

**No.98/ORD/1**  
**Government of India**  
**CENTRAL VIGILANCE COMMISSION**

**Satarkta Bhavan, Block 'A',**  
**G.P.O. Complex, I.N.A.,**  
**New Delhi – 110 023**

**Dated the 6<sup>th</sup> April, 2004**

**Office Order No. 20/4/04**

**Sub: Improving Vigilance Administration: Increasing Transparency and cutting delays by e-payments and e-receipt by Govt. Organisations etc.**

The Commission has been receiving complaints about inordinate delays in making payments to the vendors and other suppliers to the Govt. organisations, Public Sector Undertakings etc. Similarly complaints are received about delays in getting refunds from taxation dept. and other departments. Apart from increasing the cost of procurement, the delays lead to opportunities for corruption. A number of measures are required to cut down on delays in making payments. One such step is resorting to mechanism of e-payments and e-receipts wherever such banking facilities exist. In the last few years tremendous progress has been made by the banking sector in computerisation including networking of branches, making it possible to do e-banking by making use of facilities like electronic clearing system (ECS) and electronic fund transfer (EFT) etc. These facilities are available in most of the banks including the State Bank of India as well as in private banks. A large number of corporates including public sector undertakings are already making e-payments to vendors and employees instead of making payments by issue of cheques. The Commission has been receiving complaints that delay is intentionally caused with ulterior motives in the issue and dispatch of cheques in the accounts and finance wings of a large number of Govt. Organisations. As the e-payment facility is already available in the metros as well as practically in all the main urban centres of the country, in order to curb the above mentioned malpractices, the CVC in the exercise of powers conferred on it under Section 8(1) (h) issues following instructions for compliance by all govt. departments, PSUs, banks and other agencies over which the Commission has jurisdiction.

1. The payment to all suppliers/vendors, refunds of various nature and other payments which the organisations routinely make shall be made through electronic payment mechanism at all centres where such facilities are available in the banks.
2. Salary and other payments to the employees of the concerned organisations at such centres shall also be made through electronic clearing system (ECS) wherever such facilities exist. As the organisations will have to collect bank

account numbers from the vendor, suppliers, employees and others who have interface of this nature with the Govt. organisations, the concerned organisations may plan to switch over to e-payment system in a phased manner starting with transactions with the major suppliers in the beginning or in whatever manner is found more convenient. It is expected that in three months i.e. by 1<sup>st</sup> July, 2004, 50% of the payment transactions both in value terms as well as in terms of number of transactions shall be made through ECS/EFT mechanism instead of payment through cheques. The remaining 50% payment transactions at all centres where such facilities exist shall be made by 31<sup>st</sup> Dec., 2004. These instructions are applicable to all the metro cities and other urban centres where the banks provide ECS/EFT and similar other facilities. The departments, PSUs, Banks etc. should also provide an enabling environment and facilities so that businessmen and other citizens can make payment of Govt. dues and payments to PSUs etc. electronically. In addition to significantly reducing processing costs in preparation and dispatch of cheques, the above measures also reduce the risk of frauds by providing speed, efficiency and easier reconciliation of accounts.

**(ANJANA DUBE)**  
**DEPUTY SECRETARY**

To

- i) The Secretaries of All Ministries/Departments of Government of India.
- ii) The Chief Secretaries to all Union Territories.
- iii) The Comptroller & Auditor General of India.
- iv) The Chairman, Union Public Service Commission.
- v) The Chief Executives of all PSEs / Public Sector Banks / Insurance Companies / Autonomous Organisations / Societies.
- vi) All Chief Vigilance Officers in the Ministries / Departments / PSEs Public Sector Banks / Insurance Companies / Autonomous Organisations / Societies.
- .vii) President's Secretariat / Vice-President's Secretariat / Lok Sabha Secretariat / Rajya Sabha Secretariat / PMO.