

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA

STARRED QUESTION NO. \*312

TO BE ANSWERED ON THE 16<sup>TH</sup> MARCH 2018/ PHALGUNA 25, 1939 (SAKA)

**Fraudulent Activities**

**\*312. ADV. JOICE GEORGE:**

Will the Minister of FINANCE be pleased to state:

- (a) whether many more fraudulent activities like the Punjab National Bank Scam unearthed recently, have also taken place in the country;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the Government has taken cognizance that the people who have gained crores of rupees through scams in banking sector are still roaming freely without any legal issues and those who have taken agricultural loans/other loans are facing recovery and other legal issues; and
- (d) if so, the details thereof and the reasons therefor?

**ANSWER**  
**THE FINANCE MINISTER**  
**(SHRI ARUN JAITLEY)**

(a) to (d): A Statement is laid on the Table of the House.

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**STATEMENT FOR LOK SABHA STARRED QUESTION NO.\*312 FOR 16<sup>TH</sup> MARCH 2018 REGARDING “FRAUDULENT ACTIVITIES” BY ADV. JOICE GEORGE, MEMBER OF PARLIAMENT.**

(a) to (d): RBI monitors frauds reported by commercial banks, in terms of Master Direction on “Frauds – Classification and reporting”. As per RBI inputs, no fraud similar in line as the recently reported PNB fraud has been reported by any bank during the last one year.

A number of steps have been taken to deal with defaulters. RBI has issued instruction which provide that wilful defaulters are not to be sanctioned any additional facilities by banks or financial institutions, that their unit is debarred from floating new ventures for five years, and that lenders may initiate criminal proceedings against them, wherever necessary. As per data reported by Public Sector Banks, as on 31.1.2018, 2,170 FIRs have been registered against wilful defaulters, 8,513 suits have been filed for recovery from them, and action has been initiated under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 in respect of 7,005 cases of wilful defaulters. Further, Government has asked PSBs to examine all accounts exceeding Rs. 50 crore, if classified as Non-Performing Asset (NPA), from the angle of possible fraud. SEBI has amended its regulations, debarring wilful defaulters and companies with wilful defaulters as promoters/directors from accessing capital markets to raise funds. The Insolvency and Bankruptcy Code has been amended to debar wilful defaulters from participating in the insolvency resolution process.

In addition, to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, Government has introduced the Fugitive Economic Offenders Bill, 2018 in Parliament. In this connection, Government has also advised PSBs to obtain a certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore.

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