

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO 509

TO BE ANSWERED ON THE 18th NOVEMBER / KARTIKA 27, 1938(SAKA)

EMBEZZLEMENT OF FUNDS

509. **SHRIMATI KAMLA DEVI PAATLE:**

Will the Minister of FINANCE be pleased to state:

- (a) whether a large number of incidents of embezzlement in the accounts of account holders have taken place in the public sector/private sector banks in different parts of the country;
- (b) if so, the details thereof and the amounts involved in it during the last three years, State/UT and bank-wise;
- (c) whether the Government has conducted any inquiry and if so, the details thereof;
- (d) whether any official of the bank is involved therein and if so, the details thereof, bank-wise along with the action taken against the officers/staff involved in it;
- (e) whether banks have refunded the embezzled amount to its customers and if so, the details thereof bank-wise during the said period, if not, the reasons therefor; and
- (f) the remedial measures adopted/proposed to be adopted to check such incidents in future?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): Reserve Bank of India (RBI) maintains data for Public Sector Banks (PSBs)/Private Sector Banks(Pvt. SBs) under the category 'Frauds' which, inter-alia, includes cases of embezzlement of funds. Separate data for embezzlement is not maintained. However, details of fraud cases of Rs. 1 lakh and above reported by banks in deposit accounts (i.e. saving, current and term) are given State-wise in Annexure-1 and Bank-wise in Annexure-2.

(c) & (d) Fraud cases of Rs. 1 lakh and above reported by PSBs & PvtSBs in deposit accounts (i.e. saving, current and term) where staff is involved at the time of initial reporting are given in Annexure-3.

In all such cases of fraud, the bank undertakes an investigation and takes action including fixing of the staff accountability as per the applicable disciplinary rules.

(e) & (f) The Banks compensate customers in cases of embezzlement of funds as per RBI's Master Circular dated 01.07.2015 on "Customer Service in Banks" and the Banks' Board approved policy.

RBI has issued Master Direction on "Frauds – Classification and reporting" vide RBI. **DBS.CFMC.BC.No.1/23.04.001/2016-17 dated July 01, 2016** containing all the details/aspects relating to frauds. The same is also available on the website of RBI i.e. www.rbi.org.in. To compress the time taken in detection of fraud, a framework for handling loan frauds has been put in place. Objective of this framework is to direct the focus of banks on the aspects relating to prevention, early detection, prompt reporting to the RBI and the investigative agencies (for instituting criminal proceedings against the fraudulent borrowers) and timely initiation of the staff accountability proceedings. The framework also seeks to stipulate time lines with the action incumbent on a bank.

Annex-1

Fraud cases of Rs1 lakh and above reported by PSBs & PvtSBs in deposit accounts (i.e. Saving, Current and Term)								
Rs in crore								
State / UT wise	2013-14		2014-15		2015-16		April 2016 - Sep 2016	
	No of Cases	Amount in crore	No of Cases	Amount in crore	No of Cases	Amount in crore	No of Cases	Amount in crore
Andhra Pradesh	32	9.57	29	5.38	46	100.34	22	8.96
Arunachal Pradesh	1	0.05	2	0.10	0	0.00	2	2.19
Assam	10	1.00	11	1.61	17	2.00	6	1.39
Bihar	29	2.46	37	4.99	24	1.85	25	4.69
Chandigarh	1	0.05	7	0.47	8	1.01	1	0.29
Chhattisgarh	9	0.71	10	1.43	5	0.18	6	0.42
Dadra&Nagar Haveli	2	0.08	1	0.07	0	0.00	0	0.00
Daman & Diu	1	0.02	0	0.00	0	0.00	0	0.00
Delhi	90	21.91	115	15.58	114	24.85	67	311.82
Goa	3	0.16	5	1.20	5	2.50	2	0.26
Gujarat	29	3.79	16	1.57	27	5.90	16	6.67
Haryana	23	35.11	23	2.93	18	15.45	11	1.77
Himachal Pradesh	3	0.36	1	0.21	2	0.09	0	0.00
Jammu & Kashmir	8	1.16	3	0.60	7	1.07	2	0.10
Jharkhand	23	7.16	18	1.83	14	1.58	6	0.26
Karnataka	39	6.02	57	26.90	50	26.08	24	3.28
Kerala	18	1.83	13	12.43	10	0.90	10	0.83
Madhya Pradesh	19	2.35	25	1.90	27	4.48	16	1.38
Maharashtra	127	48.44	129	295.59	87	556.40	64	21.52
Manipur	0	0.00	1	0.44	1	0.96	1	0.31
Meghalaya	2	0.17	4	0.08	0	0.00	0	0.00
Mizoram	0	0.00	1	0.03	1	0.04	1	0.04
Nagaland	0	0.00	3	1.11	3	0.07	1	0.18
Orissa	26	3.65	12	2.64	26	2.34	6	0.26
Overseas Branch	3	1.30	5	2.50	3	0.62	2	1.32
Pondicherry	2	0.15	0	0.00	0	0.00	1	0.07
Punjab	27	3.90	34	6.59	38	3.59	6	0.66
Rajasthan	18	1.57	23	1.78	11	0.75	11	0.48
Sikkim	1	0.04	1	0.18	0	0.00	1	0.01
Tamil Nadu	44	7.68	84	23.19	43	30.31	12	36.77
Tripura	0	0.00	1	0.06	2	0.47	0	0.00
Uttar Pradesh	101	45.29	105	12.50	99	12.76	59	4.39
Uttaranchal	14	15.05	17	0.82	8	0.76	4	0.12
West Bengal	55	106.50	77	9.74	59	4.22	40	3.38
Grand Total	760	327.52	870	436.41	755	801.53	425	413.85

Fraud cases of Rs1 lakh and above reported by PSBs & PvtSBs in deposit accounts (i.e. Saving, Current and Term)								
Rs in crore								
Bank wise	2013-14		2014-15		2015-16		April 2016 - Sep 2016	
	No of Cases	Amount in crore	No of Cases	Amount in crore	No of Cases	Amount in crore	No of Cases	Amount in crore
Allahabad Bank	11	0.82	5	1.70	3	0.40	7	0.60
Andhra Bank	7	2.72	13	1.48	3	0.45	17	4.43
Axis Bank Ltd.	59	35.60	64	14.12	57	8.93	26	2.77
Bandhan Bank Ltd.	0	0.00	0	0.00	0	0.00	1	0.02
Bank of Baroda	14	3.72	13	2.39	14	2.55	6	8.21
Bank of India	29	2.44	64	41.88	66	547.58@	36	2.67
Bank of Maharashtra	5	0.36	11	1.55	11	3.69	7	1.73
Canara Bank	27	3.31	36	5.50	18	2.27	6	302.40#
Central Bank of India	12	1.68	27	3.30	27	1.65	13	1.61
City Union Bank Ltd.	1	0.07	0	0.00	1	1.11	0	0.00
Corporation Bank	19	5.16	19	3.73	25	3.67	7	0.18
DCB Bank Ltd	2	0.02	0	0.00	0	0.00	0	0.00
Dena Bank	10	1.89	11	11.29	3	0.19	2	4.23
Dhanlaxmi Bank Limited	7	30.75	3	1.25	0	0.00	0	0.00
Federal Bank Ltd.	2	0.06	10	2.58	0	0.00	1	0.06
HDFC Bank Ltd.	33	2.75	30	3.42	34	16.20	29	3.52
ICICI Bank Ltd.	15	11.06	27	15.25	26	2.86	6	0.21
IDBI Bank Limited	7	0.91	11	2.18	17	2.78	14	2.03
Indian Bank	15	1.32	12	2.45	17	3.01	8	0.67
Indian Overseas Bank	13	2.82	32	2.73	18	24.88	18	44.13
IndusInd Bank Ltd.	4	0.66	1	0.60	3	0.28	4	0.35
ING Vysya Bank Ltd.	11	39.36	26	2.49	0	0.00	0	0.00
Jammu & Kashmir Bank Ltd.	3	0.92	0	0.00	7	1.40	0	0.00
Karnataka Bank Ltd.	4	0.13	1	0.09	3	0.15	2	0.19
Karur Vysya Bank Ltd.	2	0.07	3	0.78	1	0.03	0	0.00
Kotak Mahindra Bank Ltd.	1	0.45	5	0.15	14	1.08	5	0.16
Lakshmi Vilas Bank Ltd.	2	0.77	1	0.44	2	0.50	0	0.00
Nainital Bank Ltd.	0	0.00	0	0.00	1	0.02	0	0.00

Oriental Bank of Commerce	9	5.00	15	182.38	6	0.46	1	0.02
Punjab & Sind Bank	1	0.02	4	1.57	3	0.54	0	0.00
Punjab National Bank	84	9.40	37	60.68	30	16.18	30	10.37
RBL Bank Ltd.	0	0.00	0	0.00	1	0.01	0	0.00
South Indian Bank Ltd.	5	0.21	5	0.69	1	0.06	2	0.26
State Bank of Bikaner & Jaipur	8	0.65	4	3.40	0	0.00	1	0.03
State Bank of Hyderabad	5	0.34	5	0.57	7	69.35	4	3.80
State Bank of India	250	45.41	307	32.71	252	28.31	139	13.60
State Bank of Mysore	4	0.49	7	1.25	6	15.13	1	0.03
State Bank of Patiala	8	0.91	6	0.43	4	0.21	1	0.12
State Bank of Travancore	6	0.62	1	0.07	2	0.60	2	0.05
Syndicate Bank	23	2.26	25	3.08	22	30.63	9	2.11
Tamilnad Mercantile Bank Ltd.	2	1.51	0	0.00	2	0.08	0	0.00
UCO Bank	14	103.50	4	0.31	17	1.81	6	1.11
Union Bank of India	10	2.96	7	1.12	5	1.28	4	0.13
United Bank of India	9	2.84	11	0.97	22	9.67	7	1.39
Vijaya Bank	7	1.60	7	25.83	1	0.13	3	0.66
Yes Bank Ltd	0	0.00	0	0.00	3	1.38	0	0.00
Grand Total	760	327.52	870	436.41	755	801.53	425	413.85

Note:

@: Bank of India reported a fraud of Rs 537.96/- crore under the area of operations **“Deposit – Term”** and fraud is perpetrated by **“Irregularities in foreign exchange transactions”** in its Prarthana Samaj branch, Mumbai. The bank has reported, it was more of a case of money laundering from the current account of the parties and no loss was incurred by the bank.

:Canara Bank reported a fraud of Rs 301.72/- crore under the area of operations **“Deposit – Term”** and fraud is perpetrated by **“Irregularities in foreign exchange transactions”** in its Overseas Delhi branch, New Delhi. In this case also foreign exchange was remitted as import advance and there was no loss to the bank.

Fraud cases of Rs1 lakh and above reported by PSBs & PvtSBs in deposit accounts (i.e. Saving, Current and Term deposits) where staff involved at the time of initial reporting								
Rs in crore								
Bank wise	2013-14		2014-15		2015-16		April 2016 - Sep 2016	
	No of Cases	Amount in crore	No of Cases	Amount in crore	No of Cases	Amount in crore	No of Cases	Amount in crore
Allahabad Bank	2	0.37	1	1.50	0	0.00	3	0.45
Andhra Bank	2	0.44	4	0.25	0	0.00	1	0.03
Axis Bank Ltd.	13	2.81	26	7.96	18	4.40	5	0.33
Bandhan Bank Ltd.	0	0.00	0	0.00	0	0.00	1	0.02
Bank of Baroda	6	0.63	9	2.16	9	2.23	1	0.03
Bank of India	4	0.89	8	0.62	5	2.16	4	0.11
Bank of Maharashtra	1	0.02	1	0.04	6	1.21	3	1.48
Canara Bank	0	0.00	5	0.35	2	1.12	0	0.00
Central Bank of India	8	1.19	11	1.22	9	0.58	4	0.43
City Union Bank Ltd.	0	0.00	0	0.00	1	1.11	0	0.00
Corporation Bank	2	2.90	3	1.22	3	0.15	0	0.00
Dena Bank	2	0.30	2	10.48	0	0.00	2	4.23
Dhanlaxmi Bank Limited	1	0.14	0	0.00	0	0.00	0	0.00
Federal Bank Ltd.	0	0.00	4	2.20	0	0.00	1	0.06
HDFC Bank Ltd.	7	1.36	9	0.97	9	1.01	12	1.60
ICICI Bank Ltd.	4	4.38	20	4.05	11	0.93	3	0.07
IDBI Bank Limited	0	0.00	3	0.94	3	0.85	1	0.03
Indian Bank	5	0.21	2	0.05	4	2.04	0	0.00
Indian Overseas Bank	6	1.75	3	0.22	3	0.25	2	0.52
IndusInd Bank Ltd.	1	0.06	0	0.00	2	0.24	0	0.00
ING Vysya Bank Ltd.	0	0.00	4	1.40	0	0.00	0	0.00
Jammu & Kashmir Bank Ltd.	1	0.26	0	0.00	5	1.25	0	0.00
Karur Vysya Bank Ltd.	1	0.04	1	0.54	0	0.00	0	0.00
Kotak Mahindra Bank Ltd.	0	0.00	2	0.08	1	0.08	2	0.10
Lakshmi Vilas Bank Ltd.	2	0.77	1	0.44	1	0.14	0	0.00
Oriental Bank of Commerce	1	4.51	0	0.00	3	0.40	0	0.00
Punjab & Sind Bank	0	0.00	1	0.33	0	0.00	0	0.00
Punjab National Bank	12	3.53	8	0.76	5	0.72	5	0.98

RBL Bank Ltd.	0	0.00	0	0.00	1	0.01	0	0.00
South Indian Bank Ltd.	1	0.01	4	0.43	1	0.06	1	0.25
State Bank of Bikaner & Jaipur	3	0.52	1	3.32	0	0.00	0	0.00
State Bank of Hyderabad	2	0.22	1	0.36	3	0.30	3	3.05
State Bank of India	33	5.36	42	7.68	24	12.68	22	2.33
State Bank of Mysore	2	0.16	3	1.09	2	15.01	0	0.00
State Bank of Patiala	1	0.25	1	0.01	2	0.10	0	0.00
State Bank of Travancore	2	0.04	0	0.00	1	0.58	0	0.00
Syndicate Bank	2	0.71	9	0.80	6	16.59	3	1.42
Tamilnad Mercantile Bank Ltd.	0	0.00	0	0.00	1	0.07	0	0.00
UCO Bank	6	102.95	0	0.00	2	0.71	1	0.57
Union Bank of India	3	0.70	6	1.05	0	0.00	0	0.00
United Bank of India	1	0.03	6	0.32	2	0.12	2	0.85
Vijaya Bank	6	1.57	2	0.55	0	0.00	1	0.18
Grand Total	143	139.06	203	53.40	145	67.11	83	19.12