

**THE STATE TRADING CORPORATION OF INDIA LTD.:NEW DELHI**

**(VIGILANCE DIVISION)**

STC//CO/VIG./01022/2017-797

11.01.2019

**CIRCULAR NO.1/2019**

**Sub: Guidelines on Vigilance administration in subsidiaries and joint ventures-reg;**

A copy of Office Memorandum issuing "Guidelines on Vigilance administration in subsidiaries and joint ventures" received from Ministry of Commerce & Industry, Department of Commerce, Vigilance Section on the above cited subject is forwarded herewith for information and guidance.

  
(S.K. Meena) 11/19

**Jt. General Manager (Vig.)**

Encl: As Above

To :

- ES to CMD
- ES to All Directors
- All Divisional Heads/Branch Managers

F.No.C-31011/9/18-Vig. / 22  
 Government of India  
 Ministry of Commerce & Industry  
 Department of Commerce  
 Vigilance Section  
 \*\*\*\*

New Delhi, dated: 02-01-2019

OFFICE MEMORANDUM

Subject: Guidelines on vigilance administration in subsidiaries and joint ventures – reg;

The undersigned is directed to refer to CVC's Vigilance Manual 2017 (Para 2.17) on the above mentioned subject and convey that the following guidelines shall be followed for vigilance set up in subsidiaries and joint venture companies, under Department of Commerce:


S.No.	Government shareholding through PSUs	Vigilance set up
1.	SUBSIDIARY WITHIN THE COUNTRY	
	51% and above by a single PSU i.e. for subsidiary companies	CVO of parent company to oversee the vigilance function. Existing arrangement of vigilance set up, if any, in such companies would also continue.
2.	SUBSIDIARY OUTSIDE THE COUNTRY	
	51% and above by a single PSU i.e. for subsidiary companies	CVO of parent company to oversee the vigilance functions. In case the subsidiary is registered in a foreign country, the proposed vigilance set up should not in any way be contradictory to the Act/provisions under which the company is registered.
3.	JV OF PSUS HAVING EQUITY 51% OR MORE – INDIVIDUALLY OR COLLECTIVELY	
3.1	Combined holding of PSUs/Govt. 51% and above	CVO of the PSU with the largest % shareholding should be the CVO
3.2	Combined holding of PSUs/Govt. 51% and above with equal share for all PSUs/Govt.	The CVO may be from the PSU having expertise/core competence in the area in which the JV operates along with consideration of other factors like market, capitalization, turnover, etc. to be decided by the CVOs of

		the Ministries concerned with the approval of the Commission.
3.3	Combined holding of PSUs/Govt. 50% and above but below 51%.	There should be a vigilance mechanism which could be a CVO from the PSU having expertise core competence in the area in which the JV operates or any other suitable vigilance mechanism as may be decided by the Company with the approval of the Commission.
4.	<b>JV OF PSUS HAVING EQUITY OF 26% AND ABOVE BUT LESS THAN 50% - INDIVIDUALLY OR COLLECTIVELY</b>	
4.1	Combined holding of PSUs of 26% and above but less than 50% and the private partner more than 50%	There should be a vigilance mechanism in such companies. Modalities may be decided by the Board of Directors
4.2	Combined holding of PSU of 26% and above but less than 50% with individual private partners also less than 50%, but total Private holding more 50%	There should be a vigilance mechanism in such companies. Modalities may be decided by the Board of Directors

2. The following may also be considered :

- In case a JV is registered in a foreign country, the vigilance set up would be constituted in a manner that is not in any way contradictory to the Act/provisions under which the Company is registered or the laws of the host country.
- Intimation regarding additional responsibilities of respective CVO in respect of the abovementioned JV/subsidiaries should be sent to the Central Vigilance Commission.
- The percentage share of paid up capital and not intended equity holding in the JV should be taken into account.

3. It is requested that suitable action may be taken on the above guidelines.

  
 (Dr. Shobhit Jain)  
 Director

To,  
 All PSUs under Department of Commerce

Copy to :

- All Additional Secretaries/Joint Secretaries in Department of Commerce
- Central Vigilance Commission, Satarkta Bhawan, INA, New Delhi.
- St. PPS to Commerce Secretary.