bin cabinets of this brand (proposed to be remodelled) as well as other makes, it should be ensured that there is no possibility of note packets/notes moving from one compartment to the adjoining one. Necessary improvements to the existing bin cabinets should be effected by welding an additional strip to the partition between the adjoining compartments, welding a plate to close the cavity of the sliding door, etc.

(ii) The bin cabinets should be arranged in straight lines forming regular aisles providing adequate space for opening of the bin cabinets and depositing or withdrawing notes. There should be no gap in the row of bin cabinets which would facilitate people straying from one aisle to the other and away from the view of the joint custodians. As the Bank contemplates installation of Closed-Circuit TV inside the vaults, the arrangements of the bin cabinets in neat rows will be conducive for a proper monitoring of the operations inside the vaults.

(iii) The vacant space at the bottom should be covered by welding of plates.

(iv) As the doors of the bin compartments are sliding doors, there is no knowing whether the doors remain locked or open, except through test-moving of the doors. As the locking of the doors can easily be feigned by sleight of hand leaving them open for eventual mischief, it is desirable to provide spring locks for the embedded locks which will automatically snap shut on the doors being pushed to the end.

(v) The Bank should insist on only standard locks being used with the names of the bank and the branch and a distinct number embossed on the lock. The brand and number of the lock should be entered in the page wherein the contents of each bin compartment are recorded in the Inward Remittance Register.

(vi) The Bank should explore the possibility of installing mobile bin cabinets as in one of the vaults in the New Central Office Building, which not only facilitates the work but also affords better security for the bin cabinets not in use.

Other containers

5.5.1 Observations

(i) It is found that in many offices gunny bags containing defaced notes pending verification, are stacked in all available places inside the various vaults e.g. Kanpur, Bhubaneswar.

(ii) Similarly wooden boxes containing remittances received from the currency chests are also found to be stacked, pending preliminary examination inside the chest note vault (e.g. Nagpur, Patna).

(iii) Such arrangements clutter up all available space making it difficult for the joint custodians to operate the bin cabinets or some times even move about freely.

5.5.2 Recommendations

(i) By a suitable re-arrangement of the bin cabinets, compact spaces should be created for storage of gunny bags in a separate corner. Wherever it is possible, such bags containing defaced notes should be stored in a separate vault or a separate cage.

(ii) Remittance boxes, pending preliminary verification, should also be stored in a separate corner preferably near about the entrance inside the chest note vault.

(iii) It is very necessary that such gunny bags/ remittance boxes should be in the constant view of the custodians as pilferages therefrom have occurred in the past.

Locking up of vaults

5.6.1 Observations

(a) It is observed that the main security doors of the vaults are opened in the morning and closed only in the evening. During the day, it is only the grille gates which are kept locked, whenever the vault is not being operated.

(b) The keys of various containers inside the vaults are found to be kept in the open by the custodians inside open bin cabinets or on the tables without any particular security.

(c) The keys of the various containers and the main vault doors are kept inside the key locker safe in which compartments are allotted for different joint custodians. The key locker safe is closed and locked up by an officer on key-turn duty at the end of the day; the locked key safe is handed over to the guard commander from whom it is taken over on the following day.

5.6.2 Recommendations

(i) As the closing of the grille gate only during the day time offers a full view of the vault, its layout, contents, etc. to any one who is passing by, it is recommended that the main security door also should be locked whenever no part of the vault is being operated.

(ii) The keys of bin cabinets or other containers should also be kept locked up in a suitable box and should never be kept exposed to view of all and sundry.

(iii) It is understood that most of the key safes which have adequate strength in their doors comparable to the strength of the vault doors, do not have the same strength on the sides. There is no point in providing very strong vaults and doors if the keys thereof are kept in comparatively weaker safes and that too just near the vaults. It is, therefore, recommended that the Bank should arrange for key safes of as much strength as the vaults themselves. One way of achieving this is to embed the key safes in concrete shells of the same strength as the vaults.

Vault operations5.7.1 Observations

(a) It is observed that no regular record of people who enter the vaults is maintained, viz. name of the person, time at which he entered, time at which he came out, etc. (many of the offices).

(b) The body search conducted at the time of exit of persons from the vault is confined to Class IV and is not of adequate efficiency, on the same analogy as in the case of exits from note examination sections (all offices).

(c) The grille gate is very often kept open for ventilation purposes in view of the glazing provided in the grille gate (e.g. Bhubaneswar).

(d) A large number of people were found to be inside the vault at any particular time because of multiplicity of operations inside the vault (e.g. Patna).

5.7.2 Recommendations

(i) It is essential to maintain a record of each and every person who enters the vaults giving the time of entry and time of exit.

(ii) The body search of people who come out of the vault should be of the same nature as contemplated for note examination sections, etc. vide paragraph 4.12.3 of Chapter 4.

(iii) The grille gate should invariably be kept locked whenever operations are conducted inside the vault. Where the glazing prevents free ventilation, a lobby should be created inside the vault where grille gates must be provided and which should be kept locked (e.g. Bhubaneswar).

(iv) In the interest of proper supervision by the joint custodians, it is necessary that only a small number of people should at any time be found inside the vault. To this end, only one type of operation should be conducted inside the vault at any particular time - for instance, notes for examination should be issued to only one section at a time and the minimum number of people allowed to enter the vault for the purpose. The staff of other sections should wait outside. Further, no operation other than deposit or withdrawal of notes or opening or packing of remittances should be conducted inside the vault. The consolidation of balances should not be conducted inside the vaults.

Gold vaults

5.8 The Bank has in its custody a considerable quantity of gold not only on its own account as Reserve Gold for note issue but also balances held in safe custody on behalf of Government of India and the International Monetary Fund. The bulk of this gold is held in Nagpur; the major portion of the remaining gold is held in Bombay. The other offices have small quantities of gold towards repayment of National Defence Gold Bonds.

In regard to the custody and operation of the gold vaults, the Committee would recommend the following :-

(a) Nagpur

(i) The main door of the gold vault is enclosed in a grilled enclosure in the patrol corridor. A police sentry is on guard duty inside this enclosure round the clock. As the grilles on either side of the enclosure have only vertical numbers, it is possible for an intruder to commandeer the police sentry with a gun, the muzzle of which can be inserted through the interspaces in the grille. It is, therefore, recommended that the grille partitions may be strengthened with a very thick and close horizontal grille on both the sides so that such an eventuality can be eliminated.

(ii) The actual joint custodians of the gold balances are an Assistant Currency Officer and the Treasurer. In view of the nature of the treasure, viz. gold and the fact that not only is it the Reserve Bank of India's own gold but also gold of the Government of India and the International Monetary Fund which means that it is not merely the tangible value of the gold that is involved but also the intangible, viz. the image of the Reserve Bank as the custodian of the gold of the World body and the Central Government that is involved, it will be more appropriate to elevate the status of the joint custodians. On the analogy of the holding of one key by the Treasurer, the head of the cash department, the other key may be held

by the other comparable head of the issue department, viz. the Currency Officer (Administration). This will also be in keeping with the controlling key being held by the Manager.

(b) Bombay

(i) Unlike in Nagpur, there is no exclusive vault with a separate security door for the storage of gold. The gold is stored in one of the four cages inside a vault, the other three cages containing chest notes/guarantee notes and being frequently operated. It is recommended that in view of the nature of the contents and the need for having exclusive custody, it is necessary to have a separate vault with a security door for the purpose. If it is not possible to construct such a vault in the basement, the present cage should be converted into a regular vault with a security door.

(ii) In Nagpur, the original keys of the joint custodians are held in safes, under the third lock of the Manager, and the safes themselves are kept in different vaults. In Bombay, however, there are no such special measures. The keys of the joint custodians are held by them and kept in the key locker safe overnight in the packing hall, on the same pattern as the keys of the other vaults. On the analogy, therefore, of the arrangements in vogue in Nagpur, it is recommended that the keys of gold vault of the joint custodians may be held in special safes inside the other vaults with the third lock of the Currency Officer (Administration) being placed on the safes.

Fresh notes vault

5.9.1 It is observed that the wooden boxes containing fresh notes irrespective of whether they have been verified and taken over or whether they are yet to be verified and taken over, are stored inside the vault according to the space available. This arrangement not only causes confusion but also allows free access to the people who are engaged for the verification of boxes, mostly contract labour. This arrangement can afford opportunity for tampering of the boxes/pilferage of contents.

5.9.2 It is recommended that a partition should be erected inside the fresh note vault dividing it into two compartments, the inner compartment for storage of verified boxes and the outer compartment for storage of unverified boxes and conduct of verification thereof. Wherever, due to one reason or the other, a regular partition cannot be erected, there should be provision of moveable barriers which can be positioned suitably segregating the two areas. The ultimate aim is to prevent free access of people to the verified boxes.

Chest notes vault

5.10.1 It is observed that the arrangement of the bin cabinets, stacking of wooden boxes pending preliminary verification and dumping of gunny bags containing defaced notes pending verification, very often obstructs the view of the joint custodians of all the areas of the vault and in particular prevents supervision of people who may stray

into the nooks and corners of the vault unobserved. Similarly, opening of the boxes at one place away from the bin compartment into which the relative notes are to be deposited, also provides opportunities for large scale movement of people inside the vault.

5.10.2 It is recommended that moveable barriers/portable partitions may be made available in the vault so that the working area inside the vault can be segregated and the people concerned confined within the space to facilitate overall and effective supervision by the joint custodians. The Premises Department have been requested to finalise the design for such partitions.

Defaced notes pending verification/
Verified notes pending destruction

5.11.1 It is observed that gunny bags containing cancelled notes are stacked on the ground up to a considerable height. In this process the earlier dates are located at the bottom while subsequent dates get dumped at the top. As, however, the bags have to be issued in a chronological order, there has to be constant shifting of bags, re-arranging of bags, etc.

5.11.2 It is recommended that these vaults should be fitted with racks made of galvanised iron pipes for proper storage of these gunny bags in an orderly manner and chronological issue, thereby reducing handling to the minimum, as constant handling lends itself to security risks.

Coin vault5.12.1 Observations

i) It is observed that the small gunny bags containing coins are stacked inside the coin vault up to a manageable height, with the result that such stacking occupies a large floor area of the valuable vault space.

ii) The coin vaults have got ^{the} same specifications as the other vaults in almost all the offices which results in crowding up of valuables in the various vaults notwithstanding the nature of the treasure - coins have comparatively lesser value.

5.12.2 Recommendations

In view of inherent difficulties in pilferage of coins (their bulk and heavy weight) and the comparatively small value of the coins in relation to the notes, it is not necessary to store the coin bags in vaults of the same specifications as the notes. In particular, in Kanpur where there is pressure for storage of notes and there is some spare space available in the basement in the form of record rooms, stationery rooms, stores rooms, etc., the Premises Department should explore the possibility of suitably enclosing and strengthening some of these areas by providing grilles, wire mesh, and steel doors and convert them into strong rooms wherein coins could be stored. Similarly, spare book rooms can also be used for storage of coins. The valuable vault space released thereby could be used for storage of notes and this would afford a quick

solution to or at least partly mitigate the congestion in the vaults.

Custody of the balances in vault

5.13.1 Observations

The teams of joint custodians are created according to the categories of balances (solely or in combination) to be held by them e.g. fresh notes, Re.1/- notes, chest notes, defaced notes, verified notes pending destruction, and coins, ensuring, however, that there is a fair day's work for each team of joint custodians. The contents of the vault are also held category-wise so that a team of joint custodians would have exclusive custody of at least a separate cage if not the entire vault. This is indeed the ideal situation. However, due to accumulations of balances beyond the capacity of the allotted vault spaces, there are always occasions when balances have to be stored wherever vault space is available, thereby vitiating the concept of exclusive custody of a cage by a team of joint custodians. In particular, where more than one team of joint custodians have to operate a cage, complications arise in fixing responsibilities for any pilferage/losses.

5.13.2 Recommendations

The Committee is not satisfied with the present mixing up of balances of different teams of joint custodians inside the same cage. Accordingly, the Committee recommends that each office should review the position and ensure that adequate number of cages are created within the vaults

which should be allotted team-wise so that there is no mixing up of balances of different teams within one cage. The release of the coin vault as recommended in the previous paragraph will come in handy for the purpose.

Guarantee notes*

5.14.1 Observations

The acceptance of tenders of notes under guarantee has become a standard arrangement to deal with large local tenders whenever they are beyond the capacity of the office for examination on the same day. However, the method of storing the notes under guarantee was not found to be standard. While the correct course would be to store the guarantee notes in bin cabinets under triple lock on the same analogy as chest notes, it was observed that in one office (Hyderabad) such guarantee notes were held in steel trunks with only the lock of the bank concerned. The

*Tenders under guarantee

On occasions when the tenders of large quantities of notes and coins by commercial and co-operative banks, Railways Government Departments, etc. are too heavy to be processed on the same date, a portion of the whole of such tenders may be allowed to be deposited with the Bank pending detailed examination at a future date at the convenience of the Bank. The concerned tenderers, however, are paid the full value of the tender subject to their furnishing a Guarantee Bond undertaking to make good any deficiency which may be detected in the detailed examination. Such deposits are taken over by count of packets and bundles (or weighment in the case of coins) and held under triple lock - two locks of the joint custodians and the third lock of the tenderer.

result was that once the vault was opened, the contents of the boxes were just in single custody and the joint custodians were liable to be held responsible for any pilferage by tampering of the single lock. Besides, it was also observed that these boxes had been in deposit quite for some time, the earliest being older than 5 years.

5.14.2 Recommendations

i) If it becomes inevitable to hold notes under guarantee, their subsequent examination and disposal should be expedited.

ii) The guarantee notes should be held in bin cabinets under triple lock; where this is not possible for want of bin cabinets, they may be held in steel boxes with triple locking arrangement provided by the bank concerned.

Preliminary verification of chest remittances

5.15.1 Observations

a) In some offices, it was observed that there were accumulation of remittance boxes received from chests pending preliminary verification and deposit under triple lock. Apart from the avoidable detention of the chest representative concerned, such storage of boxes inside the vault was also fraught with risk as notes have been pilfered

from such remittance boxes.

b) It was learnt on enquiry that the accumulations were consequent to the pressure of work on the joint custodians as they could not find time to attend to the preliminary verification; they were preoccupied with issue of notes for examination to a number of examination/verification sections in the morning and taking over of defaced notes from a number of sections in the evening.

c) It was also observed that because of the time constraint within which the notes had to be issued to a number of note examination sections/verification sections in the morning, the joint custodians did not devote adequate attention in adhering to the procedure for such issues - for instance, 2/3 sections were being issued notes simultaneously resulting in a large assembly of people inside the vault (Patna), the balances in the bin compartments after issue were not verified (many offices), etc.

5.15.2 Recommendations

i) Steps should be taken to take over the contents of the remittances after preliminary verification without delay and store them under triple lock. If for genuine reasons, the joint custodians are not able to achieve this, the Manager may be empowered to temporarily create, in consultation with the Currency Officer, an additional team of joint custodians for a short period for attending to

this work under post-facto report to Central office.

ii) Adequate strength of floating officers in grade 'B' and grade 'A' may be attached exclusively to the issue department not only to operate the vaults during such contingencies of pressure of work but also during casual absences of the regular joint custodians.

iii) Some norms could be evolved for the number of sections to be issued notes for examination within a particular time slot so that to the extent necessary, additional teams of joint custodians may be posted to issue the notes to the examination sections in the morning; otherwise, the teams of joint custodians may adopt short-cuts, exposing themselves and the Bank to avoidable risks.

iv) The joint custodians in charge of preliminary verification should not open more than 2/3 boxes at a time. Additional boxes should be opened only after the contents of each lot of 2/3 boxes is verified and stacked in bin cabinets and locked up.

Storage of balances during the day

5.16 Examination section and Verification section

It has been recommended in the chapter on 'Procedural aspects' that the storage of balances in the examination sections and verification sections should be in either bin

cabinets or mobile bin trolleys which have triple locking arrangements. This will make for neat storage, safe custody and cleanliness in the sections.

Box balances

5.17.1 Observations

a) While in most offices, the Deputy Treasurer or Assistant Treasurer (box balance) had the balances in his custody stored in bin cabinets or bin trolleys or 'Godrej' cupboards, similar officials in a few offices continued to use steel trunks for the purpose. This is not a very safe and desirable arrangement.

b) The Deputy Treasurer/Assistant Treasurer (box balance), were seated inside a separate enclosure in the Treasurer's hall; the same enclosure, however, was used for other purposes also e.g. heavy payments, coin handling, etc.

c) The box balances, irrespective of the volume or the value, is held in the single custody of the Deputy Treasurer/Assistant Treasurer (box balance).

5.17.2 Recommendations

i) The use of steel trunks for holding of box balances should be discontinued. The concerned official should be provided with steel cupboards.

ii) In view of large balances held by the officials, no other activity should be allowed to be conducted inside the enclosure of the box balances.

iii) The Committee examined the question of custody of the box balances viz. whether it should be under single custody or joint custody. It is the general practice in the Bank that the joint custody is extended only for balance in storage overnight. So far as the working balance in use during the day are concerned, there is only single custody. On the same analogy, the single custody concept may be continued for the box balances also. However, if there is a large volume of balances to be held in the box balance because of large number of counters/heavy payments, etc. it is recommended that the box balance work could be suitably split up to be handled by two officials each independently catering to particular set of counters/payments on a day-to-day basis i.e. on heavy days.

Taking over/handing over of balances

5.18.1 Observations

Under the present system, there are arrangements for taking over or handing over of the balances during change of charge except in the case of chest notes which are held under triple lock; the latter balances are taken over according to the registers. The reason is that it will not be possible to arrange for the opening of all

the bin cabinets which are held under the third locks of the chests, for verification of the balances. The same procedure is adopted for the annual verification of balances also when the chest notes are taken according to the value in the registers. The result is that there is no chance to verify the contents or even verify the locks, when the chest notes are in storage for a very long time.

5.18.2 Recommendations

The Committee agrees that it is not possible to arrange for the physical verification of the contents of the bin cabinets as it would involve all the various chest representatives having to come and open the bin compartments. However, to exclude the possibility of any mischief being played with the locks themselves, a procedure may be introduced for the incoming officer to verify the numbers, etc. on the locks on each bin compartment with that recorded in the register and only thereafter accept the contents according to the recorded value in the register. A similar procedure should be introduced for annual verification of balances.

Movement of treasure

5.19.1 Observations

a) It is observed that the treasure has to be moved from one place to another either entirely within the

security area or from one security area to another security area but having to travel across a non-security area.

b) Similarly, as the incinerators are mostly located away from the office building though inside the same compound, the cancelled notes for destruction are to be transported through public areas in the compound.

5.19.2 Recommendations

The principle that should be adopted for the movement is that wherever treasure is to be moved outside the security area, an armed police constable should accompany it. This will apply to transport to the incinerators also. Exception to this rule would be the transport of defaced notes being taken to the verification section for verification or to the cancelled notes vault for storage.

Bullion van

5.20.1 Observations

a) It is observed that the issue departments have been provided with bullion vans for transport of treasure within the city and also for remittances to and from nearby chests where road transport is more convenient than rail transport.

b) The bullion vans have provision for seats for accompanying employees/escort in the front and the rear, with an inner compartment for locking up of the remittances.

c) The name of the Reserve Bank of India is

prominently written on the bullion van.

d) The usual protective arrangements like wire mesh for the windshield in the driver's cabin, the windows, etc. on the body of the van are provided.

5.20.2 Recommendations

i) It is recommended that an Inter-com may be installed between the driver's cabin and seats in the rear, as, in the absence of such a communication facility, there will be difficulties in the driver or the escort establishing contact with each other in contingencies.

ii) To avoid any conspicuous notice of the Bank's vehicle and its well-known contents, the name of the Reserve Bank should not be prominently displayed on the van. To meet the RTO's requirements, the name could be painted in small letters on the left of the driver's cabin.

iii) To prevent any highjacking of the bullion van along with the treasure contained in it, the installation of a mechanical device to immobilise the van on its being commandeered by an unauthorised person may be explored. With the treasure securely locked in the body of the van and the van itself getting immobilised by jamming of the wheels, etc., the chances of the treasure being looted

would be greatly minimised as the dacoits would neither be able to drive the vehicle away from the spot nor get into the hold containing the treasure.

Contractor's trucks, etc.

5.21.1 Observations

It is observed that the Bank hires trucks from the contractors for transport of treasure on occasions when the Bank's bullion van is not found adequate, particularly when large remittances have to be moved between the office and the railway station.

5.21.2 Recommendations

i) It is necessary that the antecedents of the truck operator/bus owners should be verified before hiring trucks/buses from them; hiring vehicles from all and sundry is fraught with risk.

ii) The Bank should arrange for hiring covered trucks only for transport of treasure. In rare cases where this is not possible, the treasure boxes should be properly covered with tarpaulin (even in normal weather) so as not to disclose the nature of load in the vehicle.

Engagement of mazdoor contractors

5.22.1 Observations

It was observed that there is no standard practice for engagement of contractor's labour in different

offices. They were engaged for different types of work like movement of boxes of remittances, packing of boxes for remittances, shifting of boxes/bags within the office premises, opening of boxes for preliminary verification, etc.

5.22.2 Recommendations

The antecedents of contractors supplying labour as well as the labourers themselves should be enquired into before they are engaged. The full addresses and all particulars of each and every labourer must be on record with the Bank. Jobs for which their services are utilised may also be standardised to the extent possible.

Remittances

5.23.1 Observations

a) Remittances of notes to currency chests are packed either in 'Nasik' note cases (dealwood boxes received with fresh notes from the Nasik or Dewas Presses) or large-sized standard boxes (thick plywood boxes which have been strengthened with steel 'pattis' along the edges and the sides). Due to the large-scale transportation by rail and the resultant rough handling, these boxes undergo damages and have to be frequently repaired. A good number of the former also have to be discarded as unserviceable.

b) Remittances of coins are sent in small-sized standard boxes (design and construction, same as for large-sized standard boxes), each box containing three small

gunny bags containing different denominations of coins.

(c) The empty boxes/unserviceable boxes are generally stored in all possible places in the basements of our offices viz. the packing halls, the patrol corridors, etc. in the absence of/inadequate godown space. It will be worthwhile alternatives for the boxes to be made in the shape of collapsible containers so that they will occupy less volume in storage, when not in use.

(d) In the case of standard boxes, due to traditional arrangements, most of them are sent to Calcutta for getting them repaired through some firms at that centre as a result of which there are large accumulations of such boxes at that centre.

(e) The present arrangements consume a lot of natural resources in the form of wood and it would be worthwhile to consider synthetic substitutes therefor with a view to conserving this scarce resource and at the same time ensure comparative economy in overall costs by more recycling of the boxes.

5.23.2 Recommendations

(i) Two collapsible boxes made of aluminium sheets with strengthening of the edges by steel sections were inspected by the Committee; as it was felt that it may not achieve the desired results, the Indian Institute of Packaging (a quasi-government institution) was entrusted with a study of the packaging arrangements. Among the things suggested by them is the use of stout canvas bags akin to postal bags

but with some improved features-introducing steel patties to make them stackable, strengthening them with wiremesh, etc. Stout canvas bags are also in use in some foreign countries. The Institute has been further asked to prepare a specimen canvas bag for use in remittances of notes. It would be submitted by them in due course. If this is found to be acceptable to the Bank to meet the strength, security and handling requirements, they may be brought into use on an experimental basis.

(ii) The Bombay Office who were asked to put into use the collapsible boxes designed by the security presses and give a feedback are likely to give a report in March, 1984. Depending upon the nature of the report, the utilisation of such boxes either as they are or with any modifications that may be necessary, may also be considered.

(iii) The Institute of Packaging have also recommended as alternatives, fibre glass/polypropylene boxes in place of wooden boxes but in their opinion it will be very difficult to make them as 'collapsible' boxes in view of the nature of the material and other considerations.

(iv) So far as the standard boxes which are already in the Bank are concerned, they may continue to be used for notes as well as for coins until a suitable substitute is found. However, additional sources for supply as well as repairs may be located near the major centres at least, for facility of operations. Such boxes are reported to be available at comparatively cheaper rates at Port Blair (Andamans) because of the abundant supply of timber; the Department of Currency Management are pursuing the matter.

Transport

5.24.1 Observations

(a) Remittances of notes in bulk are sent in railway goods wagons attached to passenger trains, with the accompanying police escort seated in the nearest passenger coach next to the goods wagon. Remittances of small number of boxes are loaded in the passenger compartment itself with the accompanying escort taking their seats just near the boxes.

(b) When remittances of coins are sent along with the note remittances, the accompanying police escort is in charge of the coin boxes also. Where, however, coin remittances are sent separately, they are either sent with police escort (for higher denominations) or as parcels at railway risk for lower denominations.

(c) In all the above cases, the boxes containing notes/coins have to be transported from the office to the railway head in the Bank's bullion van/hired trucks, loaded on to the goods wagons after completing the formalities for weighment, etc. at the railway station, transhipped or the goods wagon shunted to the appropriate train at railway junctions en route, the boxes unloaded at the destination rail head and then transported again by road to the receiving office.

(d) For air transportation of remittances, similar arrangements have to be made. The remittances are carried either in chartered flights or as cargo in commercial flights

with necessary police escort under special arrangements and in-transit insurance cover for the value.

5.24.2 Recommendations

(i) The possibility of utilising the container service already available with the railways or specially built coaches with provision for loading of the boxes and the seating of the escort party may be explored in consultation with the Railway Board.

(ii) So far as remittances by air are concerned, the arrangements that have to be made have to be tailored for each occasion depending upon the size of the remittance, the aircraft that is available, the escort that is available and so on. No standard arrangements can be considered for the purpose.

Weighment of boxes

5.25.1 Observations

(a) The weight of each individual box is entered in the invoice of the relative remittance at the despatching end; each individual box is again weighed at the receiving end and the weight verified with the invoice to ensure that there is no reduction in weight during transit. Each individual box is also examined for any external signs of damage.

(b) Contract labour is engaged for the process of weighment of each individual box at either end by the office concerned, and due to the weight of the box and rough handling, the boxes sometimes undergo damages in the process.

5.25.2 Recommendation

While no change can be made in the requirement of the weighment of each individual box, a slight improvement in the process of weighment is recommended by the Committee. At present each individual box is either carried manually or on a trolley to the weighing machine, unloaded on to the machine, reloaded on the trolley after recording the weight and then taken away. Instead of this, it will considerably reduce the handling of the boxes if the tare weight of the concerned trolley is noted and the trolley with the box is weighed on the weighing platform and the weight of the box arrived at. If two or three trolleys are in use, the weight of each individual trolley can be ascertained before the commencement of the process and its weight noted on the trolley itself so that the weighment can become a quick and easy process.

CHAPTER 6Procedural Aspects

6.1.1 One of the terms of reference set for the Committee is for it to study the current procedures/methods/instructions in regard to handling of currency, coins, other treasure at different stages, particularly examination, verification and destruction of currency and suggest improvements with a view to minimising occurrence of shortages/abstractions, thefts, frauds, etc. in the Bank's various offices.

6.1.2 This item of reference was approached by the Committee under two different aspects as under :-

(i) firstly, improvements in the current procedures for examination, keeping the present basic character of the procedure undisturbed, and

(ii) secondly, by major changes in the current procedures,

aimed, in either case, at more effective security arrangements. The second aspect is set out in detail in Section II of this chapter and it is these changes that the Committee would strongly recommend for urgent consideration and thereafter quick implementation. The Committee is, however, conscious that the consideration of the second aspect not only involves policy decisions as they contemplate major departures from the current procedures but may also involve consultation with the Government, banks and associations. As such, the implementation of the second aspect may take some time. In the meantime, the Bank may take up the recommendations under the first aspect set out in Section I which are in the nature of improvements in the current procedures.

6.2 The Committee considers it necessary to emphasise one important issue in relation to the cash department procedures. As stated in para 1.5 of this report, the Committee had collected information from various offices regarding the instances of shortages, abstractions, etc. that had occurred thereat and studied the probable 'modus operandi' that might have been adopted in such cases. It is the view of the Committee that by and large, it was not strictly any lacunae in the systems and procedures that led to the mischief but the opportunities afforded to the culprits for perpetration of the mischief by non-adherence to the procedures, negligence of the persons concerned and lack of effective supervision. The improvements in the procedures recommended by the Committee are in the nature of plugging the few loopholes but the Committee wishes to emphasise that notwithstanding the Bank devising and installing a cent-per-cent fool-proof system, the avoidance or reduction of occurrences of shortages, can be achieved only through strict adherence to the procedures by all concerned at all levels as well as effective care and supervision at all stages of the work. Accordingly, the Committee considers it absolutely necessary for the Bank to impart appropriate training in the concerned areas to all categories of staff, not only to educate them on the functional aspects but inculcate a sense of security consciousness at all levels in their own interest as well as those of the Bank. Steps towards this end are recommended under Chapter 8 on 'Personnel'.

6.3 In recording the Committee's findings and recommendations under the two aspects referred to in para 6.1.2 above,

6.4.1 Note Examination Sections

(1) Infrastructure i.e. layout, furniture, etc.

Observations

(a) the seat of the Assistant Treasurer is not near the entrances which would facilitate not only his keeping a watch over the traffic at the entrance but also supervising the body search by the durwans (Hyderabad, Calcutta, Patna).

(b) the durwan who is required to regulate the entry of persons and also conduct the body search, is seated outside the door. In the process, the door is not bolted from the inside (Calcutta).

(c) no alarm button is positioned in the section or the alarm button is positioned away from the seat of the assistant treasurer (Byculla Office, Hyderabad).

(d) the positioning of the stitching/punching machines is not conducive for effective overall supervision by the assistant treasurer; in particular, the punching machine is located far away and out of view of the assistant treasurer (New Delhi, Madras).

(e) the machines are located at deep points inside the section and sometimes very near the toilets (New Delhi, Calcutta, Ahmedabad).

(f) the note examiners' tables are not arranged in a proper way and in some cases, they are arranged with one end touching the wall with the result that the group supervisor or other officers cannot take a full round of the tables (Hyderabad, New Delhi).

(g) the note examiners' tables have no special barriers around the top with the result that the notes of one examiner are prone to get mixed up with those on the adjoining table (New Delhi, Patna, Kanpur).

(h) the group supervisors have not been provided with separate tables for keeping the registers, notes, etc. handled by them (New Delhi).

(i) the group supervisors have not been provided with boxes for keeping the balances when they are in their custody (Ahmedabad, Jaipur, Bangalore).

(j) the note examination sections are cluttered up with a lot of unwanted boxes, gunny bags and other material which provide convenient hide-outs for secreting of notes etc. (Patna, Bangalore, Calcutta).

(k) no toilets have been provided inside the note examination sections (Bombay).

(l) no separate toilets for ladies are provided inside the note examination sections (All offices except a few sections in Calcutta Office).

6.4.2 Recommendations

Because of the odd and varying shapes of the accommodation provided to the note examination sections in various offices, it will not be possible to prescribe a uniform layout for all the sections unless some additions/alterations are made to the partitions of the sections to the extent feasible. As structural changes in the set up of the note examination section are contemplated e.g.

2 Assistant Treasurers, 6 groups of 7 examiners each, etc., the Committee suggests that opportunity may be taken to revamp the note examination halls suitably. In the meantime, it is necessary that the layout, wherever it is found wanting, should be recast, keeping in view the following points :-

(i) the assistant treasurer should take his seat near the entrance and every visitor to the section should either be cleared by him or should be met by him before the visitor enters the work area of the section;

(ii) the durwan should be seated on the inside, in close proximity to the door which should remain bolted from the inside. He should not open the door unless the assistant treasurer gives the clearance;

(iii) wherever the door is of ground glass or fully panelled preventing any view, a portion of it must be made of plain glass so that the assistant treasurer/durwan can get a view of the person desiring to enter the section;

(iv) the alarm button should be fixed on the table of the assistant treasurer for facility of operation. If this is not practicable, it should be fixed on the nearby wall/column within the reach of the assistant treasurer.

(v) the machines should be positioned in such a way that the assistant treasurer can have a direct view and exercise overall supervision, particularly of the punching operations;

(vi) the note examiners' tables for each group should be kept segregated from the tables of another group and also

arranged in such a way that there is enough space for the supervisor to go round the tables;

(vii) whenever new tables for the note examiners are gone in for, they may be provided with transparent acrylic sheet barriers of about 6" height facing the examiner and 3" height on the other two sides so that the notes of two examiners do not get mixed up. The barriers should be of transparent plastic or laminate to enable the supervisor to have a view of the entire work on the tables. Such barriers may also be provided to the new design tables already in use. Some of the tables need not be provided with the side barriers, as on their being placed in juxtaposition, the side barriers of the adjoining table will automatically serve as the side barrier between the two tables.

(viii) opportunity may be taken to introduce new design tables in offices where very old furniture is still in use, at the time of restructuring the sections as this will make for additional accommodation and also standard layout.

(ix) the group supervisor may be provided a separate steel table with a deep drawer on one side. The deep drawer can serve the purpose of a box for keeping his balances. Accordingly, the drawer may be a specially devised one like the counter drawers of tellers with special locking arrangements. Premises Department may take steps to design a suitable drawer.

(x) provision of slightly raised platform may be considered for the seating of the Assistant Treasurers and Group Supervisors to enable them to get a proper view of the entire section/group under their charge.

(xi) all unwanted material should be removed from the note examination sections so that they present a neat and decent appearance;

(xii) if it is not structurally possible to provide at least one toilet in each note examination section, suitable arrangements may be made to allot a toilet just outside the section but within the security area for the common use of the note examiners. In all such cases, the staff should be required to follow the prescribed procedure for leaving their working balances.

(xiii) a separate toilet for the ladies may be provided inside the section by a little addition to the existing toilet or separating the existing toilets into two. If this is not possible, a ladies toilet common to the section may be provided just outside them but within the security area on the analogy of the recommendation under item (xii);

(xiv) a wash hand basin and cold drinking water may be provided inside each section.

6.5.1 Examination work

Observations

(a) all the labels required by a note examiner were kept filled in and signed also, even before the work started (Bangalore, Calcutta).

(b) trays were not in use for carrying of notes from one place to another - either trays have not been provided or unwieldy heavy steel trays were in use (Madras, Hyderabad, Nagpur).

(c) the impressions of the examiner's seals were very poor and not clearly decipherable (Kanpur, Calcutta, Jaipur).

(d) the labels of the packets (chest notes or local tenders) which were examined by the staff, were just thrown down and found strewn all over the floor (Calcutta, Gauhati, Trivandrum).

(e) the staff leaving the section for one reason or the other during the examination process did not observe the prescribed procedure i.e. locking up the balances in a box or a bag, entry in the IN & OUT register, etc. (Nagpur, Calcutta, Jaipur).

(f) the balances in the custody of the group supervisor were just stacked on his table with the result that they were not only vulnerable to pilferages but also obstructed his view of the work of his group (Bangalore, Jaipur, Ahmedabad).

(g) the representatives of the tendering parties-banks, government departments, shroffs, chests were freely moving about in the section (Calcutta, Kanpur, Bangalore).

6.5.2 Recommendations

i) The filling up and signing of the labels should be done only after the packet is stitched with a blank label; otherwise, there is a possibility of these labels prepared in advance being used by some other examiner leading to claims and counter claims. Incidentally, the enforcement of this regulation will necessitate the personal attendance of the examiner at the stitching machine and the effective segregation of the lots of each examiner.

(ii) Use of trays for carrying notes from one place to another should be enforced. To ensure this, light trays, say made of unbreakable plastic may be supplied.

(iii) It is very essential that the seal impression should be clear and easily decipherable. A watch should be kept on the seals and those that are worn out should be replaced promptly. As the sole supplier viz. Postal Seals, Aligarh is stated to take time in meeting the indents, such indents should be placed in good time. Reserve Stock should also be maintained in the offices. Alternate sources may also be found for the manufacture and supply of these simple seals.

(iv) All labels removed from the examined packets should be torn up then and there, to prevent misuse.

(v) The examiners should be discouraged from leaving the section during the work process. Similarly, no visitors including those from the cash department itself but not having official work in the section, should be allowed inside the section. Anyone having to leave the section on essential work may be allowed to go out, at the discretion of the Assistant Treasurer, when the examiner should be required to follow the prescribed procedure. Incidentally, efforts should be made to have some fixed time allotted for the cash department staff at the Bank's dispensary, outside the work processing time so that visits to the dispensary need not be a reason for going out.

(vi) Until the supply of tables with drawers as recommended in para(ix)of 6.4.2 above, the group supervisors

may be provided with boxes for keeping the balances. In no case should their balances be kept stacked on their tables.

(vii) The representatives who watch the examination should be seated away from the work areas but in such a position from where they can see their notes being examined, which need not necessarily be very near the groups within the section. A somewhat elevated seat at a distance may also be considered.

Defacement

6.6.1 Observations

(a) the inside edges of the punched holes were not uniform as they should be, but were ragged/torn and one could not be sure whether this is due to insertion of any old punched notes or defects in the machine (Jaipur, Bhubaneswar);

(b) the position of the punches on the packets varied from packet to packet, although slightly, as the operator had to position the packets under the punch without any guide strips (Calcutta, Jaipur, Kanpur);

(c) the supervision of the punching operation was not to the desired extent. There was a lot of crowding around the machine. The register maintained by the supervisor was found to contain many alterations/overwritings (Bangalore, Nagpur, Kanpur).

6.6.2 Recommendations

(i) The die and punch set of the punching machines should invariably be maintained with sharp cutting edges so that the punch is neat and the insides of the holes are smooth.

(ii) Guide strips should be fixed on the machines according to the denominations which could ensure uniform punching.

(iii) Special efforts must be taken by the Assistant Treasurer for the supervision of the punching operation. Any lapse/laxity on the part of the punching supervisor must be brought to the notice of the authorities for appropriate action. No additions, alterations, overwritings should be allowed in the register of the punching supervisor without proper scrutiny.

Receptacles

6.7.1 Observations

The notes are brought from the vaults in huge trunks loaded on to trolleys. After arrival in the section, the contents are transferred to steel cupboards/bin cabinets where they are held during the day (examined or unexamined). At the end of the day, the process is reversed i.e. the contents of the cupboards/bin cabinets are transferred into steel trunks which are loaded on to trolleys and then moved for consolidation, etc. The steel trunks are of varying sizes. Apart from difficulty of movement, they also require frequent repairs. Many of them have become unserviceable and are dumped here and there - vault corridors, note examination sections, etc. Further, the need for frequent manual handling of the notes is fraught with risk.

6.7.2 Recommendations

To reduce the manual handling of notes and also facilitating the movement, bin trolleys of the type in use in Bombay/Byculla may be supplied to all offices. The bin

trolleys are like dwarf sized cupboards mounted on wheels with 3/4 compartments each, with independent triple locking arrangements, and capable of holding the entire indent of a normal note examination section. The bin trolley can move inside the section for distribution/collection from group to group and also for storage purposes. Once this arrangement is made, there would be no need for the use of any steel trunks which will also result in no cluttering up of the security areas/sections with serviceable/unserviceable steel trunks. Pending the supply of bin trolleys, every section should be provided with one full bin cabinet or part of it - say six or four compartments - having triple locking arrangements. The assistant treasurers, on their part, should keep all the compartments locked up, including the vacant ones or those used for stationery, etc.

Personal belongings

6.8.1 Observations

It was observed that the personal belongings of the staff e.g. hand bags, vanity bags, magazines were freely brought into the note examination sections, counters and even vaults in some cases (Calcutta, Bhubaneswar, Patna). In some offices, they were kept on a table near the entrance inside the section (Hyderabad). In some offices, they were stored inside a large steel box kept at the entrance. The chest representatives were carrying their belongings along with them inside the vaults or note examination sections (New Delhi). Similarly, representatives of banks, shroffs who were watching the examination of the notes were found to be having leather bags, etc. with them inside the note examination sections (Calcutta, Bangalore, Hyderabad). All these practices are fraught with risk.

6.8.2 Recommendations

The Bank should arrange to provide lockers to all cash department staff, irrespective of whether they work in note examination sections or counters or vaults so that they may keep their personal belongings in the lockers. Similarly, the chest representatives should also be provided with lockers. Temporary visitors should be required to keep the empty bags elsewhere than inside security areas. In any contingencies, which should be indeed rare, personal belongings may be kept in a box at the entrance but well away from the actual work spot and should not be allowed to be used when the work is in process.

Note Verification section

6.9 Infrastructure

The observation and recommendations in respect of the note examination sections are applicable 'mutatis mutandis' to the note verification sections also.

Verification work

6.10.1 Observations

The Committee carefully observed the procedure for verification followed at the various centres and found that the procedure prescribed in the manual and central office instructions was not being followed at most of the centres - for instance, the work was not being issued in instalments to the groups, the clipping was not done before issue for quantity check, the clipping was not done by another checker but was being done by the checker himself,

there was no variation in the number of notes clipped, no clips were used but a few notes were just folded up or left uncounted by the checker himself, etc. A scrutiny of the relevant registers in which the irregularities detected by the verification section were recorded, also revealed that the verification section did not discharge its duties with the desired efficiency. Apart from other considerations regarding the pros and cons of continuing with the verification work in the present form, the perfunctory nature of the check and the non-adherence to the manual provisions rendered the check most ineffective.

6.10.2 Recommendations

Special efforts must be made to tone up the working of the verification section to ensure that it functions in accordance with the provisions of the manual and central office instructions. Unless the verification, which is itself a test audit, is conducted in an effective manner, the whole scheme of cancellation of notes and writing off their value is susceptible to risks of shortages and excesses, which can never be detected. As this is a serious security risk for the entire edifice of the issue department, it is absolutely necessary to take appropriate corrective steps in this regard immediately.

Destruction of cancelled notes

6.11.1 Observations

(a) The Bank has been incinerating the cancelled notes in all centres till the recent past; of late, the

Bank has introduced machines for shredding the notes into bits which are eventually to be sold to paper manufacturing concerns. The incineration of notes is generally being given up due to the pollution problems created by conventional incinerators.

(b) The Bank is also introducing improved incinerators - oil-fired and with special techniques - which reduce the carbon content in the smoke so as not to fall foul of the pollution laws (Hyderabad, Bhubaneswar, Jaipur).

(c) Unlike the traditional incinerators, the improved incinerator, except for the one at Hyderabad, requires continuous feeding of bundles of notes which means that the entire staff on destruction duty have to be at the incinerator for about 5/6 hours.

(d) The present shredding machines also require continuous feeding; unlike the new incinerators, the shredding machines require feeding of individual packets and a much larger force of manpower as compared to the incineration process.

6.11.2 Recommendations

i) Destruction of cancelled notes by incineration is, no doubt, a fool-proof method. As, however, the incineration in the conventional incinerators has created pollution and smoke nuisance problems, shredding of the cancelled notes is a good alternative. Further, if shredding can be achieved as an on-line process immediately after segregation of the notes to be cancelled, as in high speed automatic machines, there will be the least risk of any pilferages in the destruction process.

(ii) If the conventional incinerators are not permissible due to smoke nuisance, improved incinerators which do not give out smoke, as in Bhubaneswar, may be resorted to. In all such cases, arrangements may be made to instal automatic feeding arrangements as in Hyderabad so that the presence of a large force of people throughout the period of destruction is avoided as it is a serious security risk.

(iii) If despite the above, it becomes necessary to go in for shredding of notes, the Bank should arrange for higher capacity machines which are pollution free i.e. dust free. They should be capable of taking in bundles and also have arrangements for automatic feeding so that the machines may be fed in one go and then locked up for the shredding process to be completed by one operator who will have no access to the notes. If packet feeding is to be continued, there must be a counter for giving an account of the packets that have been fed into the machine as the present arrangement is fraught with risk of pilferages.

6.12 Currency officer's representative

It is observed that apart from the joint custodians of the cancelled note vault - a staff officer(gr.B) and assistant treasurer(gr.A)-who hold the balances of cancelled notes and attend to the destruction, a third official - a staff officer in grade 'A' - is deputed by the currency officer to supervise the destruction process and also verify the quantum of notes destroyed from day to day.

As this arrangement is not conducive to effective discharge of his duties by the delegate staff officer in grade 'A' because one of the joint custodians is of a higher rank, it is recommended that the delegate staff officer may be of 'B' grade .

6.13 Telephones

Varying practices were observed in the installation of telephone extensions in the note examination and note verification sections. In some offices there were only PAX extensions while in some other offices there were PAX and PABX/PBX extensions also. While it is essential that internal telephone contact must be available during the processing of work, external telephone contact would prove an avoidable disturbance unless the calls are essential. The Committee would recommend that provision may be made for internal extensions only, in the note examination sections and note verification sections. However, external extensions wherever they have already been installed need not be withdrawn.

Miscellaneous

6.14.1 Observations

Under some special arrangements, the soiled 'India' notes received from Nepal Rastra Bank in the Bank's Patna Office are fully processed upto the stage of destruction but are not destroyed till certain test reports on random selected pieces out of such remittances are received from the security press. This has resulted in large scale accumulations of gunny bags containing verified notes awaiting destruction, causing congestion in the vaults.

6.14.2 Recommendations

The Committee is of the opinion that the present arrangements require an urgent and thorough review as the procedure, in its present form, does not achieve the intended purpose and at the same time, the delays in receipt of test reports from the Security Presses hold up the destruction of the notes largely contributing to the congestion in the vaults. The Bank may review the entire procedure and in particular as to how best to eliminate the delays in receipt of test reports from the Security Presses.

Section II - Major changes

Note Examination & Verification

6.15.1 Observations

a) There are large scale arrears at different stages of the work i.e. accumulations pending examination, cancelled notes pending verification and verified notes pending destruction, for a variety of reasons.

b) Accumulations of notes at any stage themselves breed insecurity, besides creating infrastructural problems of storage in vaults, internal shifts and repeated handling. As such, the Bank's endeavour should be to clear the accumulations at the earliest, except for keeping an appropriate buffer for the sanctioned strength. The ideal situation could be about three months' accumulation for examination, a month's accumulation for verification and no accumulation for destruction.

c) The magnitude of the accumulations can be judged by the following few illustrative examples during

the visit of the Committee to various centres :-

| | | |
|--|---|--|
| Chest notes pending examination | : | 80,500 men's work i.e. 3 1/2 years work (Hyderabad) |
| Guarantee notes pending examination | : | 20,000 men's work - oldest deposit June 1975 (Calcutta) |
| | | 7,200 men's work - oldest deposit 1978 (Hyderabad) |
| Cancelled notes pending verification | : | about 20 months' work (Kanpur/Patna) |
| Verified notes pending destruction | : | about 4,200 bags (New Delhi) |

(The peak level accumulations have been highlighted; it is reported that some of these arrears have subsequently been brought down).

(d) The process of examination, verification and destruction were specifically examined in relation to expeditious disposal as a measure of safety and security in dealing with the notes.

(e) The following is a flow chart in brief of the process of examination, verification and destruction, as it obtains today.

WORK FLOW CHART

Process of examination (in note examination sections), verification (in verification sections) and destruction (in incinerators/shredders)

A. Distribution

Notes taken over from the vault (chest notes or guarantee notes) or from the tenderer (banks, government departments and shroffs) by the assistant treasurer by count of packets and bundles.

↓

Distributed to group supervisors who take over by count of packets and bundles (generally 4 group supervisors in a section)

↓

Distributed to individual examiners who take their quota by count of packets (generally 10 examiners in a group)

B. Examination

↓

First count without opening the stitches (shortages, etc. settled with the tenderer/representative)

↓

Packets broken open & individual pieces examined and sorted into -

↓

Reissuables (notes fit for further circulation)

↓

made into packets along with the examiner's label

↓

wire stitched

↓

branded with the examiner's individual seal & label signed

↓

Returned to the group supervisor

↓

Non-issuables (notes unfit for further circulation)

↓

made into packets along with the examiner's label

↓

wire stitched

↓

branded with the examiner's individual seal & label signed

↓

Defaced by punching holes

↓

Returned to group supervisor

↓

Defective, forged, etc.

↓

branded with appropriate stamps

↓

given to exchanger

↓

order obtained on individual notes from prescribed officials

↓

passable notes exchanged for ordinary notes.

↓

Rejected notes replaced by tenderer or shortage accounted. Forged notes

↓

Ordinary notes processed as the other notes by the examiner

C. Recounting

Distribution

Group supervisor redistributes the examined notes (reissuables as well as defaced non-issuables) to some other examiner within the group by rotation, for recounting



all denominations recounted and the concerned recounter affixes his signature on the label

Returned to group supervisor

D. Further processing

Group supervisor returns to assistant treasurer who takes over by packets and bundles

Assistant treasurer consolidates receipts from all groups

Assistant treasurer delivers for consolidation to officials in charge of consolidation of receipts from all note examination sections, counters, etc.

Taken over by joint custodians - generally ACO (Notes) & AT (Notes) for storage in vault, pending issue over the counters or for being sent out in remittances.

all denominations except Re.1/- & Rs 2/- recounted and the concerned recounter affixes his signature on the label

Returned to group supervisor

Group supervisor returns to assistant treasurer who takes over by packets and bundles

Assistant treasurer consolidates receipts from all groups

Assistant treasurer delivers for consolidation to officials in charge of consolidation of receipts from all note examination sections, counters, etc.

Taken over by joint custodians - generally ACO (chest notes) and AT (chest notes) for Rs 2/- and above and ACO (Re.1/- notes) and AT (Re.1/- notes) for Re.1/- notes and held in gunny bags for storage pending verification.

E. Note Verification

Non-issuable notes
(defaced)

↓
Issued for verification to staff officer (note verification section) chronologically i.e. according to date of cancellation and as per indent.

↓
Staff officer takes over the gunny bags in the vault, checks the contents by packets and bundles in the section in the presence of the cash department representative.

↓
The staff officer segregates notes to be verified (work portion) and notes to be kept aside (relaxed portion) on a random basis and according to percentages, in accordance with central office instructions.

↓
The 'work' portion is distributed to the groups (each group consisting of one verifier and 5 checkers) in instalments.

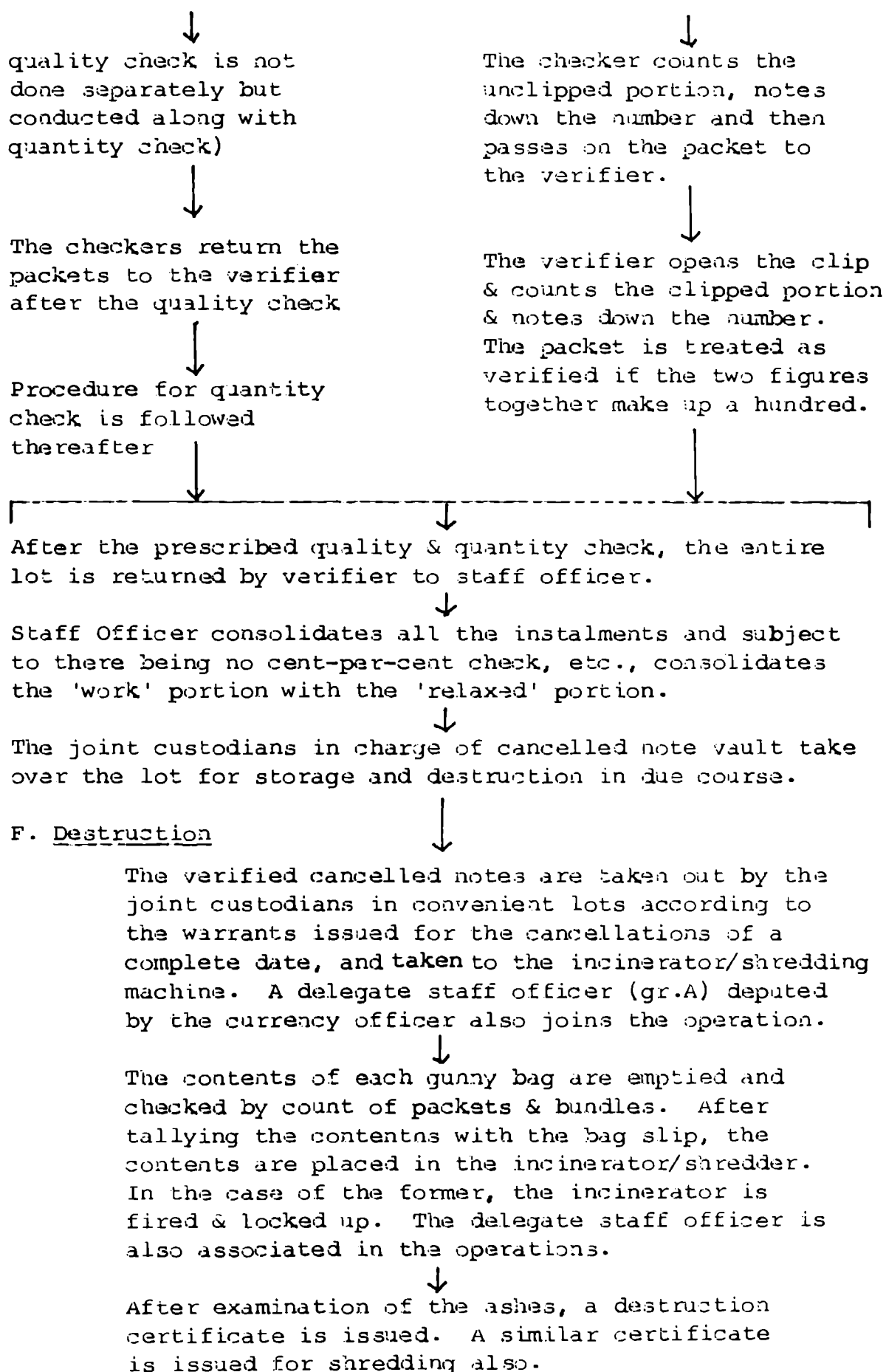
↓
The verifier takes over the lot by count of packets and bundles.

↓
Quality check

↓
Distributes the packets except Re.1/- & Rs 2/- notes to the checkers for the quality examination.(For Re.1/- & Rs 2/- notes the

↓
Quantity check

↓
Distributes notes to the checkers after having a portion of each packet (between 10 & 20) mutually clipped by checkers.



(f) The process of recounting referred to at item 'C' is found by the Committee to be a redundant process serving practically no purpose. An enquiry made in each and every office about the record of discrepancies detected during the recounting drew a blank. In no case was a record produced nor were any discrepancies recorded in the sectional registers.

(g) The process of note verification at 'E' above as at present conducted, even on the prescribed percentages, is again not serving much purpose if the present record of irregularities detected in the verification section is any indication. Except for minor/technical irregularities e.g. not defaced properly, not arranged properly, etc., the number of material irregularities disclosing shortages/excesses or defective notes is very very negligible. Even in such cases, with the provisions for getting the defective notes passed for payment or adjusting compensating shortages/excesses, the whole exercise of test audit does not serve any real purpose.

(h) As mentioned earlier in Section I of this chapter, the process of note verification is not being conducted in accordance with the prescribed procedures.

6.15.2 The Committee has carefully considered all these aspects of the present process of examination and verification and would strongly recommend the following major changes in the procedure :-

(i) The present process of examination should be conducted only till the first stage of deposit of

reissuable notes and defaced non-issuable notes with the group supervisor after examination i.e. stages A & B only.

(ii) The process of 'recounting' i.e. stage 'C' and the process of note verification in the case of defaced notes i.e. stage 'E' should be a combined process so that the defaced notes should be got recounted (or verified) by a different set of persons on the same day or on the following day by the 'clipping' method.

(iii) For facility of fixing quotas, etc. the reissuable notes can be got recounted by a separate set of staff by the same clipping method.

(iv) The recounting/verification process could be most effectively conducted if the work is officer-oriented i.e. the place of the verifier in the present groups could be taken up by an officer who will ensure better adherence to the prescribed procedures. The entire verification section should be placed in charge of one or more staff officers in grade 'B' (according to the volume of work and the number of verification groups).

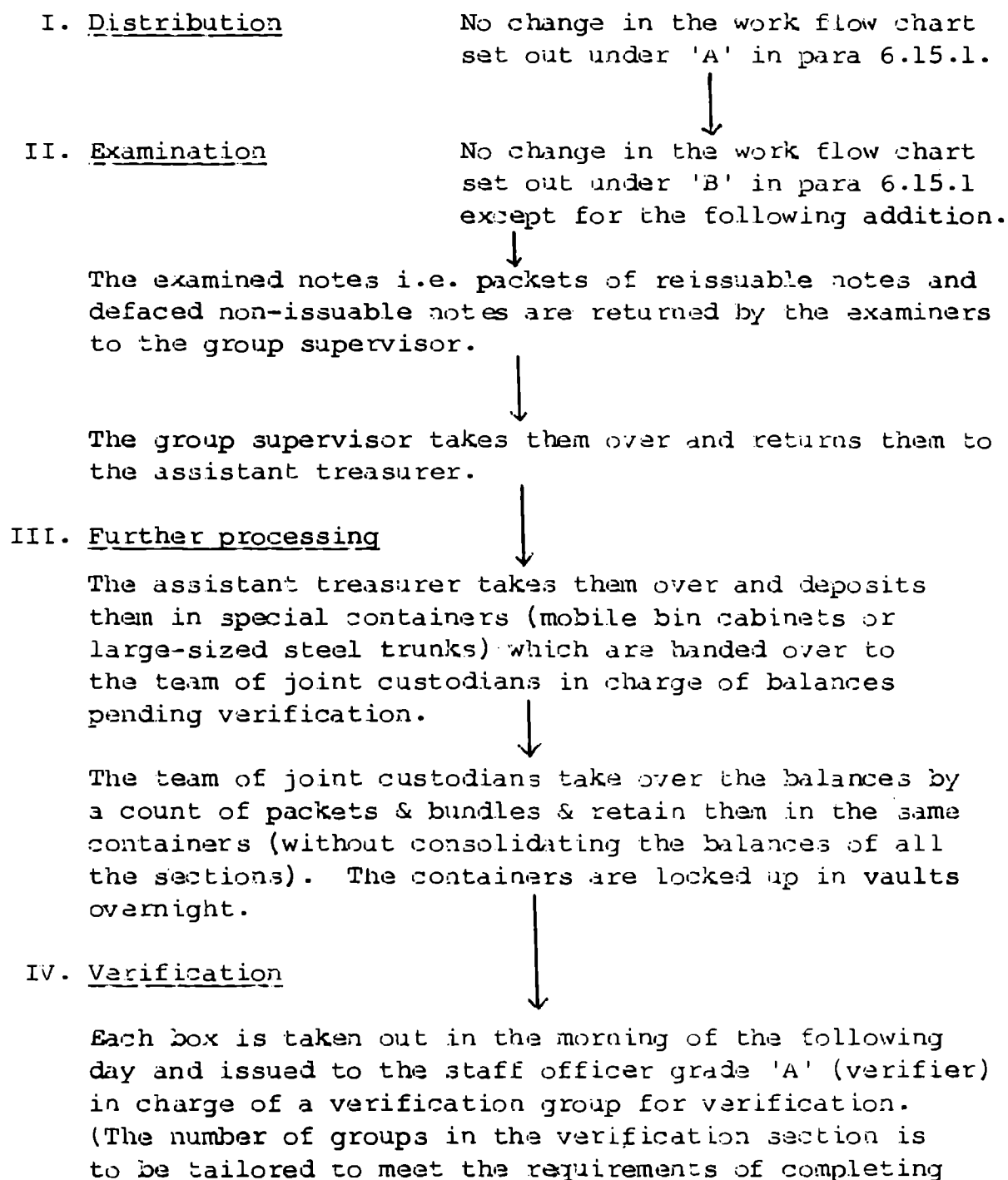
(v) If the note verification can be conducted on the same day or on the following day, it will greatly help in reducing accumulations fast, releasing valuable vault space and also reduce security risks in storage. Dispensing with the recounting by the note examining staff should logically lead to appropriate increase in the quotas which will also result in larger output by the note examination sections.

(vi) A revised flow chart incorporating the above recommendations is appended :-

Revised Work Flow Chart

Examination/Verification/Destruction

.....



the entire verification work according to the prescribed percentages on the following day itself).



The staff officer in charge of each group arranges for the verification of the notes (both reissuables and defaced non-issuables) in the same way as prescribed at present but according to revised percentages (vide item 'E' para 6.15.1(e)). Adjustments in the allotment of work among the groups is to be made during the day.



The staff officers concerned return the verified notes to the staff officer grade 'B' in charge of the verification section who takes them over by count of packets and bundles and hold the consolidated balances of 'reissuable notes' and 'defaced non-issuable notes' separately.



V. Further processing

The verified balances are delivered to different teams of joint custodians as under :-

| <u>Reissuable notes</u> | <u>Defaced non-issuable notes</u> |
|--|--|
| ↓ | ↓ |
| Delivered to joint custodians - ACO (notes) and assistant treasurer (notes)-for storage in vault pending issue over the counters or for being sent out in remittances. | Delivered to joint custodians in charge of cancelled note vault for destruction in due course. |

VI. Destruction

No change in the work flow chart as set out under 'F' in para 6.15.1(e).

Defacement

6.16.1 Observations

(a) The present arrangement for defacement of cancelled notes is by punching large circular holes each of about an inch in diameter, the number of holes being

according to the denomination of the notes - one hole for Re.1/- notes, two holes for Rs 2/- notes and three holes for all the other denominations.

(b) The defacement is intended to take away almost the entire signatures on the notes (in Hindi and in English). The positioning of the holes on the notes is not uniform due to the manual positioning of the packet under the punch.

(c) There have been cases of pilferages of punched packets of an earlier date and substituting them in lieu of packets to be punched on subsequent date, thereby taking away a good packet of notes intended to be punched. Such frauds result in considerable loss to the Bank.

6.16.2 Recommendations

Taking these factors into consideration, the Committee recommends :

(i) Instead of the number of punches being confined to 1, 2 or 3 of large sizes, there should be a number of punches of smaller dimensions say 4/5 or more which would leave the remaining portion of the note countable but render it difficult to make up a portion of more than half the note in area - the signatures (Hindi/English), water mark, ashoka pillar, etc. being removed in the defacing operation.

(ii) It is not the present practice to punch any portion of the printed number(s) on the notes although, it is perhaps the most essential feature of the note which gives life to it. Defacing of the note without punching out any portion of the printed number(s) is tantamount to merely

'amputating' the note but not 'killing' it as the payment of claims on defective notes is based mainly on the availability of the full number(s) or a major portion of it (them). All the notes in circulation at present are unregistered notes and there is no great sanctity in preserving the number. The only reason, if at all, for preserving the number panel is that it will facilitate detection of forgeries as even in a very clever forgery, it is the number panel printing that may help in detecting it. The Committee does not consider it a sufficient ground for preserving the entire number panel in tact even at the last stage. The advantage in punching out a portion of the number panel far outweighs the dubious possibility of a forgery being detected in the verification section. It is, therefore, necessary to punch a portion of each of the number panels also and the Committee recommends accordingly. The Committee further recommends that the punched bits containing the major portion of the numbers should be destroyed immediately, with maximum security.

(iii) It is not unlikely that the punching of a portion of the number panel, particularly the one at the top right hand corner in double numbered notes will render any further counting of the notes difficult. Accordingly, the Committee recommends that the matter may be taken up with the security presses at the time of next redesigning of the notes to shift the number panels away from the top right hand corner.

(iv) Instead of punching each hole on the packet in a separate operation, there can be a multiple-headed die which will punch the prescribed number of holes at the designated places in one operation. There should obviously be guide strips for feeding of the packets in the machines.

Labels

6.17.1 Observation

The colour scheme of the present labels is blue for reissuable notes and white for cancelled notes. As most of the staff use blue coloured ball-point pen or fountain pen, deciphering of the signature, etc. on blue labels is rendered difficult.

6.17.2 Recommendation

Light pink colour may be used for the labels of reissuable packets while white may continue for the labels of cancelled packets.

Seals

6.18.1 Observations

(a) The seals in use are akin to postal seals and are supplied by the postal seals department at Aligarh. Bottlenecks have been created due to delays in supply resulting in non-replacement of worn out seals in good time.

(b) The use of indelible printing ink of black colour for sealing of all notes, whether reissuable or cancelled, sometimes leads to confusion.

6.18.2 Recommendations

(i) There is no harm in changing the design of the seals and having them manufactured by some other sources. Introduction of some machines for branding the seals may also be explored.

(ii) The colour of the stamps on packets of reissuable notes may be in green (indelible printing ink); the colour of the stamps for embossing mutilated, etc. notes may be in red. The colour of the stamps on cancelled notes may continue to be black. Wherever it is necessary to brand the "paid" stamp on the notes, it should be in a different colour, say blue.

6.19 Structure of the note examination sections

The majority of the present note examination sections consist on the average of 40 note examiners (gr.II) divided into 4 groups, each under a group supervisor (gr.I); one assistant treasurer (staff officer gr.A) is in charge of the note examination section. Because of certain infrastructural problems, there are some note examination sections consisting of 3 groups or even 2 groups with the overall structure otherwise remaining the same. The Committee made efforts to find out the rationale for the present composition of each group consisting of 10 note examiners but it has not been able to find any special reason therefor.

It is now understood that the Bank has already decided to restructure each group to consist of 7 examiners (gr.II), each under one group supervisor (gr.I). Wherever

the number of groups in a note examination section exceeded 4 (i.e. 28 note examiners gr.II), an additional assistant treasurer will be posted to the section i.e. in such sections, there will be two assistant treasurers. This would mean, by and large, that the present sections of 40 examiners (4 groups of 10 examiners) will be converted into sections of 42 examiners (6 groups of 7 examiners each) which will be placed under 2 assistant treasurers instead of one as at present. The Committee would welcome such restructuring with particular reference to the attachment of 2 assistant treasurers for effective supervision but would emphasise that the duties of the two assistant treasurers should be clearly demarcated. Further, as most of the note examination sections are carved out by erection of wooden partitions (except a few, which are located in 'pucca' rooms with brick walls), efforts may be made to standardise all the sections into sections of 6 groups with two assistant treasurers particularly because of the joint custody contemplated under the next para 6.21, so that there will be only an irreducible minimum of single assistant treasurer sections.

6.21 Custody of balances in the
note examination sections.

The balances held by the assistant treasurer before examination of the notes is invariably in joint custody with the tenderer or the chest representative. However, once the notes have been examined, the output of the morning session (during the lunch recess) or the entire output of the day (before being delivered for consolidation

in the evening) remains in the single custody of the assistant treasurer. There have been instances of losses from the balances at these stages which have resulted in friction, claims and counter claims. The Committee felt the need for introducing joint custody for these balances and was considering various alternatives. The Bank's recent decision to have two assistant treasurers in note examination sections would automatically solve the problem in that such balances could be held in the joint custody of the two assistant treasurers. Where there are, however, single assistant treasurer sections, the joint custody may be achieved by designating some other assistant treasurer (some floating assistant treasurer or counter assistant treasurer) for the purpose.

Offerings of notes in the
note examination sections

6.22.1 Observations

The following categories of notes are observed to be processed in the note examination sections, the watching of the examination being done by the representative of the tenderer, chest, etc. as indicated.

| <u>Notes of</u> | <u>Watched by</u> |
|--|---|
| 1. Local tenders by banks | 1. Representative of the bank |
| 2. Local tenders of government departments | 2. Representative of the concerned government department |
| 3. Guarantee notes | 3. Representative of the original tenderer - bank/government department |
| 4. Chest notes | 4. Representative of the chest |
| 5. Shroffs | 5. The shroff or his representative |

The Reserve Bank, as the central bank of the country, is no doubt expected to provide exchange facilities and also to accept deposits on account of banks or government departments. However, if the examination capacity is bogged down by all sorts of local tenders, without any regulation of the tenders/deposits, the better part of the work force is engaged in dealing with local tenders only resulting in the examination of chest remittances falling into arrears. The consequence is that the chest notes snow ball into huge accumulations, create acute congestion in the vaults, increase the risk factor, etc. To the extent possible, therefore, it is necessary to restrict the local tenders to the essential minimum. Further, it is generally the case that the local tenders contain a larger percentage of reissuable notes as compared to chest remittances as a result of which the Reserve Bank is required to sort out the reissuables from the local tenders which also adds to the work of the Bank.

6.22.2 Recommendations

i) While the government departments which bring in deposits for credit to government accounts have to be accommodated without demur, they may be requested to sort out the notes into reissuables and non-issuables before depositing them, at least in the case of bulk depositors like railways.

ii) So far as the banks are concerned, they should be required to establish currency chests and also to centralise their cash work through their main branch only or any other designated branch. It should be this branch only which should be allowed to deposit or encash cheques. They should deposit soiled notes only; if they have to deposit reissuable notes also for replenishing their current accounts, etc. they should deposit their tenders duly sorted into reissuable and soiled notes. Except in case of contingencies, the deposits from each bank should be on designated days only. These steps will put an end to the present practice of each bank using the Reserve Bank of India offices as their central cash department for deposits and withdrawals of notes by different branches.

iii) So far as the shroffs are concerned, there appears to be no obligation cast on the Reserve Bank of India to accept tenders in bulk in the note examination sections. In the normal course they should approach their bankers for dealing with their bulk tenders. Even assuming that Reserve Bank of India can extend some facility treating them as a member of the public, the facility should be confined to what can be dealt with at the counter along with the members of the public i.e. restricted to a prescribed number of notes per tenderer.

iv) If the above arrangements are brought into force,

it will not only release valuable manpower for dealing with outstation chest remittances, thereby reducing accumulations but also obviate the need for all and sundry to enter the note examination sections for watching the examination of their tenders.

Enclosures for note examination sections

6.23.1 Observation

The present practice is for note examination sections to be located in large sized rooms enclosed by brick walls or wooden partitions (partly of ground glass) with the result that no view of the activities inside the section are available unless an officer enters the section. As these sections are normally located inside security areas, well inside the building and away from the common public gaze, such complete blocking of the view of the insides of the sections is not necessary; on the other hand, if the activities can be seen from outside, the possibility of unobtrusive or intentional watch by others will itself act as a deterrent to any nefarious activity inside the section.

6.23.2 Recommendation

It is recommended that the sections should be located in enclosures which are covered on the passage side with transparent glass partitions. If necessary, there can be a wooden section up to a height of say 3 feet from ground level, a further 3 to 4 feet of plain glass and wire mesh in

the top portion up to the ceiling. This will afford a clear view of the activities inside the note examination section to any officer, etc. who passes by. While this may be provided for in the future buildings, the existing sections may be provided with such partitions on the side/s where there are wooden partitions. If, however, there are walls on all four sides, the wooden doors may have plain transparent glass in the upper portion instead of ground glass.

Defacement of paid defective notes

6.24.1 Observation

It is observed that the defective notes which are paid under note refund rules are not defaced by punching holes as in the case of other notes which are exchanged for value but only branded with a 'PAID' stamp. The reason for non-punching of notes is obviously to preserve the identity of the note at the time it is paid so as to conduct an audit of such notes whether they have been correctly paid under the note refund rules. However, there have been cases of pilferages of such 'paid' defective notes and their presentation for a second payment after cleverly erasing the paid stamp.

6.24.2 Recommendations

i) The Committee agrees that the defacement by punching holes in the notes in the usual manner will destroy the identity of the notes; it is therefore, recommended that the words 'PAID' and an abbreviation for

the centre and date in large capitals may be perforated across the notes (including a few on the number panels) which would exclude the possibility of the notes being resurrected.

ii) To further avoid any such mischief, the 'paid' defective notes need not be tagged on to the cancellations of the day to await verification and destruction after a time lag. They should be got verified on the next day and destroyed on that day or on the following day. Suitable accounting adjustments may also be made.

Priority for disposal

6.25.1 Observation

It is observed that all the notes, irrespective of denominations, received in chest remittances or under guarantee, are stored in the vaults pending issue for detailed examination which may take even 2/3 years to materialise. The risk in storage of higher denomination notes is certainly higher than in the case of lower denomination notes as evidenced by the losses of notes held in the bin cabinets in Rs.100/- denomination - Bangalore or New Delhi cases.

6.25.2 Recommendation

Apart from taking expeditious steps to dispose of the accumulations of chest notes as a general rule, a procedure may be introduced for examination and disposal

of Rs.50/- and Rs.100/- notes included in the chest remittances/ guarantee notes, immediately after the preliminary verification of the packets. If this is arranged for, the storage of notes in the chest note vaults or under guarantee will be only of Re.1/- to Rs.20/- denominations thereby reducing the risk considerably.

Universal acceptance of packets of notes

6.26.1 Observations

Under the present arrangements, remittances of notes from the Reserve Bank offices to any other chests (fresh or reissuable notes) or from the chests to the Reserve Bank's offices (soiled notes) or even remittances between Reserve Bank's own offices (fresh or reissuable notes) are examined in detail i.e. the bundles are counted, the packets are counted and the individual pieces contained in each packet are also counted in the presence of the representative of the concerned remitting office; this is despite the fact that each packet is stitched and affixed with the label containing the concerned employee's signature (besides the examiner's seal in certain cases). The same is true of tenders received from the other banks at our offices.

By and large, the usual practice amongst the bankers should be that so long as the stitching of the packets is in tact and there is no sign of tampering or pilfering of notes therefrom, the bank which prepared the packet

should accept the responsibility for the contents of the packet; under the present arrangements however, this procedure is not accepted as a matter of course on the pretext that there are always chances for clever tampering of the packets and/or stitching thereon so as to remove any sign of mischief.

6.26.2 Recommendations

i) If all the banks develop and accept a code whereby it can be ensured that no tampering of the packets would be possible unless a seal is broken, then the packets should be universally acceptable amongst all the banks including by Reserve Bank of India. To this end, the Committee would recommend adopting adhesive paper seals with the concerned bank's emblem/name being affixed over the open ends of the wire stitching on the packets or the knot of the thread stitching besides the signed label on the analogy of the adhesive seal in use in the State Bank of India. Once, such a practice is brought into vogue, the time and labour spent in examining the contents of each packet in the remittances amongst the banks can be dispensed with, thereby saving valuable time and labour and in particular, eliminating the element of risk in the repeated handling of packets for detailed counting.

ii) In the case of fresh note remittances from the

Reserve Bank offices to outstation chests, a suitable modification of the arrangement could be introduced in consultation with the security presses so that the need for the detention of the Reserve Bank of India's representative at the outstation chests for watching the detailed examination of the remittances may be dispensed with e.g. shrink-packing of the bundles as in the case of some denominations by Dewas Press, fixing a paper adhesive seal on the open ends of the wire stitching, etc.

iii) The next stage would be for the inward remittances of soiled notes from currency chests to the Reserve Bank offices being brought under this scheme whereby there would be no need for the chest representative to watch the detailed examination of the packets provided the concerned agency banks are willing to accept the packets with their seals intact for adjusting discrepancies, if any. If this scheme is accepted, there will be a major breakthrough in that the 'third lock' system can be straightway done away with.

iv) The universal acceptance of 'full' packets amongst banks will no doubt be ultimately useful but this would require detailed discussions and evolving of mutually acceptable code of conduct amongst banks. Such a practice would offer large scale relief not only to the Reserve Bank but also to all the other banks and will also obviate detailed verification of each packet so long as they

change hands amongst banks as full packets. Any bank which requires to break open a packet for use, will necessarily have to count the contents before breaking the seal/ stitching and bring any discrepancies to the notice of the bank which prepared the packet for any necessary adjustment.

Taking over of fresh note remittances

6.27.1 Observation

The Committee observed that under the present arrangements the Bank was required to count in detail the entire fresh note remittances in Rs.50/- and Rs.100/- denominations although in the lower denominations such detailed verification was confined to 1 per cent of the remittances. The Committee's enquiries during the visits to different offices revealed that no irregularities of shortages/excesses had been detected in such cent per cent counting of the Rs.50/- and Rs.100/- denominations during the last so many years.

6.27.2 Recommendation

With a view to saving time and labour and also expediting the taking over of remittances, it is recommended that the percentage of detailed examination in the case of Rs.50/- and Rs.100/- notes could be considerably lower than cent per cent. The percentage may accordingly be reduced progressively.

Arrears position

6.28.1 Observation

The Committee's observations on the arrears position in various offices are already set out in para 6.15.1.

6.28.2 Recommendation

As among other things, it is the arrears which dislocate the smooth work of the department and at the same time breed insecurity, it is recommended that every effort should be made to reduce the arrears to manageable limits, with a time bound programme, by constant review and seeking central office instructions in the matter. The Managers and Currency Officers should be held personally responsible to ensure that the arrears are kept within prescribed limits.

CHAPTER 7

Security Organisation

This chapter reviews the present set up of the security organisation in the Bank and contains recommendations for the future set up.

7.1 Review of the present set up

Central level

7.2.1 Observations

(a) There is no central security department or cell at the central office level. Matters relating to security are dealt with in various departments at the central office level as under :

- (i) Department of currency management : procedural aspects of security in regard to the issue department including cash department and police arrangements.
- (ii) Department of administration : sanctioned strength, recruitment, postings, transfers of security personnel.
- (iii) Personnel policy department : policy matters relating to the security personnel as well as aspects relating to security which impinge on industrial relations e.g. body search, identity cards, visitors' passes, etc.
- (iv) Premises department : physical security arrangements like vaults, safety yards, emergency alarms, fire fighting and emergency power.
- (v) Inspection department: review of security arrangements and recommendations for tightening up, etc.

(b) There are other central office departments also which have something or the other to do with the security arrangements like department of expenditure and budgetary control (for expenditure/budget) and management services department (for any special studies). Notwithstanding the need for co-ordinating the activities which are handled by several central office departments as above, there is no one agency to take full responsibility of security arrangements nor any particular executive at the top level who is in full charge of such arrangements.

(c) Because of the need for consultation amongst the various departments, there are not only delays but also chances of each department working on its own on occasions.

(d) Because, again, of the security aspects being looked into by various departments, the branch offices, in times of need, are handicapped in not being able to contact any particular department either in the normal course or in emergencies for full and prompt instructions.

7.2.2 Recommendations

Taking all these factors into consideration, the Committee would recommend as under :

(i) A central security department or cell should be set up in central office which should be entrusted with the overall responsibility of the entire security arrangements in the Bank, both in central office as well as in all the other offices and branches of the Bank at various centres.

(ii) This department/cell should be headed by a very senior executive reporting directly to the top echelons of the Bank say to a Deputy Governor.

(iii) In view of the nature of the duties to be discharged by the head of this department and the initial need for organising the security work not only at the central level but also in the branches, the Bank may seek the deputation of a senior police official of the rank of an Inspector General of Police.

(iv) To ensure that the security arrangements are in dynamic hands, it is recommended that the concerned police official should be one who is in active service and not a superannuated official.

(v) In selecting the official for the purpose, the Bank should obviously be guided by the need for having an official who would fit into the Bank's environment in relation to personnel relations and the functional knowledge and orientation. He should be given adequate orientation into the Bank's activities particularly in the cash and allied operations and also be required to visit our offices as and when necessary.

(vi) The Chief of Security should be brought on deputation for 2/3 years at a time so that the security arrangements do not become stale/routine but are constantly reviewed and updated.

(vii) In view of the importance of the security function, it is recommended that there must be a high-powered advisory committee under the chairmanship of a Deputy Governor

and consisting of 3/4 heads of departments who are directly concerned in the security function e.g. Currency Management, Premises, Personnel Policy and Administration with the chief of security functioning as the Member-Secretary. Additional members may be invited according to the requirements of any particular meeting. This Committee should meet at least once in a quarter to review and evaluate the security arrangements and effect improvements therein.

(viii) A comprehensive report on a review of the security arrangements, with particular reference to the major shortages/thefts etc. that might have occurred at the offices, should be submitted to the Central Board at least once a year.

7.3 Job description of the chief of security

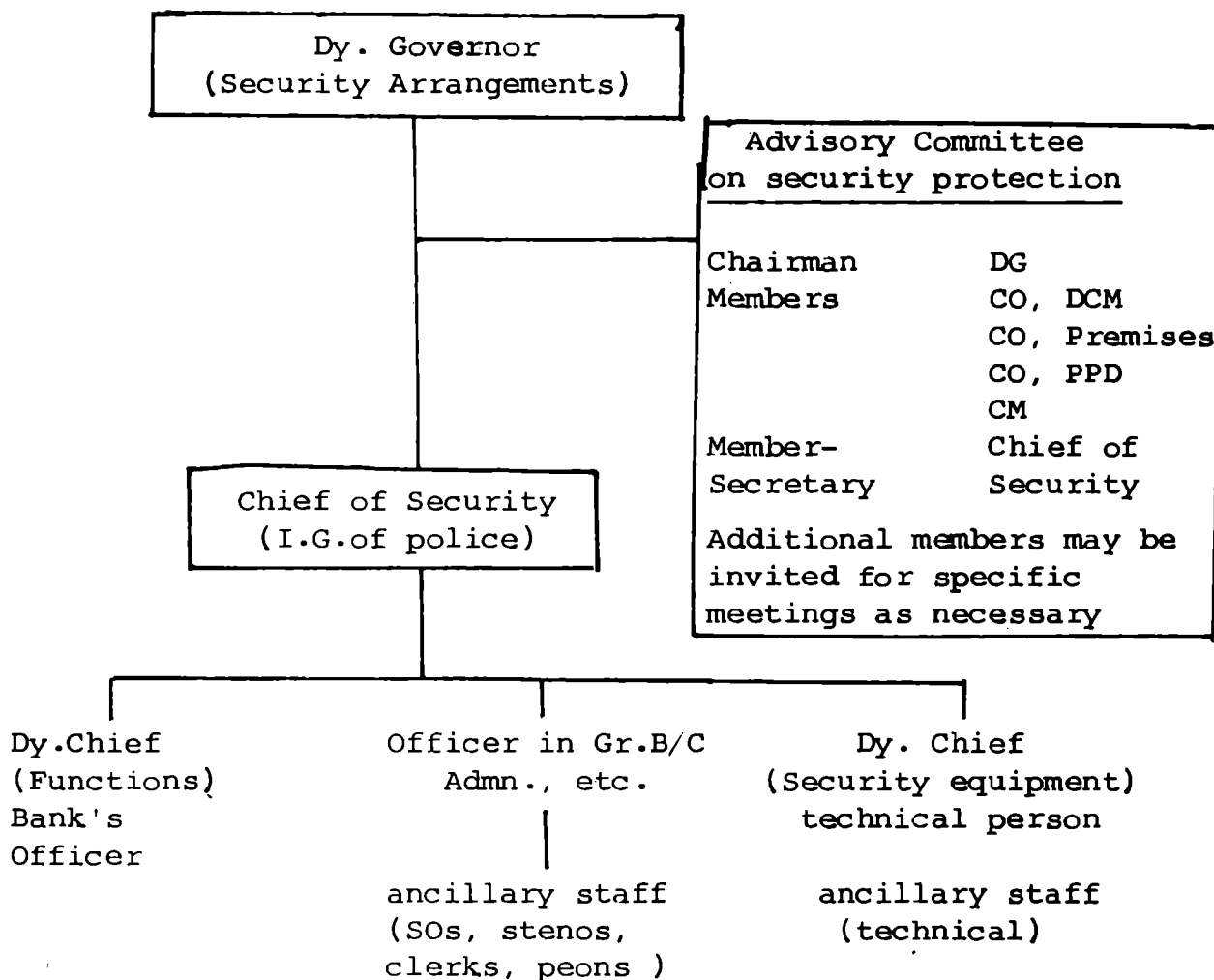
The chief of security will be in charge of the co-ordination and management of all protective security and fire fighting arrangements in the Bank, administration of the entire security organisation, representation of the Bank's security interests with all official, commercial and industrial organisations, maintaining a close external liaison with the government departments, police departments, etc., maintaining a close internal liaison with all the central office departments as well as the managers of the different offices. He should also be responsible for

conducting a periodic and systematic inspection and audit of security systems and operations in all the offices, security training and education of all concerned staff and assistance in all investigations relating to frauds, thefts, etc. (though not directly undertaking investigations which should continue to be the responsibility of the departments concerned or the police when they are called in). He should also arrange to prepare the security policy and security regulation manuals and promote amendments thereto from time to time.

7.4 Composition of the department/cell

In view of the nature of duties and functions to be performed/discharged by the central security department/cell which will be mainly one of co-ordination of different aspects of security functions attended to by the other central office departments, it will not be necessary for the chief of security to have any elaborate set up under him. Accordingly, it is suggested that the chief of security may have under him two deputies—one deputy from inside the Bank for assisting him in functional matters and the other, a technical person to assist him in the matter of security equipment (including fire fighting). The administrative support may consist of one officer with ancillary staff, all drawn from the Bank. The position should be reviewed after about two years and such changes as are necessary should be

brought about. The suggested organisational set up will be as under :



7.5 Branch level

The present arrangements at the branch level have already been set out together with the Committee's recommendations for improvements under the existing set up, in paragraphs 4.1.1 to 4.5 under Chapter 4 of this report. As contemplated under paragraph 4.2, the Committee would like to make additional recommendations in regard to a revised

security set up at the branches also on the analogy of the central security organisation. These recommendations are as under :-

(i) On the analogy of the induction of a senior police official at the central level, it is desirable to have a senior police official at the major branches; accordingly, a senior police official on active service may be inducted on deputation from the police department and attached to the Bank's offices at Bombay, Calcutta, Madras and New Delhi. The official will, not only be in charge of the security arrangements at the respective centres, but also in the offices which come under the concerned regional jurisdiction viz. western, eastern, southern and northern regions.

(ii) The rank of the regional chief may be a Deputy Inspector General of Police.

(iii) As regards the actual security arrangements at each of the offices, they may continue to be entrusted to security/assistant security officers who should be direct recruits from among ex-defence officers as at present. They will, however, function under the police official concerned.

(iv) As already stated in Chapter 4, such security officers should exclusively attend to security work only and should not be burdened with any other duties like maintenance, protocol, lounge, etc. In fact, the nomenclature of the 'security' officer/assistant 'security' officer should be exclusively used only for the officers actually concerned with security and not to others. Such security will also

cover the security of the person of the executives of the Bank who may visit the centre.

(v) The police official at the regional offices should be guided by the policies and instructions laid down by central office i.e. the central security organisation. He would, however, report to the Bank's local managers.

(vi) As regards the remaining offices, it is not necessary to go in for any police officers. It would be adequate if the Bank develops suitable officers from the existing set up (i.e. ex-commissioned officers from the services) for looking after the security arrangements at each centre, under the overall supervision and guidance of the chiefs of regional security.

(vii) At the moment there is only one assistant security officer in every office, directly in charge of internal security, irrespective of the size of the office/volume of transactions. Additional posts including those of lady Assistant Security Officers to the extent necessary should be created in accordance with the study and recommendations of the chief of security and the regional chiefs.

(viii) Other security staff viz. security guards and durwans will become part and parcel of the security set up at the respective offices.

(ix) The promotee Assistant 'Security' Officers from the Caretakers grade may be placed in charge of maintenance of the premises, any protocol duties, etc. These jobs may be combined and entrusted to the same officers in all offices except Bombay and New Delhi, where because of the sizeable

magnitude, the protocol work could be segregated. The concerned officers should be redesignated suitably, without the word 'security' so as to avoid any confusion.

7.6 Job description

The regional chiefs at the regional centres as well as the incharges of security at the other offices will be the counterparts of the chiefs of security at the central office level and will discharge more or less similar functions in relation to the region/local centres. The responsibilities and duties of each of these functionaries will be set out in clear terms in the security Regulations Manual.

Vigilance function

7.7.1 Observations

(a) There is a regular vigilance cell functioning in the central office of the Bank with its counterparts functioning in the branch offices also. The vigilance function is completely segregated from any other function in central office.

(b) At the central office level, a chief vigilance officer (an outsider), is in charge of the vigilance function and he is assisted by a deputy chief vigilance officer (a senior officer of the Bank) and supporting staff.

(c) At the branches, however, the manager combines in himself the vigilance portfolio along with his other responsibilities. As regards the cell at the branches, they generally attend to some allied work e.g. disciplinary

cases, etc., as the vigilance work cannot be a whole-time function.

7.7.2 Recommendations

i) So far as the central 'security' set up or the branch level 'security' set up is concerned, the security function should not be combined with any other function as its concentration will be dissipated and the security activity diluted. As such, the present arrangements for the vigilance function should continue as hitherto and should not be combined with the security function.

ii) It is not unlikely that there may be some overlapping of vigilance and security matters in a few cases e.g. corrupt or unscrupulous persons who are suspect from the vigilance angle (amassing wealth beyond known sources of income) being also security risks (ostentatious living, living beyond one's means) or criminals (who have committed frauds, thefts, etc. or suspects). While such cases with grey areas may always be there, though rare, it may be left to the chief vigilance officer and the chief of security to work out the modalities of liaising in particular/individual cases.

Intelligence function

7.8.1 Observations

(a) There is no intelligence gathering machinery in the Bank - formal or informal.

(b) It is worthwhile to have such an arrangement in the Bank to forestall activities against the interests of the Bank e.g. potential risks to the safety of treasure from inside or outside, whispers of criminal conspiracies or individual dishonesties, potential risks in the matter of agitations and work stoppages.

7.8.2 Recommendations

For obvious reasons, the setting up of a 'formal' intelligence cell will be merely counter-productive in that people may draw themselves into shells. The intelligence gathering function could, at best, be a very informal one and a loosely knit set up under the overall charge of the chiefs of security at the central office level and the branch office levels. They may devise their own methods to gather intelligence and pass it on to the No.1 in the office.

Security policy/security regulations manuals.

7.9.1 Observations

No regular security policy manuals or security regulations manuals have been issued by the Bank. The departmental manuals which relate to the functions of each particular department also contain some instructions relating to security arrangements. However, because of the predominant nature of the functional aspects in the respective manuals, etc. the security instructions have lost the required focus. Further, as the departmental

manuals are not revised at periodical intervals, the subsequent circular instructions issued from time to time are not incorporated in them upto date. All these arrangements have contributed to the security policy/ security regulations not being available collectively in one place for reference, information or education. It is necessary to have a separate security policy manual and security regulations manual in an institution like the Reserve Bank which handles large quantum of treasure and other valuables.

7.9.2 Recommendations

The Bank should, at the earliest, arrange for the issue of the following publications :-

i) A security policy manual which should set down the broad policies of the Bank in the matter of security.

ii) Security regulations manual which should lay down specific instructions in the matter of security for each department, each section and each activity defining, besides the security operation, the role to be played by each and every individual including the security personnel. The 'compendium of instructions' relating to security recently issued by the Department of Currency Management is a step towards achieving the purpose.

iii) While the security policy manual should be of common knowledge and common usage, the security regulations manual should be issued in sections to be perused by only

those staff who are actually concerned with the specific function, on the basis of "need to know" as common knowledge thereof may defeat the very purpose of the security arrangements.

iv) These Manuals should be numbered, kept in the safe custody of responsible officials and annual possession certificates obtained from the concerned officials.

v) These Manuals should be reviewed from time to time and additions/deletions made depending upon the experience.

vi) It will be the responsibility of the chief of security and the security cell at the central office level to prepare and issue these publications and also keep them up to date.

7.10 Police guards

The Committee has recorded its recommendations in relation to the armed police guard arrangements in the various offices in paragraphs 3.2 to 3.3 of chapter 3 of the report. One of the recommendations therein is that the Bank should make endeavours to secure the armed guards from the state 'reserve' police instead of from the city armed police.

7.11.1 The recommendation has been made as an improvement within the present frame work of drawing the police force from the state government concerned. However, the Committee

has also examined the question of the drafting of central police units vis-a-vis state police units in all our offices for guarding purposes as, among other things, the former could secure a certain amount of uniformity and unified control. Accordingly, the Committee's further observations and recommendations in this regard are as under :-

Observations

(a) Even assuming the Bank is able to secure the deputation of the armed police guards from the state 'reserve' police, there would still be disparate practices in the guarding arrangements at our various offices because of the inherent disparities in the police regulations of different states.

(b) Induction of central industrial security force units would make for not only uniformity at all the centres but also perhaps better turn-out vis-a-vis the state police units as the former are specially trained for such duties and would be a para-military organisation. The Central Industrial Security Force units are specially raised, trained and posted for industrial security purposes only.

(c) Once the central force is inducted, the Bank can be assured of no depletion in the force in times of stress and strain as the central force will not be diverted to meet any local requirements or be susceptible to any local influences.

(d) It would be easier for the Bank to deal with one central authority for all the armed guard arrangements at all the centres instead of each Manager having to deal with the individual state government and the concerned police authorities.

7.11.2 Recommendations

Taking into account all factors :-

i) The Committee recommends that the Bank should accept in principle and make efforts to induct the Central Industrial Security Force (CISF) for the guarding arrangements in the Bank, particularly against the current climate and actual spate of dacoities and robberies in various offices of commercial and co-operative banks throughout the country.

ii) The Committee's informal enquiries have revealed that there are certain constraints in securing their induction like their availability, compulsion to provide them with residential accommodation, possibilities of some friction with the Bank personnel because of their tough and rigid adherence to discipline, consequential strains in industrial relations, etc. In the Committee's opinion, these would not prove insurmountable difficulties as the central industrial security force is already performing similar duties in various central government industrial/sensitive organisations. The Committee has informally ascertained from the central industrial security force, Head Quarters that some amount of priority

would be accorded to the Reserve Bank in making their force available; the other problems could be sorted out in course of time.

iii) In inducting the central industrial security force for watch and ward duties in the Bank, they may be inducted in a phased manner for performing duties in the following order :-

- a) to substitute the present armed police guards supplied by the state government;
- b) to replace the present security guards of the Bank; and
- c) to replace the present durwans of the general and cash departments of the Bank.

iv) The switch-over in respect of the first item can be effected without any difficulty; the switch-over of the remaining two items, will among other things, need sorting out the personnel problems regarding alternate jobs for the concerned Banks' staff and their absorption, the new force performing the relative duties including the modalities of conduct of body search, etc.

v) Taking into account all these difficulties, the Committee, accordingly, recommends that instead of wholesale switch-over to the central industrial security force, the deployment of the central industrial security force should, in the first instance, be effected as a pilot experimental measure in the Bank's Nagpur office

(where the bulk of the gold in the custody of the Bank is stored); thereafter, it should be extended to the Bombay office (where the remaining portion of the gold is stored as also for other considerations). The deployment of the force should be extended to other centres in a phased manner thereafter.

vi) In deploying the central industrial security force in replacement of the state police force in the Bank's offices, perfect liaison between the central police and the state police authorities should be provided for, as it is the state police authorities whose assistance would continue to be sought for, for the following items of work :-

- a) investigation of any theft, pilferage, etc. in the Bank,
- b) agitations and law & order situations in the Bank,
- c) remittances of treasure to and from the Bank to other banks/outstations.
- d) additional police help in times of emergency.

vii) The chief of security at central office who would be a very senior IPS officer should be entrusted with the responsibility for proper liaison between the central industrial security force and the state police authorities at various centres directly and through the regional chiefs of security.

viii) For obvious reasons, the central industrial security force will have its own hierarchy in the offices of the Bank where it is deployed. In such centres, therefore, the Bank having a security organisation on its own and the central industrial security force having a set-up on its own may prove to be redundant and incongruous as both the set-ups will have to function on parallel lines. Accordingly, as and when the central industrial security force is established in any office, the Bank's own security organisation thereat should be reviewed and revamped.

ix) In the context of various state/central treasury rules referring to the guarding of treasure by the state police authorities, the position should be carefully examined with reference to the induction of the central industrial security force and amendments to the rules promoted in consultation with the State and Central Government authorities concerned.

CHAPTER 8Personnel

8.1 Apart from the infrastructural and procedural security arrangements that the Bank may arrange for, one of the most important components that contributes or in fact the main component for the safety and security of the treasure and valuables is the Bank's own personnel, irrespective of the class and cadre. The Committee deals with the personnel aspects in this chapter.

Recruitment8.2.1 Observations

(a) The Bank has got well defined procedures for selecting candidates for being appointed in the Bank's service in the officer's, clerical or the subordinate cadres and it is obviously not under the purview of the Committee to go into the relative selection procedures. However, one vital aspect that concerns the Committee is the verification of the antecedents of any prospective candidates being appointed in the Bank's service as this has a direct relationship with the security aspects in the Bank.

(b) Under the present arrangements the manner of verification of antecedents is as under :-

Officers - Police verification into the antecedents is undertaken but, on the analogy of the practice in the Government of India, the selectees are initially appointed on the basis of their own declarations and the police verification is done subsequently. The terms of appointment provide that in the event of any unfavourable report at a later date, the candidate's services would be liable for termination without assigning any reason.

Clerical - Detailed verification of character and antecedents are not undertaken (either before or after appointment), unless it is considered necessary in any particular case. Before appointment, the candidates are however, required to produce certificates of character from two Gazetted Officers (or officers of the Reserve Bank). If a candidate is unable to produce the prescribed certificates or where the Manager/Officer-in-charge considers it necessary in any particular case, the candidate's character and antecedents are verified in the same manner as in the case of officers, but before he is appointed.

In regard to appointments to the posts of clerks gr.II/coin-note examiners gr.II, a candidate, apart from producing character certificates from two Gazetted Officers is also required to :

- (i) declare particulars regarding his indebtedness, movable/immovable property, etc., if owned.
- (ii) execute an agreement with the Bank for the acts and omissions committed by him.
- (iii) name a surety who is required to give a bond for the acts of omissions/commission by the candidate.

Normally, the Bank prefers the surety being an employee of the Reserve Bank of India/State Bank of India/subsidiaries of the State Bank of India/nationalised banks/central or state government although there is no bar in accepting 'others' as sureties. Before a surety is accepted, confidential enquiries are made through the police authorities as to the surety's financial status, income, details of property owned, etc. This formality is dispensed with, if the surety happens to be an employee of the

Reserve Bank or any other institution referred to above, provided the officer-in-charge is satisfied about the financial etc. status of the proposed surety.

Subordinate staff - The same procedure as in the case of clerical staff is followed except that the character certificates need not necessarily be from gazetted officers. In the case of candidates recruited to the posts of peons, mazdoor and durwan, discreet enquiries are made from the grantor of the certificate making a specific reference as to how he came to know the candidate and the kind of opportunities he had of judging the candidate.

(c) Delving into the past, it is learnt that there was a procedure for police verification of the antecedents of candidates selected for appointment to various posts in the Bank till about 1948. The verification of character and antecedents was made through the concerned district magistrate soon after the candidate was appointed in the Bank's service. Before actual appointment in the Bank's service, however, a certificate from a respectable person to the effect that the candidate possessed good moral character was to be obtained. If police verification revealed that an employee had an undesirable past, he was not confirmed in the Bank's service but was discharged. This procedure has undergone changes from time to time and in consultation with the Government of India; the present procedure in vogue is as set out in the earlier paragraphs.

(d) It is also relevant to recapitulate in this regard the system that was in vogue in relation to the cash department appointments in the past. The Bank had, in the past, what was known as the 'contract-treasurer' system. The 'contract-treasurer' system was a legacy inherited from the Controller of Currency's days (i.e. prior to the establishment of the Reserve Bank of India) and was in vogue till the sixties. Under the contract-treasurer system an individual entered into a contract with the Bank for attending to all the cash transactions and also furnished security in the form of cash, property and insurance policies and totally indemnified the Bank against losses. As a concomitant to this system, the appointees in the cash department were exclusively confined to the nominees of the contract-treasurer. The contract-treasurer who undertook to bear the losses naturally nominated only such persons in whom he had full faith in regard to their character and integrity. It thus provided an automatic verification of the antecedents and protection against undesirables getting into the Bank's service. On the abolition of the contract-treasurer system, the requirement of nomination also was discontinued with the result that the candidates are now from the open market and their integrity and character are being verified in the manner set out in item (b) above.

(e) A number of cases of abstractions, thefts, pilferages, etc. have, as already stated, been perpetrated by elements within the Bank who have taken advantage of opportunities afforded - non-adherence to procedures, lack

of supervision/care. Be that as it may, the conclusion is inescapable that these were cases of either individual dishonesty or collective conspiracy which only emphasise the need for more vigorous screening of the persons who are taken into the Bank's service, than at present.

8.2.2 Recommendations

(i) The present arrangements for the verification of the antecedents of the candidates being appointed to the officer's cadre should be continued as at present.

(ii) In the case of candidates to be appointed to the clerical and subordinate cadres also, the Bank should arrange for police verification into the antecedents of the candidates. This verification should preferably precede the appointment of the candidates for which purpose the verification procedures may be initiated immediately after the waiting list is prepared. In cases, however, where appointments have to be made without much interregnum between the preparation of the waiting list and the actual appointment, exceptions may be made for post-appointment verification, subject to the usual saving clause as in the case of officers.

(iii) The system of getting character certificates from gazetted officers, agreements, surety, etc. should continue. Instead of, however, the certificate being of a stereotyped format, the certificate should be in the form of a suitable questionnaire which should be filled in by the gazetted officers.

(iv) In case the revision in the present procedure is to be cleared with the Government of India, it may be specially brought to the notice of the Government that appointments to the Reserve Bank's service is different from the ordinary appointments to the Government service in that the candidates would have to deal with large amount of cash and as such, the job requirements of the Bank's recruits are not strictly comparable with those of the staff in Government.

Training

8.3.1 Observations

(a) There is provision for an induction training of new recruits who are taken in the clerical cadre or the officer cadre. In the case of subordinate staff no training is imparted to them.

(b) So far as the officer cadre is concerned, some detailed departmental training follows the induction training before they are actually required to perform their duties. In the case of clerical staff who are to be posted to the cash department, some initiation into the cash department is also given before they are required to turn out the full quota of work.

(c) The Committee, for obvious reasons is not directly concerned with the training to be imparted to the staff of various categories in the functional areas of other departments except in the cash department.

8.3.2 Recommendations

(i) Apart from the usual training in the functional aspect of cash department work, the officers and staff to be posted to the cash department at any stage in their career - either at the time of recruitment or on the eve of their transfer to the department - should specifically be given training in the security aspects also viz. they should be required to study and digest the security policy manual, the specific security regulations in respect of the cash department, given practical training in the work of the cash department - vaults, note examination sections, counters, etc. - and more particularly, apprised of the pitfalls which are lurking all around in the cash department.

(ii) Such training should be imparted right from the clerks upto the currency officers, the nature and extent of training naturally, depending upon the duties and responsibilities to be discharged by the concerned categories.

(iii) Suitable training must also be imparted to the subordinate staff like mazdoors, durwans, machine operators, etc. to be attached to the cash department so as to inculcate in them a sense of duty and security consciousness.

(iv) Security training cannot obviously be a once-in-a-career operation as it requires 'eternal' attention; accordingly, provision should be made for security training at periodical intervals which will also depend on the duties to be discharged at particular level - for instance,

if security training had been imparted to an employee when he was a clerk, he should also be given training when he is appointed an officer to work in the cash department.

(v) So far as the training itself is concerned, the programmes should be conducted on-the-spot say half-a-day in theory complemented by half-a-day in practice and should be completed in about a week's time.

(vi) In the training programmes for the non-cash department staff, there should invariably be an input of security aspects which will inculcate a sense of security consciousness and spread the message of security awareness. In particular, it should be emphasised that the adherence to security measures is a matter of common interest to all the employees of the Bank and that it is not the prerogative or the sole duty of the security personnel to protect the security interests of the Bank.

(vii) In view of the importance of 'security consciousness' to be displayed by the supervisory staff, this item will form an important component for the rating to be given under 'General Remarks' in their annual confidential reports. Accordingly, this item will be included among the other traits listed therein with an instruction to the reporting officers to give due weight to this factor also in their assessment, wherever applicable.

(viii) Special courses should be arranged for the security personnel for educating them on the specific functional aspects of their duties. Apart from "in-house" training, suitable staff must also be deputed for participating in industry-wise courses so that they may widen

their horizons and make themselves conversant with the latest equipment/developments in the security area.

Postings

8.4.1 Observations

(a) The Bank has its own scheme of transferring people from one department to the other or rotating them amongst the different desks within a department; the Committee does not have any direct observations to make in this matter.

(b) As a measure of security and to prevent vested interests being created, it is necessary to have a system of rotation amongst the staff in their being posted to particular jobs/particular desks.

8.4.2 Recommendations

(i) So far as the staff attached to the note examination sections are concerned, the coin-note examiners gr.II should be rotated amongst the various groups within the section once in three months.

(ii) Similarly, the note examiners should be rotated amongst the various note examination/coin sections once in six months.

(iii) The staff should also be rotated between the counters and the sections at suitable intervals depending on the infrastructure in particular offices.

(iv) The tellers at different counters should also be rotated amongst the various counters at periodical intervals e.g. defective notes, small coins, Re.1/- coins, exchange counters/payment counters and receipt counters.

(v) For obvious reasons, the staff/officers who have public dealings should also be rotated at periodical intervals.

(vi) The guiding principle should be that no employee in the cash department whether a teller or a gr.I examiner or a gr.II examiner should remain in the same desk/same counter for an unduly long time. This applies similarly, for other staff/officers who have public dealings.

(vii) The present instructions for the rotation of staff from/to note verification sections should be strictly adhered to.

(viii) So far as the joint custodians of the balances in the vaults are concerned, the present arrangements for attaching them to particular vaults for a year may continue.

(ix) Care also should be taken to ensure that close/blood relations are not posted in complementary desks as such postings have led to collusions leading to frauds in banks.

Investigations into shortages etc.

8.5.1 Observations

(a) The investigations into cases of abstractions, shortages, thefts, etc. do not appear to follow a standard pattern at all the offices and apparently, this more or less

depends on the individual initiative and efforts of the local officials concerned. Besides, the investigations also appear to be a long drawn out affair.

(b) Although it is inevitable that various cases of shortages etc. will not fall into an identical pattern, lending themselves to standard procedures for investigation, the Committee still feels that there is scope for a certain amount of procedural drill to be followed in all such cases like obtaining of statements, reporting to the police, conducting searches, etc. and also promptness in completion of the investigation.

(c) The institution of disciplinary proceedings following cases of shortages etc. is left to the discretion of the competent authority in charge of the office.

8.5.2 Recommendations

(i) The Committee recommends that the Bank should prescribe a standard procedural drill for certain types of typical shortages and leave it to the office to supplement them according to the circumstances of particular cases.

(ii) With a view to proper investigation by the police authorities or to establish the charges in domestic enquiry proceedings, care should be taken to obtain the required statements, preserve the material evidence, identify the witnesses, etc.

(iii) Prompt steps should be taken to investigate into such cases without loss of time, apart from reporting the cases immediately to central office. In major cases of

shortages, central office should arrange to depute senior experienced officials to conduct/assist in the investigations.

(iv) Wherever central office instructions require reporting the matter to the police authorities, no time should be lost in bringing the police into the picture.

(v) All material relating to the case e.g. registers, statements of persons involved, the packets, the bundles, other items like boxes/gunny bags, etc. should be taken under the personal custody of the currency officer/manager for preservation for facilitating the further investigations/enquiry proceedings.

(vi) A separate record should be maintained of all such cases indicating the names of all persons who are connected with the shortage, etc. one way or the other.

(vii) Where the case has been handed over to the police authorities all necessary co-operation should be extended to them on the one hand; on the other hand, the matter should also be vigorously pursued with them through the police officials on deputation with the Bank (chief of security at Bombay or the regional chiefs of security at the different centres).

(viii) Apart from pursuing individual cases as above, the Manager of each office should also review all the pending cases at the end of each quarter and take up the matter with the concerned state police/C B.I. authorities with a view to expediting the investigation in all cases referred to them.

Disciplinary proceedings

8.6.1 Observations

(a) It is observed that disciplinary proceedings are not instituted in many cases.

(b) Even in cases where disciplinary proceedings have been instituted, it takes a very long time for the proceedings to be concluded.

(c) Even in cases where the guilt has been established, the employees concerned have not been awarded punishment commensurate with the charges established against them. Very often, the recovery of the entire loss or the apportionment of the loss amongst particular individuals appears to be the main focus of the punishment.

8.6.2 Recommendations

(i) While there should be discretion left with the competent authority for instituting or otherwise of disciplinary proceedings, specific guidelines should be issued to the competent authorities in regard to the institution of proceedings e.g. value of the amount involved, nature and gravity of the offence, first offence or of repetitive nature, etc.

(ii) The disciplinary proceedings should be concluded with a time-bound programme for which all assistance should be given to the managers in regard to staff, legal assistance, etc.

(iii) The punishment should invariably be commensurate with the charges established and the Bank should not shy away from awarding the extreme penalty of dismissal in proved cases of dishonesty not only as an appropriate punishment but also as an example and a deterrent to the others. Notwithstanding all the security arrangements, the sole and most effective protection against individual or collective dishonesties is an exemplary punishment of dismissal.

(iv) With a view to educating all the officers in the investigation of frauds, instituting, presenting and enquiring into such offences, special training should be imparted to the concerned officers of the Bank including case studies. No effort in this area should be considered superfluous as in the ultimate analysis it is the successful conclusion of the proceedings and award of deterrent punishment to the culprits which will be the panacea against individual dishonesties in the Bank.

(v) A complete record should be maintained of all cases of shortages, etc. irrespective of whether the charges have been finally established or not. In particular, the names of individuals involved in each case of shortage, etc. should be kept on record in the relative register. This will help the Bank in studying the trend of the activities of particular individuals who may be clever enough to escape the charges but at the same time can be dealt with as a person who is undesirable and in whom the Bank has lost confidence, as a cumulative effect of being involved in a number of cases - e.g. repeated reports of shortages in reissuable packets prepared by him.

(vi) All such cases should be periodically reviewed, say once a month, by the top management i.e. ED/DG's level and appropriate instructions given or action taken.

(vii) It was observed by the Committee that in many cases the police including CBI had drawn a blank. These should be taken up by the top management at the highest level in the Police/CBI.

CHAPTER 9Technological equipment

9.1 In the field of security arrangements, a number of mechanical, electrical and electronic devices have made their appearance and the Committee has dealt with some of these equipment in this chapter.

9.2 At the moment, there is only one electrical device in use in the Bank viz. the arrangement for emergency alarm system which mainly consists of activating buttons located at certain vulnerable places like counters, note examination sections, etc. connected to alarm bells at different locations and also one or more annunciators to indicate the location of the point of emergency. Other than the emergency alarm system referred to above, there is no other technological equipment installed in the Bank. The various equipment that the Committee has in view are as under :

- i) Closed-Circuit TV
- ii) Specialised systems of alarms
- iii) Time locks
- iv) Door controls
- v) Public address systems

9.3 Besides the above equipment which are directly connected with security arrangements, there are other devices also which will make for improvements in operational procedures themselves, leading to better security in operations. These would again be :

- i) Conveyor belt systems
- ii) Fork lifts
- iii) Note fitness sorting machines

- iv) Note counting machines
- v) Coin counting machines
- vi) Note shredding/bricqueting machines
- vii) Electronic machines for combined operations of note sorting, counting and shredding.

9.4 The Committee's recommendations in respect of these are recorded in the following paragraphs :

i) Closed-Circuit TV

As the name itself suggests, it is a closed-circuit monitoring system with cameras placed in vantage positions and monitoring screens located in consoles at a different spot, so that officials can watch through the monitors the operations conducted at different points. These could be used for :

- (a) monitoring the movement and activities of people in storage areas like the vaults, the patrol corridors, the packing enclosures, etc.
- (b) monitoring operations in processing areas like the note examination/verification sections, the public counters, etc.

So far as the former is concerned, the greater emphasis would be against pilferage or theft of valuables while the greater emphasis in the latter case would be the strict adherence to the prescribed procedures but these are not, obviously, objectives which are mutually exclusive. So far as storage spaces are concerned, the cameras will have to be placed in such positions where they could have a view of the entire vault for which purpose either there can be as many cameras as there are aisles and/or cameras which can rotate on both vertical and horizontal axes so as to

get a view of all areas within the vault. Again, there can be more sophistication with wide-angle lenses, zooming-vision arrangements, etc. As regards the monitoring screens, they can be collected in one place or distributed in different locations which will naturally require a number of monitors. The essence of the whole arrangement would not merely be in the technical sophistication or perfection of the equipment, but the reflex action that the office is able to take immediately an irregularity is noticed. As such, equal emphasis should be laid to this aspect also in going in for the installation of closed-circuit TV.

As, however, the Bank's vaults and adjoining areas are in odd shapes and compartments, it is not possible to prescribe a uniform arrangement for all the vaults even in the same office, much less for the vaults in all the offices. Accordingly, it will be worthwhile to go in for an experimental installation in one of the vaults, preferably in Bombay and in the light of the experience gained, extend the arrangement to other vaults/other centres.

So far as the operational areas like public counters etc. are concerned, the cameras can be placed in strategic locations so as to provide a clear view of all the areas of operation not directly visible to the head of the unit, who can have the advantage of viewing the operations on the monitor - say one/two cameras to cover all the public counters with the monitor near the Treasurer. Even here the Committee would suggest conducting an experiment in one or two locations before extending it to all locations.

A further sophistication in the arrangements would be not merely to monitor the activities visually but also for the activities to be video-recorded on a continuous basis which could be referred to in cases of suspicion of any nefarious activity that may come to light later on. Similarly, video-recording could be done unobtrusively for observing the activities of any particular individual/location where there is strong suspicion of malpractice but no direct proof is available.

The Committee, however, strongly recommends the introduction of closed-circuit TV surveillance of the cash department activities in a phased manner, as apart from the direct facility of monitoring, the existence of the system and the knowledge ^{of} the possibility of a culprit being caught would act as very strong deterrents against nefarious activities.

ii) Specialised systems of alarms

A number of specialised systems of alarms as under, have made their appearance :

- (a) Systems operating on VHF/UHF;
- (b) Paging devices;
- (c) Walkie-Talkies;
- (d) Silent alarms;
- (e) Digital alarm and
- (f) Photo electric alarms.

- (a) Systems operating on VHF/UHF
- (b) Paging devices
- (c) Walkie-Talkies

It was informally understood that it will not be possible to instal systems operating on VHF/UHF as it is not the practice of the Government of India to allot frequencies (wave lengths) to different institutions for their exclusive use. However, it is observed from reports that there are systems which operate on frequencies within a radius of a kilometer or so and which would not foul with other communications beyond this area e.g. walkie-talkies or paging devices used internally in hospitals or such other large institutions. Introduction of walkie-talkies/paging devices at least for the use of senior officials (including the treasurer/security officials) may be worthwhile. This arrangement has also to be experimented further in one/two large offices.

- (d) Silent alarms

The present system of alarm in the Bank rings loud bells or gongs as soon as an emergency arises, which facilitates the closing of all doors and entrances and also alerts the back-up police force to take up positions/rush to the trouble spot. This is indeed very advantageous; however, there is one drawback in that the culprit(s) also comes to know about the sounding of the alarm and may, apart from becoming alert, be also provoked into some indiscriminate act say start shooting to save himself e.g. in a hold-up situation. On the contrary, the silent alarm may just only alert the police by some device in their room but otherwise be a very effective way to apprehend the culprit, provided

the police act promptly. However, taking into account the present situation, the Committee would not recommend any change in the loud alarm system at present in vogue.

(e) Digital alarms

The system means that each alarm button has a distinct number allotted to it and the relative number, as soon as the button is activated, appears in the guard room or in other places as a liquid crystal display, instead of the zone indicators as in the present annunciator boards. This would, no doubt, enable the police or the other officials to know with pin-point precision, the actual trouble spot; as, however, this would be a very complicated installation and the present arrangements are considered adequate, the Committee is not in favour of going in for these at this stage.

(f) Photo electric alarms

As an additional precaution for the safety of the vaults, it is recommended that the Bank may install photo electric alarms within the vaults which will be activated by any light or illumination after the vault is closed. Because of the cutting out of the power supply, the inside of the vault remains pitch dark as soon as it is closed. A miscreant would have necessarily to operate with some light e.g. strike a match or use a torch. A photo electric alarm will have the capacity to immediately activate an alarm. If possible, the Bank may also consider alarms activated by LASER beams or a seismic detector.

iii) Time locks

These are devices where once a vault is locked up and the time is set, the vault cannot be opened even by the authorised custodians until the elapse of scheduled time. This is intended mainly to prevent burglaries overnight, and also to prevent compulsions on the authorised custodians for opening the vaults under duress e.g. desperadoes forcing the custodians to open the vault. With the arrangements for the guarding of the vaults by the police overnight and even during the day time, such occasions are not likely to arise in the Reserve Bank. The possibility of such forced openings or burglaries overnight may be applicable to small branches of banks. Accordingly, the Committee is not keen to recommend the installation of such devices in the Reserve Bank.

iv) Door controls

There are several types of door controls i.e. doors which will open on the operating of a door control button on the table of the concerned 'controlling' official e.g. assistant treasurer in charge of note examination section, locks which will open only by insertion of identification card with the appropriate punches, doors which will open only in one way in an emergency (security panic bar doors) and so on. In the opinion of the Committee there appears to be no need for going in for such sophisticated system as a general rule. They may be installed in one or two locations e.g. main entry to the security area in the ground floor/basement to examine their efficacy and utility and then consider extending them to other locations.

(v) Public address systems

The Bank's offices are not only located in very large and sprawling buildings but there is also a large number of personnel working in the offices in different locations including inside the vaults in the basement. It is absolutely necessary to have an all-pervading communication system within the Bank for any contingencies. Accordingly, installation of a public address system with loud speakers at different locations, and one microphone at least on each floor (under proper security controlled conditions) appears to be a must. The Committee recommends accordingly.

9.5 A special security survey of the Bombay Office premises has been conducted by a foreign consultancy firm who have, among other things, suggested installing a number of protective devices some of which are mentioned in the earlier paragraphs. A high-powered group has taken up the implementation of the recommendations in the special report; the extension of the security devices to other centres should be considered in the light of the experience in the case of Bombay Office.

9.6 Mechanical aids to processing of work

The Committee considers it relevant to record its observations and recommendations in regard to certain mechanical devices which, though not connected directly with security, contribute in a large measure to the secure and expeditious dealing with treasure reducing to the minimum human handling. The Committee's observation and recommendations in respect of these devices are set out in the following

paragraphs :

i) Conveyor belts

The present arrangements require large scale manual handling - carrying of treasure boxes from the bullion vans/trucks to the vaults, from the vaults to the note examination sections, from the note examination sections back to the vaults, and so on. It will greatly facilitate the work if there is a proper layout for the flow of work and conveyor systems are installed for the movement of treasure so that the manual handling is reduced to the minimum. Sketches showing principal movements of treasure within the office premises are furnished in Appendices VIII, IX & X. For obvious reasons, the conveyor system cannot be installed in any large measure in our existing offices due to constraints in the existing layout. However, in our future offices, the layout should be so devised as to lend itself to the installation of conveyor systems - for instance, this aspect should be borne in mind in devising the layout in the new office premises that are coming up at Nagpur or in New Bombay.

ii) Fork lifts

Again, fork lifts could be introduced for the transport and stacking of treasure boxes/gunny bags instead of the manual arrangements at present. An added advantage in the use of fork lifts inside the vaults could be that a major portion of the cubic content of the vault can be effectively utilised as the lifting and stacking of boxes almost up to the roof would be facilitated by mechanical devices; at the moment, with manual lifting and stacking of boxes, they are only stacked 6 or 7 feet high leaving a large portion at the top unutilised. Such fork lifts can be

introduced straightaway, depending however, upon the available free space within the vaults for their movement and the dimensions of the security doors for their ingress/egress. So far as movement of boxes in the packing halls outside the vaults is concerned, it should be possible to introduce them without any difficulty.

- (iii) Note-fitness sorting machines, note-counting machines, coin-counting machines, notes shredding/bricqueting machines, electronic machines for combined operations of note sorting, counting, shredding, etc.

With the enormous increase in note circulation and constraints in expanding the staff as well as the total impossibilities of providing the infrastructural facilities for accommodating a large number of staff, the Bank has to consider progressive introduction of mechanisation for processing of cash as otherwise the accumulations at different stages of work will simply overtake the system causing a break down. Apart from these considerations, an important by-product of mechanisation would be the progressive reduction of multiple stages for handling the cash as well as the reduction in human handling. For instance, the processes at present require receipt of notes on a particular day and storage, withdrawing them on another day for examination which itself involves several stages (as would be observed from the flow chart vide para 6.5.1 of Chapter 6) and storage, withdrawal for verification on yet another day and storage, and withdrawal on still another day for destruction. Introduction of machines for these operations either singly or in combination will make for a larger measure of security than at present. Further, there will be greater speed in processing (for

obvious reasons), efficiency (absence of disparate human elements having impact on the work), higher output (because of the speed) and so on. With the accumulations being processed faster, the Bank can render better service to the public, at the same time not running into risks.

A number of currency/coin handling machines are available in the international market which are manufactured in Japan, United States, United Kingdom, etc. No such machines appear to be manufactured in India yet, although it is not unlikely that once large scale demand is created for these machines, some Indian enterprises may have collaboration with foreign manufacturers and produce them indigenously. Apart from other considerations, the last of the machines mentioned viz. the one which combines in itself the examination, sorting, packing of reissuable and shredding of non-reissuables, all-in-one operation, makes for the greatest security against pilferages. The Committee would recommend having in view this as an ideal to be achieved, while there can be half-way houses towards achieving this goal in the long run. The introduction of such machines has, however, a direct bearing on the personnel and industrial relations.

9.7 As regards shredding machines/incinerators, the Committee would like to emphasise that we must have machines which have large scale capacity and automatic feeding so that there will be no need for persons to be continuously operating the machines and also there would be no chances of half-burnt notes or shredded pieces finding their way out for perpetration of mischief.

CHAPTER 10Miscellaneous

Under this chapter, the Committee has dealt with several items of miscellaneous character which could not strictly be classified under the topics of the earlier chapters.

10.1 Valuables other than cash

The Bank has well established systems for the custody and locking up overnight, of all valuables other than cash, like cheques/drafts, challans, Government promissory notes, stock certificates, exchange control permit forms, code books and registers. The system is working satisfactorily and it is recommended that all the instructions relating to the 'security' arrangements thereof may be incorporated in the proposed manual of security regulations.

Stationery and Stores10.2.1 Observations

In response to the Committee's questionnaire, no large scale theft of stationery and stores has been reported and the present systems are apparently working satisfactorily.

10.2.2 Recommendations

Relative instructions regarding the custody and security of these items may also be incorporated in the security regulations manual.

Furniture and fittings

10.3.1 Observations

The Committee has learnt that by and large the reconciliation of physical availability of dead-stock articles with the inventory registers has not been achieved in many offices. Instances of thefts of some fittings have also been reported.

10.3.2 Recommendations

It is needless to emphasise that proper care should be taken in the matter of the safety of the furniture and fittings of the Bank. To this end, apart from reconciling the items with the inventory, a thoroughly fool-proof system of gate passes for removal of any item from the Bank's premises should be brought into effect. The maintenance staff like the assistant 'maintenance' officers and caretakers should all be enjoined to check the property of the Bank at periodical intervals and take up suitable follow-up action as would be necessary. In this regard also, the induction of the Central Industrial Security Force will go a long way in putting an end to thefts and pilferages.

Documents

10.4.1 Observations

Apart from the valuables other than cash referred to in paragraph 10.1 above, the Bank also deals with a large number of sensitive documents, the contents of which should be protected from anyone not concerned with them. It is observed that all the employees of the Bank are bound by an

oath of secrecy as provided for in the staff regulations but even so, it is not as if all the documents/information that are on record with the Bank can be/should be available to those not dealing with it.

10.4.2 Recommendations

i) On the same principle as the movement in the security area is on the basis of "need to go", the availability of documents or information should strictly be on the basis of "need to know".

ii) There should be uniform standards for classifying documents as confidential/secret and it should not be left to individual interpretations. Once the classification is made, there must be specific instructions regarding the handling, circulation, storage and destruction of the classified material.

iii) Particular care must be taken in circulating sensitive documents internally by hand of messengers. Either they should be carried by responsible officials who are handling the subject or circulated in locked boxes.

iv) Document security would not only cover relative 'final' documents but all the material that went into the production of the final document like carbon papers, rough notes, drafts, stencils, photo copies, shorthand notes, etc. If the document is really of such top sensitive nature, then, all such material should be straight away destroyed or if some preservation is necessary, they should be held in the

custody of the official concerned.

Communications security

10.5.1 Observations

In a large institution like Reserve Bank, a variety of operations/communications have to be effected in the form of letters, telegrams, telexes, spoken word - either across the table or over the telephone. The Bank has introduced codes for transmission of messages and check signals for authentication of such messages. However, in some cases it is observed that information which is otherwise transmitted in code, is freely available within the office which involves security risks e.g. orders for movement of treasure to and from outstations.

10.5.2 Recommendations

i) Sensitive information must never be transmitted 'en clair' in telegrams or over telephone. Similarly, the staff must be educated never to discuss any sensitive matter openly or in the presence of unauthorised persons.

ii) Access to sections which deal in communications e.g. telegram section, telex operator's room should be strictly restricted to only those persons who are working there or their supervisory staff.

iii) The custody of code books/check signal books and the preparation of messages is a function totally distinct from the actual transmission of the messages through telex/telegram. Care must be taken to ensure that either set of

staff does not have access to the other operation, for obvious reasons.

iv) It is understood that special arrangements are being made with the Posts & Telegraphs Department to secure an exclusive communication net-work for the offices of the Reserve Bank of India for prompt and safe transmission of inter-office messages - voice/telexes/facsimile. It is recommended that the Security Presses at Nasik & Dewas as well as the Mints at Bombay, Calcutta & Hyderabad may also be put on the exclusive communication grid.

10.6 Surprise checks

Both in relation to the procedural aspects and the security arrangements, the need for surprise checks needs no emphasis. So far as the surprise checks for the procedural aspects are concerned, central office have, from time to time, prescribed the nature and the frequency of the surprise checks at various stages of the work. On the same analogy, surprise checks should be prescribed for the security arrangements also other than the surprise check of the emergency alarm system. These should be suitably devised by the central security cell and incorporated in the manual of security regulations. The results of the surprise security checks should effectively be followed up for ensuring optimum security conditions.

Tea/Coffee/Snacks facility

10.7.1 Observations

(a) The officers' lounges in all the offices are run

departmentally with the result that the staff of lounges are Bank's own employees.

(b) The canteen run for the workmen staff in every centre is a co-operative canteen whose staff are not the employees of the Bank but outsiders. In the new central office building, the running of the canteen has been entrusted to an outside contractor and as such the members of his staff also are outsiders.

(c) The employees of the co-operative canteens are found to be moving freely in all areas including the security area not only for supplying tea/coffee but also found to be selling some snacks both in the morning and in the afternoon.

(d) Such free movement of particularly outsiders in all cash handling areas is, for obvious reasons, a security risk.

(e) At the same time, it is also necessary that the Bank's staff should have reasonable facilities for getting tea/coffee near about their places of work at the appropriate time.

10.7.2 Recommendations

i) So far as the Bank's own staff are concerned, viz. Khidmatgars or tea/water boys who are supplying tea/ coffee to the officers, a few may be issued security passes for entering into the security areas. However, their movements should be restricted to just the table of officers

concerned once in the morning and once in the afternoon. With the Assistant Treasurers taking their seats just near the entrances into the note examination sections, the movement of Khidmatgar/tea-water boy will be restricted to just near the entrances of the note examination sections.

ii) As regards the canteen staff who are outsiders, their free movement in the security area particularly, has to be very restricted and confined to properly located places. The steps that may be taken could be as under :-

- a) There should be no selling of eatables anywhere in the security area. If necessary, they may be sold outside the security area in designated places and confined to just 3 or 4 locations near the entrances and not inside the other departments also.
- b) The canteen staff carrying large tea containers should locate themselves in a particular place within the security area where the cash department staff can go and take their tea. For instance, there could be one or two locations in the Treasurer's Hall and similarly one location just near the entrance inside each of the note examination sections.
- c) To the extent possible, the serving of tea in the Treasurer's Hall/note examination sections could preferably be before the commencement of the actual business/work and not during the processing of work.
- d) No cash transactions should be undertaken by the canteen staff,

particularly in security areas. All transactions should be settled in coupons only.

- e) The canteen staff must be required to wear distinct uniforms which should preferably be without pockets; the canteen staff could have open cardboard boxes or transparent plastic boxes with them for collecting coupons.

iii) The aim is to strike a proper compromise between ensuring optimum security conditions and at the same time providing the facilities to a reasonable extent. Each office can, in consultation with the co-operative canteen evolve an appropriate system for the purpose.

Fire fighting arrangements

10.8.1 Observations

a) The Bank has installed, depending on the nature of the building and other considerations, suitable fire fighting arrangements - fire buckets filled with water/sand, soda acid/dry powder fire extinguishers, dry/wet risers, hose reels, fire hydrants, pump sets, etc. The arrangements are not, for obvious reasons, of a uniform nature at all the centres.

b) Smoke detectors are installed in the new central office building in Bombay but not elsewhere.

c) Special arrangements for fire fighting have been introduced in the new central office building - fire escape

routes have been settled, a drill has been conducted and a booklet has also been issued for the information of the staff.

10.8.2 Recommendations

i) The present fire fighting arrangements in the various office buildings at all centres should be reviewed and critically examined either by technical experts from central office or the officials of the local fire fighting department and such improvements as are called for, effected.

ii) Except for an unfortunate fire accident in the Bank's Bombay office sometime back, the Bank has been spared of fire accidents in all offices. The absence of fire accidents is no doubt a welcome feature; it also, however, means that the fire fighting system particularly the hose reels, fire hydrants and pump sets have not been put to test and for all that one knows, they may not deliver the goods (water), in a real emergency. As such, it is necessary that regular tests should be carried out say at least once in 6 months to ensure the efficient working of the system.

iii) So far as the fire extinguishers are concerned, they require periodical inspections to ensure the life of the chemicals. This routine check should be strictly adhered to.

iv) The Committee found that no fire fighting

arrangements had been provided inside the vaults and pursuant to its observations, the Bank has already arranged to instal at least one fire extinguisher inside each cage of the vault.

v) The concerned staff should be trained in the operation of the fire fighting equipment in an emergency. Apart from the security staff being trained in this sphere, it is worthwhile to have a few volunteers from the other staff also for fire fighting, first aid, etc. on the analogy of the civil defence arrangements.

vi) Although staircases have been provided as fire escape routes in almost all the buildings, the Committee found some impediments in the free movement across these staircases because of dumping of unwanted items, installation of gates/barriers therein. The position has to be examined and set right so as to ensure free movement across these staircases.

vii) A lot of inflammable material as under is stored/handled in the Bank at different places :-

- a) Lot of paper stored in the stationery rooms, current registers and papers, old records, daily sweepings of waste paper all over the premises.
- b) Wooden boxes.
- c) Gunny bags/Jute twine
- d) Diesel oil.

The currency notes themselves are also prone to fire risks.

Every effort must be taken for proper storage of inflammable material and also to dispose of the unwanted items like waste paper, unserviceable boxes with the least possible delay.

viii) "NO SMOKING" signs should be exhibited in all vulnerable places.

ix) Facility must be provided for establishing telephone contact with the 'Fire Brigade' - either by a night connection in the guard room or a direct telephone at a specified location in the premises.

x) A booklet on the analogy of the one used in the new central office building, may be arranged to be issued at all the centres tailored, if necessary, to the particular buildings.

Emergency power supply

10.9.1 Observations

a) The Bank requires continuous power supply not only for the lights, fans and the lifts but also for operating the note punching/stitching machines, shredding machines, emergency alarm systems, some telephone equipment, air-conditioning, etc.

b) There are occasions when there is total non-availability of power for the office premises - either due to some fault in the external/internal system or due to planned load shedding by the local authorities when the office is greatly handicapped, particularly for the vault/

cash operations.

10.9.2 Recommendations

i) Steps must be taken by each office to arrange with the local authorities to exclude the Bank from planned load shedding in view of the essential and sensitive nature of the work done in the Reserve Bank of India.

ii) The electrical supply system within the Bank should be kept under constant check particularly regarding the load factor. Incidentally, distribution boards should not be located inside the vaults as observed in some centres as they will not be available for necessary attention in times of emergency; besides, location of such boards inside the vaults may also prove a fire hazard which may not be easily noticed.

iii) Alternate sources for supply of power should be installed in the premises in the form of diesel generator/s of adequate capacity. In calculating the power required during a blackout, provision must be made for not only minimum lighting of the essential areas i.e. the entire security area including the vaults, but also for the operation of the bullion lifts and the note stitching/punching machines.

iv) The diesel generator should be started and tested every day lest it may not function in an emergency. While the Committee would prefer automatic starting of the generator as soon as there is power failure, it is

understood that there are technical difficulties in arranging for this; in the circumstances, the Committee recommends that the arrangements for starting the generator which would depend on the human element should be properly devised and ensured by suitable drills.

v) Besides emergency power supply, provision should also be made for portable emergency lamps in all vulnerable places, particularly the vaults, the guard rooms, etc. The Committee had experience of the vault at Patna becoming pitch dark and the staff groping about for locating the emergency lamps; neither they were in adequate number nor in fixed locations. The Committee, therefore, recommends that each vault should have adequate number of such lights fixed in specific positions to light up each aisle of the vault with arrangements for the lights to come on automatically, immediately there is power failure. The joint custodians should also keep such a lamp near the place where they may be working inside the vault at any particular time.

vi) All the portable lamps should be kept in good repair; a few standby lights may also be kept to substitute those which are sent for repairs.

De La Rue Report

10.10.1 The Bank had engaged the services of Messers De La Rue International Services of UK for a security survey of the Bank's main office building and the new central office building at Bombay. The security survey report of the foreign consultant firm was submitted to the Committee. The

recommendations contained in the report were examined in detail by the Committee at one of its meetings and the recommendations were generally found acceptable but for the three following major recommendations :-

- i) Body search to be undertaken only in circumstances of a suspicious nature;
- ii) Replacement of police force for guarding the vaults; the function to be entrusted to the Bank's own armed guards; and
- iii) Revamping of the examination process by introduction of a machine for sorting out reissuables.

The Committee was not in favour of accepting these three recommendations for the following reasons :-

a) There is already a system of body search in force in the Bank and there was more or less a consensus amongst the officers that if anything, the body search process should be made more effective. The question had come up for discussions repeatedly at the different meetings and the recommendations of the Committee in this regard had more or less been finalised. The specialist's report did not adduce any particular reasons for doing away with the body search; on the other hand, the consultant himself had suggested the body search under circumstances of a suspicious nature. As it would be somewhat invidious and discriminatory to apply it on a selective basis, it was the view of the Committee that it would be more appropriate to apply it on a random basis as already decided and of course, invoke it for circumstances of suspicious nature also.

b) Unlike the environmental conditions that may be appropriate for other countries, particularly, the western countries, the presence of an armed policeman still instills fear in the minds of the general public and deters people from indulging in mischief; desperadoes are, however, a different lot against whom even the Bank's own armed guards suggested by the consultant may not be very effective. Secondly, creating a cadre of Bank's own armed guards in replacement of police will be an imprudent step as once they are Bank's employees, they would have their own various 'rights' including trade union rights. All things considered, the Committee not only decided to continue with the police force but also explore the possibility of getting more efficient units like the State Reserve Police or the Central Industrial Security Force.

c) The whole revamping of the examination process suggested by the consultant revolves around the introduction of a machine for the fitness testing of the soiled notes to sort them into reissuables and non-issuables. In reality, this means, a mechanisation of the sorting process. Although the consultant has not explicitly indicated, a natural corollary for the fitness testing machine would be notes counting machines. It will

be seen from the Committee's recommendations in paragraph 9.6 of chapter 9 that the Committee is not averse to the introduction of machines for the examination work. However, the Committee is of the opinion that introduction of a machine of the nature suggested by the specialist consultant would require a detailed consideration of the purposes for which and the manner in which machines may be introduced. It is not strictly within the terms of the Committee to examine this aspect; secondly, the consideration of mechanisation would also involve in a large measure, consideration of the personnel and industrial relations in the Bank which again is not within the purview of the Committee. Taking all factors into consideration, the Committee would like to take a neutral position in regard to this suggestion of the consultant and would like to recommend that if it is feasible, the Bank may consider the recommendation separately and introduce it with such modifications and in such stages as may be called for, depending on the relative climate and industrial relations at each regional office.

10.10.2 Excepting for the above three major items, the Committee recommends implementation of the other recommendations of the specialist consultant and is happy to know that at the instance of the Chairman of the Committee, the Bank has already appointed a high-powered group to implement them.

CHAPTER 11Summary of Recommendations

At the outset it may be clarified that this summary is also based on the actual findings of the Committee as set out more specifically centre-wise in Volume II of this report. The figures given at the end of each recommendation refer to the relative paragraph of the report.

Chapter 2 : Principles of Security

1. Security arrangements should be such as to afford full protection to all the property of the Bank including treasure and manpower including customers. They should be of a sufficiently high standard as to project the image of the Reserve Bank of India as the central banking institution of the nation. (2.1)
2. The Bank as a public institution has to be easily accessible to all members of the public and, at the same time, has to be specially well protected because it handles the largest quantity of cash and valuables, including gold. The security system should not, therefore, impede efficiency of customer service and should accordingly be tailored to the concerned area/ activity. (2.2)
3. Security system has to assess the risks and forestall them. It is defensive in nature with successive barriers of protection and should be constantly reviewed, evaluated and updated. (2.3)

4. Security system, on the one hand, is subject to many constraints e.g. infrastructural, operational, economic, legal and industrial relations and, on the other, notwithstanding all equipment/aids, the system depends largely on the human element which is very often imponderable. Despite all these, our objective should be to aim at perfection and nothing less. (2.4)
5. Security consciousness and adherence to security measures are applicable to all categories of staff irrespective of sex, class and status. There can be no alibis for non-conformity in this respect. (2.5)
6. Proper planning and organisation of work to eliminate short-cuts or pressures are essential for security. (2.5)
7. A sense of self-discipline may have to be inculcated among the members of the staff through understanding of the letter and spirit of all security instructions, even in the smallest detail. (2.6)
8. Education/persuasion/dialogues/warnings/punishments are all means to inculcate discipline; the Bank may adopt one or more of the measures but ultimately enforce discipline. (2.6)
9. Training in both functional and security aspects is necessary. (2.7)
10. Top management of the Bank should not only actively involve itself in laying down security policy and practice but also show that it is serious about

enforcing them by precept and example. (2.8)

Chapter 3 : External Security

11. Arrangements for security should be effectively supervised at all times, including outside office hours. (3.1.1)
12. Office premises should be exclusively for official activities only; all other activities e.g. staff and welfare activities should be located in an annexe or at least on separate floors. (3.1.2)
13. Either no bridge should be provided between the office building and the annexe or where such a bridge is provided, efforts must be made to subject it to restricted movement, if it is not possible to stop its usage altogether. (3.1.2)
14. Perimeter barrier should be to a minimum height of 8 feet including barbed wire/grille/broken glass. The compound barriers should be fully built up so as not to allow any view of the activities inside. (3.1.3)
15. Security and aesthetics aspects should be blended in the construction of office buildings, greater emphasis, however, being on the former. (3.1.3)
16. Minimum number of entrances with the gates matching the compound walls, regulating their user, wicket gates for pedestrians and durwan's booths are necessary features for ensuring perimeter security. (3.1.4)

17. Proper segregation of garden areas, removal of wild growth, non-location of lamp posts or trees in close proximity to perimeter walls and covering the bottoms of existing lamp posts/trees so located, with barbed wire should be done. (3.1.5)
18. Bright illumination of the entire compound area, provision of wall bracket lights on the periphery of the building and supply of emergency power to these will deter mischief. (3.1.6)
19. Armed police guards from state 'reserve' police units are preferable to those from city/district police, till such time as the Central Industrial Security Force is inducted; efforts should be made to move towards this position at all centres. (3.2.4)
20. Efforts must be made to standardise and achieve uniformity in fixing sentry positions, nature of duties of guards, cycle of duty hours and deployment of reserves to the extent possible. (3.2.5)
21. A guard commander of officer cadre should be present on the premises all the 24 hours. (3.2.6)
22. Comprehensive guard instructions should be available in Hindi, local language and English. Specimens of Calcutta and Nagpur instructions are furnished in Appendix VI. All police guards should be conversant with the instructions. (3.2.7)

23. Guard rooms for resident guards should have sufficient accommodation, good ventilation, proper lighting, adequate number of cots, mattresses and other reasonable comforts to enable the policemen to rest well when off duty and be in a position to discharge their duties ably and effectively; guard commander should have a separate cabin adjoining the guard room. (3.2.8)
24. Proper kitchen facilities should be provided to the policemen. (3.2.9)
25. Arrangements should be made for effective and balanced rotation of guards. (3.2.10)
26. Guard room should be located in close proximity to the security area and there should be no impediments in free movement between the two. (3.2.11)
27. Apart from .303 rifles or .410 muskets, some sophisticated arms like automatic weapons and revolvers or even sten guns may be provided to the police guards; the rifles which should be maintained properly and inspected regularly, may be properly secured in the rifle stands in the guard room. (3.3.1)
28. While the weapons may be stacked/held/carried, without ammunition being loaded therein, the men must carry adequate ammunition in their pouches. Ammunition should be properly stored and it should also be ensured that they are 'live'. (3.3.2)

29. Guard room should have internal and external telephone extensions, the latter being converted into night connections outside office hours. A direct hot line to the police control room should also be installed. All telephone lines should be kept in working order. (3.4.1)
30. Providing walkie-talkies to contact the police control room may also be considered. (3.4.1)
31. Emergency alarm drill should include prompt closing of all entrances/exits, sentries at duty posts becoming alert, doubling or trebling of the sentry positions and the rushing of the guard commander and the back-up force to the trouble spot with arms and ammunition, without any loss of time. (3.5.1)
32. Contingency plans should be drawn up for the modalities of the deployment of additional force being drafted from the police headquarters when contacted over the hot line or otherwise. (3.6)

Chapter 4 : Internal Security

33. Instead of only one Assistant Security Officer (internal security) in all offices as at present, there should be more, with well-defined duties, depending on the size and operations of each office. (4.3)
34. Direct recruit ex-defence officers should be placed

exclusively in charge of security while internal promotee officers may perform duties relating to maintenance, protocol and other miscellaneous items. (4.3)

35. Specific duty lists should be drawn up for the security guards and they should also be given training. They should be given 'khaki' uniforms. (4.4)

36. Durwans of both cash and general departments should be merged and come under the orders of security organisation. They should be recruited only from ex-servicemen. Daily wage persons should not be posted as Durwans in casual vacancies. Durwans should also wear 'khaki' uniforms. (4.5)

37. Security areas should be clearly demarcated and segregated; suitable notices should be put up and entry regulated through issue of security passes. Movements within the security area also should be confined strictly according to functional needs. During working hours, there must preferably be only one entry/exit, into/out of the security area. (4.6)
(i), (ii) & (iii)

38. Security area is to be exclusively utilised for conduct of actual cash work and not entire cash department's work; all administrative/house-keeping work, even of the cash department, should be located outside the security area to eliminate avoidable movement of personnel. (4.7.1)

39. No payments/receipts, including heavy payments/
heavy receipts, should be conducted within the
treasurer's hall. (4.7.2)
40. No miscellaneous activities like repairing of
boxes, repairing of machines should be done
inside the security area. (4.7.3)
41. Security areas including packing halls and patrol
corridors are not to be cluttered up with empty
boxes or other material; the areas should present
a spick and span appearance without giving any
scope for any one hiding himself or secreting cash
or valuables. (4.7.4)
42. Forms of identity cards/entry permits should be
standardised by Central Office to provide minimum
categories and proper colour schemes. All the
Bank's staff or at least those working in security
areas should wear identity cards displayed on
their person. (4.8.1)
43. Issue of identity cards as well as changes/transfers
are to be done promptly. Cards are to be checked
by the security staff at the point of entry or
otherwise. (4.8.2)
44. Enquiry counters catering to security area must
preferably be located at the entrance lobby of the
public hall. (4.9.1)
45. Enquiry counters for the non-security areas may

be located either at the same entrance lobby or at staff entrance lobby. To regulate movement of the public to the upper floors, the counters of the departments dealing with public like PDO and ECD may, if possible, be located in the public hall itself. (4.9.2)

46. Visitors' passes to non-security areas may be issued according to needs while those for security areas should be issued on a very restricted basis and only for transacting authorised official cash work. Visitors to the security areas for private/personal work should not be allowed; in case of urgency, the meeting may be arranged outside the security area. (4.10.1)

47. Visitors' passes/entry permits should be collected at the time of exit of the visitor. (4.10.2)

48. Internal alarm system should be improved to ensure equitable distribution of the alarm buttons into different zones, proper location of annunciators/hooters/alarm bells, audibility of the alarm and proper communication of the 'all clear' signal. If the existing system is not capable of improvement, it should be replaced. (4.11.1)

49. Alarm buttons are to be located inside each note examination/verification section near

the in-charge's seat, in a concealed location near the Tellers and at other vulnerable places. (4.11.2)

50. During alarm, apart from closing of the doors of all entrances/exits, the lifts also should be frozen at the ground floor level. (4.11.3)

51. In the context of the time and effort involved in the prompt closing of the massive main doors of the public hall at the time of emergency, some retractable chain fencing should be provided at the inner stage of the swinging glass doors also. (4.11.4)

52. Body search must be extended to all categories of staff irrespective of class status or sex and should be conducted on a random and surprise basis, through a system of each employee drawing a coloured ball or letter of alphabet or number. Search may be confined to a percentage but should be more thorough than at present and should be conducted inside cubicles by security officers till the induction of Central Industrial Security Force.

- At least one lady Assistant Security Officer should be appointed to conduct the search of lady employees. The lockers of the employees should be placed outside the security area. (4.12.3)
53. Separate facilities should be provided for the ingress/egress of government departments/banks for bringing in/taking out heavy cash. (4.13.1)
54. Apart from resident armed guards, some police personnel (in uniform and/or in plain clothes) to be posted in the public hall for protection of customers and also keeping the peace. (4.13.2)
55. Activities of professional dealers in defective notes, shroffs and their hirelings within the Bank's premises/public halls should be curbed to enable genuine public, transacting business at the counters. (4.13.3)
56. Steps should be taken to prohibit and also enforce the prohibition regarding the carrying of firearms and other weapons (except kirpans)

- into the public halls and the Bank's premises as set out in detail; similarly, the steps for prohibition of photography inside the public halls and Bank's premises are also set out. (4.13.4)
57. Counter designs should be improved to prevent cash on the teller's side coming within an arm's length of the customer - counter tops to be widened or to be in split level, scoop trays/ cash transfer drawers being installed in future counters. Height of counter partitions are to be increased, glass panes to be strengthened, counter-window shutters to have proper bolting arrangements and separate cubicles to be provided for each teller with snap locking doors. A sketch of model counter design is furnished (Appendix VII) (4.13.5)
58. Heavy payments to/heavy receipts from, special customers like Government Departments, banks should be done in an inner area and not in public counters. Proper facilities to be provided to their accompanying armed guards and parking of their vehicles. (4.13.6)
59. Railings for orderly formation of queues at least in front of very busy counters are to be provided. (4.13.7)

Chapter 5 : Storage & movement of treasure

60. The Bank's current specifications for walls, doors etc. of the vaults should be reviewed by a technical committee taking into account a much longer time of resistance than the four hours prescribed at present. (5.2.2)
61. Ventilation doors for inlet/outlet for air-conditioning purposes as well as the ducts for forced air draft should be re-examined to ensure that they do not prove to be chinks in the armour of the vaults. No utility service ducts/drains are to be located under the vaults. (5.2.2)
62. Patrol corridors should be free of all impediments as well as niches, kept neat and well lit, with proper positioning of mirrors in the corners; ventilator openings should be well fortified; police patrolling should be ensured. (5.3.2)
63. Bhuta bins should not be used; the other makes of bins should be improved to remove any lacunae facilitating notes/packets moving from one compartment to the adjoining one. Bin cabinets should be arranged in neat rows with proper aisles; mobile bin cabinets may be installed; third locks should be of standard quality. (5.4.2)
64. Boxes/gunny bags containing treasure should be stacked separately so as to be in the direct view of the joint custodians. (5.5.2)
65. Not only the grille door but the security door also should be locked up when the vault is not in operation. The keys of bin cabinets should not be left in the open.

66. Key locker safes should be strengthened or embedded in concrete shells. (5.6.2)
67. Entry/exit time of those entering the vault should be recorded. Body search should be conducted. Only one type of operation with minimum number of people should be conducted at any particular time inside the vault; vaults should not be used for any activity other than deposits/withdrawals or remittances. (5.7.2)
68. Grille enclosure of the patrol corridor enclosing the door of the gold vault in Nagpur may be strengthened. In lieu of ACO (Claims), the Currency Officer (Admn.) may be one of the joint custodians of the gold vault in Nagpur. The gold vault in Bombay should be a separate vault instead of a cage. The keys of the gold vault in Bombay should be kept in safes under the third lock of the Currency Officer.(5.8)
69. Separate enclosures may be created inside the fresh note vaults for storage of verified boxes. (5.9.2)
- 69A. Moveable barriers/portable partitions may be made available in vaults to segregate the working area so as to prevent straying of people inside the vault. (5.10.2)
70. Racks may be fitted in vaults for storage of gunny bags in a systematic manner and in a chronological order. (5.11.2)
71. Specifications for coin vaults may be of somewhat lower standard than those for other treasure;

- space for storage of coins may , where necessary and possible, be created out of suitable areas to release the pressure on the regular vaults. (5.12.2)
72. Mixing up of balances of different teams of joint custodians in the same cage/vault is not desirable; at least separate cages may be allotted for each team. (5.13.2)
73. Guarantee notes should be held under triple lock in bin cabinets and should be cleared fast; if held in boxes, each box should have triple locking arrangement. (5.14.2)
74. Preliminary verification of inward remittances should not be delayed; adequate strength of floating officers should be attached to issue department; if essential, additional teams of joint custodians may be created temporarily to complete the preliminary verification. Not more than 2-3 boxes should be kept open at any one time. (5.15.2)
75. Working balances in examination and verification sections should be in bin cabinets or mobile bin trolleys instead of steel trunks/cupboards. (5.16)
76. Box balances should be held in steel cupboards or bin cabinets. Depending on the volume of activities/ size of balance, additional posts for holding box balances may be considered on a day-to-day basis. (5.17.2)
77. Instead of taking over charge or annually verifying the contents of the chest note vault merely by book

- figures, verification of the third locks with the record in the register should also be done. (5.18.2)
78. Movements of treasure outside the security area must be escorted by police, except for defaced notes. (5.19.2)
79. Inter-com may be installed between the driver's cabin and seats in the rear in the bullion van; Reserve Bank of India's name should not be prominently written on the van; a jamming device to immobilise the van in case of any raid should be installed to prevent highjacking. (5.20.2)
80. Trucks should be hired only from reliable parties. The vehicles should be covered trucks; where covered trucks are not available, the load (treasure) must invariably be covered by tarpaulin. (5.21.2)
81. Jobs to be entrusted to contract labour should be standardised to the extent possible. Contract labour should be taken only from reliable contractors and full particulars of each labourer should be on record. (5.22.2)
82. Collapsible boxes made of aluminium designed by security presses may be put to use on trial basis and if found good, may be gone in for. Stout canvas bags fortified with metallic strips/mesh to be designed by the Institute of Packaging may also be considered in due course. The present standard boxes for notes/coin remittances may be continued to be used; additional sources for their supply/repairs may be located. (5.23.2)

83. Utilisation of present container service of the Railways and designing of special goods-cum-passenger coaches may be taken up with the Railway Board. (5.24.2)
84. Treasure boxes may be weighed with the trolley and the net weight of the box arrived at by subtracting the tare weight of the trolley, to reduce handling. (5.25.2)

Chapter 6 : Procedural Aspects

85. Recommendations in regard to procedural aspects are in two parts :-
- (i) Improvements in the existing procedure; and
 - (ii) Major changes in the procedures themselves.
- Major changes may involve dialogues and policy decisions vis-a-vis industrial relations, etc. and thus may take time for implementation. The recommendations for improvements in the existing procedures may, therefore, be immediately implemented. The major recommendations may also be taken up expeditiously. (6.1.2)
86. Notwithstanding the Bank devising and installing a cent per cent fool-proof procedural system, non-occurrence of shortages and pilferages can be achieved only through strict adherence to the procedures by all concerned at all levels and effective care and supervision at all stages; education and training in this behalf are essential. (6.2)

87. Despite some infrastructural constraints existing in different degrees in various offices, the layout and physical facilities in note examination sections should be improved in the matter of seating of the Assistant Treasurer, the durwan, the location of the punching machines and the alarm button, designing and arrangement of the furniture, removal of unwanted material, provision of toilets, etc.; specific suggestions to this effect have been made. (6.4.2)
88. In relation to process of examination, suggestions have been made regarding the methodology adopted for work in the matter of filling and signing of labels, affixing the examiner's seals clearly, formalities for staff leaving the section when work is in process, provision of trays/boxes and location of tenderer's representatives. (6.5.2)
89. For proper defacement of notes, it is necessary to ensure effective supervision of the punching operation, maintenance of die and punch set in good shape and provision of guide strips for the machines. (6.6.2)
90. To reduce the manual handling of notes and also facilitating their movement, bin trolleys i.e. dwarf sized cupboards with 3/4 compartments mounted on wheels, are suggested in the place of the large and unwieldy steel trunks. (6.7.2)

91. Lockers should be provided to all cash department staff wherever they may be working and also to chest representatives so as to effectively prohibit carrying of personal belongings into note processing areas. (6.8.2)
92. Infrastructure for the note verification sections has to be on the same lines as in note examination sections. (6.9)
93. The shortcomings in the working of the verification sections and their not effectively serving the purpose for which they are intended are brought out; special efforts have to be made to tone up the working of the verification sections in accordance with the manual provisions/central office instructions. (6.10.2)
94. If conventional incinerators are not permissible due to pollution problems, the Bank may go in for improved smokeless incinerators with automatic feeding arrangements. Shredding of notes is also a good alternative; the shredding may be done through large capacity machines with automatic feeding. If packet feeding is to be continued, there must be automatic 'counter' for the number of packets shredded. (6.11.2)
95. The Currency Officer's representative to be associated with the joint custodians of the cancelled note vault for destruction of notes may preferably be in Gr.'B' instead of in Gr.'A' (6.12)

96. Internal telephone extensions only may be provided in future in note examination sections. Where external extensions are already provided, they may not be withdrawn. (6.13)
97. The present procedure for disposal of soiled (India) notes received from Nepal Rastra Bank may be reviewed to ensure that the procedure achieves the intended purpose and the delay in the receipt of test reports from the Security Presses is eliminated to avoid the congestion in the vaults. (6.14.2)
98. The present process of "examination", "verification" and "destruction" of notes was critically examined with reference to each stage of the work; the process of "recounting" between "examination" and "verification" stages was found redundant by the Committee whereas the process of "verification" was not found to be very effective. Time lags after each stage of the processing viz. receipt of notes, their examination, verification and destruction and involving storage and withdrawal for every stage not only increases the risk but also results in lapse of considerable time for final disposal of notes leading to large accumulations, pressure on vault space, disorganisation in work and handicaps in customer service in the office as well as at the currency chests. Detailed flow chart furnished (pages 150 to 153). (6.15.1)

The present process of "recounting" and the present process of "verification" should be combined and done by the clipping method by a set of persons other than the original examiners either on the same day of examination or the following day and the cancelled notes destroyed straightaway. Because of the combination of two processes, a reasonable increase in quotas of work is also possible. The revised process would lead to faster disposal of accumulations, release of valuable vault space and also reduce security risks in handling and storage. Revised flow chart of work furnished (pages 156 & 157). (6.15.2)

99. Instead of the punches (holes) on cancelled notes being confined to 1/2/3 of large size, the Committee suggests a larger number of punches of smaller dimensions to remove the essential features like the signatures, water mark and Ashoka pillar. Simultaneously, instead of punching each hole in a separate operation, multiple head die/punch sets should be used for simultaneous punching of the holes. (6.16.2)

100. The age old practice of not punching out any portion of the number(s) on the notes which, in the present context, merely 'amputates' the notes without 'killing' them should be changed; accordingly, punching should also include removal of a major portion of the number(s). The location of the number panel at the top right hand corner may be changed to facilitate counting even after removal

- of a portion of the number, on double numbered notes. (6.16.2)
101. The labels for reissuable notes may be of light pink colour instead of blue as at present since most staff members use blue ink. (6.17.2)
102. Instead of depending on seals to be manufactured by only one source viz. Postal Seals, Aligarh, other sources for supply may be located; the design of the seals may also be changed. Possibility of machines for branding seals may be explored. A colour scheme for the stamping of seals for different categories of notes is suggested. (6.18.2)
103. In the context of the revised structure of the note examination sections viz. each group to consist of 7 examiners and the number of groups coming up to 6 as well as posting of 2 Assistant Treasurers in sections with larger than 4 groups, clear demarcation of the duties of each of the 2 Assistant Treasurers and standardisation of the note examination sections into maximum number of sections of 6 groups are suggested. (6.20)
104. The Committee suggests introduction of joint custody of the balances during the lunch recess and also before delivery for consolidation, by the proposed 2 Assistant Treasurers of the note examination section. (6.21)
105. The Committee suggests regulation of the local tenders by insisting on routing of the tenders into reissuables and soiled notes, deposits and withdrawals by only one focal branch of any bank,

- opening of currency chests by the banks and not extending any special facilities to the shroffs other than as ordinary members of the public (6.22.2)
106. Enclosures of the note examination sections on the passage side should have transparent glass and doors with clear glass in the upper portions for facility of clear view to observe the activities inside the section by passing officials. (6.23.2)
107. Instead of branding rubber stamps on paid defective notes, they should be perforated with proper legends, some perforation coming on the number panels also; such notes are not to be tagged on to the cancellations of the day but should be got verified on the next day itself and destroyed on the same day or the following day with suitable accounting adjustments. (6.24.2)
108. Examination and disposal of Rs 50 and Rs 100 notes included in chest remittances/guarantee notes should be conducted immediately after the preliminary verification; Re.1 to Rs 20 denominations only may be stored and their examination taken up later, if necessary. (6.25.2)
109. The time and infructuous labour spent in full packets of notes bearing signatures and seals of one bank being examined in detail at multiple stages amongst the banks should be eliminated by introducing adhesive paper seals for protecting the stitching and full note packets freely moving around from bank to bank without detailed counting of the contents under an accepted code of procedure to be

evolved; the ultimate consumer who has to break open a packet should alone be required to count the packet in detail without breaking the seal/stitching and take up with the original bank which prepared the packet for any adjustment. The same procedure may be adopted for packets of fresh notes or reissuable notes or soiled notes. (6.26.2)

110. The percentage of detailed counting of fresh note remittances in Rs 50 and Rs 100 denominations received from the Security Presses may be reduced in a phased manner from the present cent per cent verification. (6.27.2)

111. Managers and Currency Officers are to personally ensure that arrears in various stages in the process of work are kept within the prescribed limits and where the accumulations are larger, to take steps to reduce them with a time bound programme in consultation with the Chief Officer, Department of Currency Management. (6.28.2)

Chapter 7 : Security Organisation

112. The Committee is of the view that to co-ordinate all security functions, a Central Security Cell should be set up in Central Office under the charge of an Inspector General of Police taken on deputation by the Bank. An Advisory Committee under a Deputy Governor should also be set up for the purpose. Report on all security arrangements including cases of major shortages/thefts should be submitted to the Central Board of the Bank annually. (7.2.2)

113. The Chief of Security will be in charge of management of all protective security and fire fighting arrangements and will represent the Bank's interests in matters of security with the Governments, commercial banks and the public. (7.3)
114. The Central Cell as indicated in the organisation chart therefor should be established. (7.4)
115. Regional Security Cells should be set up at four metropolitan centres for the four regions, under Deputy Inspector Generals of Police taken on deputation. Security organisations at all the branches are to be strengthened at the officer level and the Security Officers to be divested of all other extraneous functions; wherever necessary, separate protocol officers and maintenance officers may be appointed. (7.5)
116. Job description of the regional Chiefs of Security on lines of recommendation no. 113 above. (7.6)
117. Vigilance function and security function should not be combined. (7.7.2)
118. No formal intelligence set up is necessary but the Chief of Security may do the needful in the matter. (7.8.2)
119. Security policy manual and security regulations manual should be issued. They should be periodically reviewed and updated. Custody and availability of the manuals will be on the basis of need to know. (7.9.2)

120. Besides securing at each centre police guards from the state reserve police, instead of from the city armed police, efforts should be made to induct at selected centres Central Intelligence Security Force (CISF) for guarding the treasure in the Bank. The CISF may be deployed in a phased manner, both in respect of centres and areas of operation, a beginning being made with Nagpur where a large quantity of gold is stored, to be followed by Bombay and thereafter at other centres in the light of the Bank's experience. (7.11.2)
121. Notwithstanding the induction of CISF, liaison should be maintained with the state police authorities whose assistance would be necessary in times of agitations and in areas like escorting remittances, investigation of crimes and meeting emergencies. (7.11.2)
122. Necessary amendments will have to be promoted by RBI to central and state treasury manuals, to cover the induction of CISF.

Chapter 8 : Personnel

123. The Committee recommends that verification of antecedents of candidates to be appointed in Class III (clerical) and Class IV (subordinate) cadres should also be undertaken on the same analogy as for Class I (officers) cadre. All other pre-recruitment formalities like character certificates, declaration of property, surety bond etc. should also continue, as at present. (8.2.2)

124. Officers being posted to Issue/Cash Department are to be given training specifically in security aspects - theory and practicals - apart from the functional aspects; such training to be given for all categories of staff and also at periodical intervals; even in the case of training programmes for other departments, there should be an input of security aspect so as to inculcate the message of security consciousness in all the employees; due weightage is to be given to the security aspect in annual confidential reports, wherever relevant. (8.3.2)
125. Cash Department staff may be rotated at periodical intervals; similarly, staff at the public counters and desks having public dealings may also be rotated to prevent vested interests being created; close/blood relations are not to be posted in complementary desks to prevent collusion. (8.4.2)
126. Investigation into shortages/thefts/pilferages should be prompt and all connected material is to be collected and preserved. Reports to Central Office are to be sent immediately. Standard procedural drills for certain types of typical shortages are to be prescribed by Central Office. Reports to police where necessary, to be done without any loss of time. Investigation by police to be vigorously pursued with them. Manager to review all pending cases every quarter and take up with the police/CBI for expediting the investigation and keep Central Office informed. (8.5.2)

127. Guidelines are to be issued to competent authorities in regard to the institution of disciplinary proceedings, which should be concluded with a time-bound programme; punishment is to be commensurate with the charges established; wherever warranted, the extreme penalty of dismissal should also be awarded. (8.6.2)
128. Training in investigation of frauds and conduct of disciplinary proceedings are to be given to concerned officers with case studies also. (8.6.2)
129. A complete record is to be maintained of all shortages and the names of persons involved, irrespective of the final outcome of the proceedings/investigation. (8.6.2)
130. Top management should review all cases periodically and issue instructions/take action. As police/CBI have generally drawn a blank in their investigations as observed with concern by the Committee in many cases, top management of the Bank should take up the matter at the highest level with police/CBI. (8.6.2)

Chapter 9 : Technological equipment.

131. The Committee recommends that closed-circuit TV may be installed in a phased manner in the security areas in the Bank - both for storage areas like the vaults, patrol corridors, packing enclosures

as well as operational areas like the note examination/verification sections and the public counters; the CCTV cameras could have wide angle lenses, zooming vision arrangements, rotation-oriented, etc. depending on the needs. Monitoring consoles could be distributed in one or more places.

∟9.4.(i)∟

132. Essence of the CCTV installation would not merely be in technical perfection of the equipment but more importantly in the reflex action to be taken immediately on noticing an irregularity.

∟9.4.(i)∟

133. The CCTV system is to be installed on an experimental basis initially in Bombay and then extended to other centres.

∟9.4(i)∟

134. Installation of alarm systems operating on VHF/UHF, paging devices and walkie-talkies may be considered after experimenting in one or two larger offices. Silent alarms and digital alarms are somewhat complicated and may not be gone in for. Photo-electric alarms for the vaults when they are locked up, may be considered. While time-locks need not be gone in for, door controls may be first experimented with in Bombay and then installed in other offices.

∟9.4 (i) to (iv)∟

135. Public address system is a must in each of our offices.

∟9.4(v)∟

136. Conveyor belts and fork lifts for movement of treasure and stacking of boxes/gunny bags in vaults may be considered to the extent possible in existing buildings. The lay-out in new buildings should be designed for installation of such equipment. Sketches of principal movements of treasure in typical issue offices are furnished. (Appendices VIII, IX & X) (9.6)
(i) and (ii)
137. Mechanical/electronic aids for prompt processing of notes - sorting out reissuables, counting, shredding - may be considered either singly or in combination to reduce multiple stages of handling and in particular, the human handling of the same lot on a number of occasions and on different days over a period. Such machine processing will also speed up disposal and reduce the accumulation of arrears and thereby, the risk factor in storage. (9.6 (ii))
138. Shredding machines/incinerators should have large-scale capacity and automatic feeding to reduce the risk factor, in a large work force being on the job for long periods. (9.7)

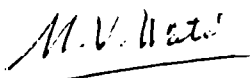
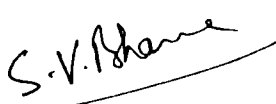

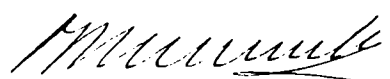
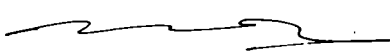
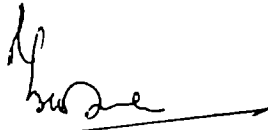
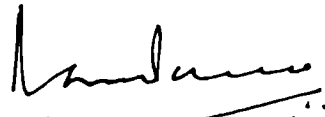
Chapter 10 : Miscellaneous

139. Present regulations for handling of valuables other than cash should be incorporated in the manuals of security policy and security regulations. (10.1)

140. Similarly, systems for handling of stationery and stores should also be incorporated in the two manuals. (10.2.2)
141. Furniture and fittings should be physically reconciled with the inventories and periodically verified. System of gate passes should be effectively enforced. (10.3.2)
142. Document security should be carefully observed; in particular, sensitive documents should be properly classified/handled/circulated/stored/destroyed according to laid down instructions. (10.4.2)
143. The availability of sensitive documents to the officers and staff should be strictly on the basis of "need to know". Sensitive documents would also cover material involved in their preparation like carbon papers, rough notes, drafts, etc. (10.4.2)
144. Communications security is essential; sensitive information is to be always communicated in code and never 'en clair'. Access to communication centres like telegram section/telex operator's room are to be restricted. Custody of code books, check signal books is to be properly enforced. (10.5.2)
145. Security Presses and the Mints may also be put on the exclusive communication grid contemplated for the the Bank's offices. (10.5.2)
146. Besides surprise checks for the procedural aspects, such checks for security aspects should also be laid down in the manual of security regulations. Results of checks should be effectively followed up (10.6)

147. The movement and service of catering staff - whether Bank's own staff (lounges) or outsiders (canteens) - are to be properly regulated, particularly in security areas. No cash transactions by the concerned staff should be permitted in security areas. Such staff should wear distinctive uniforms. (10.7.2)
148. Fire fighting arrangements should be reviewed and critically examined by technical experts; the equipment should be tested at periodical intervals. Fire extinguishers should be installed in vaults also. Training in handling of fire fighting equipment should be accorded, including issue of booklets of instructions to all staff. (10.8.2)
149. All inflammable material particularly waste paper, wooden boxes, gunny bags, jute twine and diesel oil is to be carefully stored. "NO SMOKING" signs should be exhibited at appropriate places. (10.8.2)
150. Special arrangements for telephone contact with the fire brigade outside office hours should be provided. (10.8.2)
151. Bank's offices may seek exemption from planned load shedding. Electrical system is to be regularly checked. Alternate sources of power like diesel generators of adequate capacity should be installed to illuminate essential areas like vaults, note examination/verification sections, counters and also for working of note punching/stitching machines and the bullion lifts. Portable emergency lamps as well as standby lights should be installed/provided. (10.9.2)
152. The recommendations in the special survey report submitted by M/s. De La ... , excepting for three major items

relating to non-introduction of body search, replacement of police force by Bank's own guards and revamping of the note examination process, may be implemented by the high-powered group appointed by the Bank at the instance of the Chairman of the Committee, expeditiously. (10.10.2)

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| Chairman | : |  (M.V.Hate) |
| Members | : |  (S.V.Bhave) |
| | |  (V.G.Vaidya) |
| | |  (M.R.Karuppanchetty) |
| | |  (R.Guha) |
| | |  (Y.B.Damle) |
| Member-Secretary | : |  (R.Sundaresan) |

Bombay.

23rd February, 1984.