

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-1514
ANSWERED ON- 20/12/2022

BANK FRAUDS REPORTED BY RBI

1514. DR. AMAR PATNAIK

Will the Minister of FINANCE be pleased to state:-

(a) number of frauds reported by RBI, their quantum and nature, date of detection and how detected for both public and private sector banks respectively during last five years, year-wise and bank-wise;

(b) disciplinary and criminal action taken in each case of fraud, dates when initiated, number of bank officials involved, number of private people involved, and current status of cases;

(c) details of subsequent steps taken for recovery, and accounting treatment made in case of non-recovery or doubtful recovery; and

(d) details of policy action improvements by Government/RBI for prevention, timely detection and reporting, and time-bound action on frauds and recovery thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (d): Reserve Bank of India (RBI) has issued Master Directions on Frauds in 2016 with a view to provide a framework to banks, to enable them for managing of fraud risk and for early detection of loan frauds, prompt reporting to RBI and investigative agencies, and timely initiation of staff accountability proceedings. Also, RBI has issued a framework for dealing with loan frauds and red flagged accounts (RFA), requiring banks to classify potential fraud accounts as RFAs based on observation or evaluation of early warning signals noticed. As per the said direction, RBI has classified frauds for uniformity in reporting into following categories:- Misappropriation and Criminal breach of trust, Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorized credit facilities extended for reward or for illegal gratification, cash shortages, cheating and forgery, fraudulent transactions involving foreign exchange and any other type of fraud not coming under the specific heads as above.

As per RBI data, bank-wise and year-wise details of frauds in private sector and public banks, in respect of amount involved of Rs. 1 lakh and above in each fraud, by the year of occurrence, for the last five financial years are at **Annex-1** and **Annex-2** respectively.

As per the said direction, banks are required to frame internal policy for fraud risk management and fraud investigation function, duly approved by their respective Boards. Banks are also required to lodge the complaint with the law enforcement agencies, immediately on detection of fraud. As per RBI data, 3,514 bank officials and 17,258 outsiders (other than bank officials) were involved in frauds reported during last five financial years from both private and public sector banks.

The National Crime Records Bureau (NCRB) collects data for crime in India from States and Union Territories, and publishes the same periodically. As per information received from the NCRB in respect of cases registered under bank frauds, in the year 2021, 3062 cases were registered out of which 773 cases were charge sheeted. In these 3062 registered cases, 2223 people were arrested out of which 1267 persons were charge sheeted.

Further, in respect of loan frauds, recovery action is initiated through various recovery mechanisms available, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/compromise *etc.* available to banks.

As per the said Direction, after declaration of fraud in any account, banks are required to make provisions to the full extent of the involved amount immediately.

Rajya Sabha Unstarred question no. 1514, regarding Bank Frauds Reported by RBI

Details of Frauds in Private Sector banks during last five financial years, in respect of amount involved of Rs. 1 lakh and above, by the year of occurrence

Amounts in crore Rs.

Name of the bank	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	No.	Amount involved	No.	Amount involved	No.	Amount involved	No.	Amount involved	No.	Amount involved
Axis Bank Limited	680	2.24	740	2.48	1,622	5.38	5,372	12.16	5473	13.58
Bandhan Bank Limited	56	0.24	69	0.18	158	0.41	157	0.39	206	0.50
Catholic Syrian Bank Ltd	7	0.03	29	0.13	35	0.12	28	0.09	18	0.09
City Union Bank Limited	5	0.01	89	0.20	182	0.34	246	0.54	27	0.07
DCB Bank Limited	12	0.04	136	0.34	207	0.44	80	0.22	42	0.12
Federal Bank Ltd	21	0.08	199	0.47	412	0.87	295	0.63	328	0.39
HDFC Bank Limited	3,538	9.53	5,106	14.09	7,197	17.90	4,890	12.21	5,044	11.72
ICICI Bank Limited	1,902	6.44	1,737	4.90	2,126	5.72	1,263	3.06	4,429	9.52
IDBI Bank Limited	89	96.16	469	43.29	1,835	4.69	1,673	3.91	1,488	3.50
IDFC First Bank Limited	42	0.09	182	0.61	406	1.46	235	0.79	142	0.29
Indusind Bank Limited	4	0.02	9	0.02	122	0.33	415	1.08	889	2.53
Jammu and Kashmir Bank Limited	2	0.01	-	-	2	0.01	-	-	-	-
Karnataka Bank Limited	9	0.03	94	0.29	233	0.45	48	0.08	-	-
Karur Vysya Bank Limited	5	0.02	6	0.02	3	0.01	4	0.01	5	0.02
Kotak Mahindra Bank Limited	14,568	17.60	25,416	25.26	39,871	43.81	45,438	49.81	33,044	42.49
Lakshmi Vilas Bank Limited	1	0.00	1	0.01	3	0.01	2	0.01	-	-
Nainital Bank Limited	-	-	-	-	-	-	1	0.00	-	-
RBL Bank Limited	43	0.14	157	0.43	375	0.90	347	0.62	411	1.02
South Indian Bank Limited	17	0.06	120	0.29	390	0.73	401	0.84	326	0.87
Tamilnad Mercantile Bank Limited	21	0.07	33	0.10	35	0.11	26	0.08	9	0.03
The Dhanalakshmi Bank Limited	10	0.04	5	0.02	17	0.05	17	0.06	4	0.01
Yes Bank Limited	70	0.14	71	0.15	29	0.07	293	0.60	203	0.35

Source: RBI

Rajya Sabha Unstarred question no. 1514, regarding Bank Frauds Reported by RBI

Details of Frauds in Public Sector banks during last five financial years, in respect of amount involved of Rs. 1 lakh and above, by the year of occurrence

Amounts in crore Rs.

Name of the bank	FY 2017-18		FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22	
	No.	Amount involved	No.	Amount involved	No.	Amount involved	No.	Amount involved	No.	Amount involved
Bank of Baroda	211	6545.87	128	1695.16	125	2339.68	88	334.12	71	589.75
Dena Bank	11	232.57	3	2.71	Amalgamated into Bank of Baroda					
Vijaya Bank	22	145.96	2	0.94						
Bank of India	148	2802.76	146	1549.13	101	1046.86	49	222.00	54	33.49
Bank of Maharashtra	64	2253.80	86	2559.80	33	179.15	19	20.03	12	5.16
Canara Bank	111	1973.75	96	1333.62	57	4980.67	35	110.23	23	350.00
Syndicate Bank	169	733.12	78	101.30	37	60.33	Amalgamated into Canara Bank			
Central Bank of India	95	638.26	99	1271.32	109	309.81	81	6.39	126	4.95
Indian Bank	76	255.79	75	1349.64	71	926.62	60	656.99	48	10.42
Allahabad Bank	143	1144.71	56	1445.48	10	9.19	Amalgamated into Indian Bank			
Indian Overseas Bank	90	1942.56	95	3108.94	65	428.57	39	92.62	24	99.43
Punjab And Sind Bank	28	1835.35	19	734.86	38	1921.03	51	162.79	2	1.93
Punjab National Bank	202	1133.46	136	1521.58	117	3948.30	79	480.66	73	2193.29
Oriental Bank of Commerce	29	131.71	14	25.68	8	18.02	Amalgamated into Punjab National Bank			
United Bank of India	22	128.06	65	2138.35	25	395.05				
UCO Bank	61	1271.81	85	760.01	144	990.90	194	777.76	64	1085.68
Union Bank of India	172	3575.48	113	1907.34	122	3233.57	93	452.20	60	67.89
Andhra Bank	55	1342.84	35	765.19	4	53.74	Amalgamated into Union Bank of India			
Corporation Bank	20	108.85	12	4.05	4	0.22				
State Bank of India	966	2136.22	1008	5630.26	748	728.49	369	4075.95	330	215.87

Source: RBI
