

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

UNSTARRED QUESTION NO. †3522

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

**Irregularities by Multinational Banks**

†3522. SHRI MANSUKH BHADHAN JIBHAIVASAVA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is unaware of the irregularities committed by the multinational banks;
- (b) if so, the details thereof and the reasons therefor along with the reaction of the Government thereto;
- (c) the number of irregularities committed by the banks during the last three years; and
- (d) the details of the action taken thereon along with the outcome thereof?

**ANSWER**

The Minister of State in the Ministry of Finance  
(SHRISHIV PRATAPSHUKLA)

(a) to (d): With regard to irregularities committed by the multinational banks, Reserve Bank of India (RBI) has stated that specific information is not available, other than that contained in press releases issued by RBI regarding penalising of foreign banks for contraventions of RBI's guidelines/instructions and advising them to exercise caution, brief details of which are as below:

- (a) Based on scrutiny of advance import remittances in 21 banks, to examine alleged irregularities in opening and monitoring of accounts, including violations under the provisions of the Foreign Exchange Management Act (FEMA), and after looking into the effectiveness of systems and processes for implementation of Know Your Customer (KYC) norms/ Anti Money Laundering (AML) standards, RBI, *vide* press release dated July 27, 2016, advised Standard Chartered Bank to put in place appropriate measures and review them from time to time to ensure strict compliance with KYC requirements and FEMA provisions on an ongoing basis.
- (b) RBI imposed penalty of Rs. 1 crore on Credit Agricole Corporate and Investment Bank, as per press release dated October 20, 2016. The bank was involved in providing a host of services to and earning fees from its outsourcing agency, Credit Agricole CIB Services Pvt. Ltd. The penalised activities were not permissible under Section 6(1) of the Banking Regulation Act, 1949.
- (c) RBI imposed penalty on 5 authorised dealer banks, *viz.*, Bank of America, Bank of Tokyo Mitsubishi, Deutsche Bank, Royal Bank of Scotland and Standard Chartered Bank, for violation of RBI's instructions on reporting requirements under FEMA, on December 21, 2016.
- (d) RBI imposed penalty on HSBC Ltd. for violation of RBI's instructions on reporting requirements under FEMA on April 26, 2017.

As reported by RBI, data for frauds reported by Indian banks and foreign banks are at Annex-I and Annex-II respectively.

\*\*\*

Lok Sabha USQ No. †3522 for 16.3.2018, regarding “Irregularities by Multinational Banks”

**Frauds Reported by Indian Banks with Overseas Operations  
(Amount involved in each individual fraud Rs. 1 lakh or above)**

Bank	2014-15		2015-16		2016-17	
	Number of frauds	Amount involved in lakh Rs.	Number of frauds	Amount involved in lakh Rs.	Number of frauds	Amount involved in lakh Rs.
Allahabad Bank	47	7597.64	23	29090.8	60	89508.67
Axis Bank Ltd.	187	33713.54	227	33836.39	222	202037.9
Bank of Baroda	303	122602.4	255	166810	224	116484.7
Bank of India	131	9244.37	156	121757.6	162	277400.7
Canara Bank	114	17563.19	94	158978	119	61016.51
HDFC Bank Ltd.	218	1753.29	260	9728.98	313	16034.61
ICICI Bank Ltd.	433	26977.16	588	34771.52	686	41269.94
IDBI Bank Limited	56	55795.1	129	26205.31	107	113683.5
Indian Bank	95	9103.97	87	13805.59	79	48022.73
Indian Overseas Bank	138	57564.11	109	59832.95	95	137210.7
Punjab National Bank	180	230973.1	131	35285.23	160	280916.5
State Bank of India	651	161854	562	189551.5	544	242237.1
Syndicate Bank	208	79310.45	178	164068.1	166	37623.15
UCO Bank	87	141097.7	85	24814.88	59	69548.24
Union Bank of India	111	36982.69	146	129772.9	111	92072.33
<b>Total</b>	<b>2959</b>	<b>992132.8</b>	<b>3030</b>	<b>1198310</b>	<b>3107</b>	<b>1825067</b>

## Annex - II

Lok Sabha USQ No. †3522 for 16.3.2018, regarding “Irregularities by Multinational Banks”

Bank	2014-15		2015-16		2016-17	
	Number of frauds	Amount involved in lakh Rs.	Number of frauds	Amount involved in lakh Rs.	Number of frauds	Amount involved in lakh Rs.
Abu Dhabi Commercial Bank PJSC	1	6.91	1	2488.94	0	0
American Express Banking Corp.	176	1007.51	187	641.83	166	558.54
Bank of Bahrain & Kuwait BSC	0	0	0	0	1	6.97
Bank of Nova Scotia	0	0	0	0	1	13
Citibank N.A.	94	848.88	115	510.51	177	1171.58
CTBC Bank	3	11165.25	1	2000	0	0
DBS Bank Limited	3	3442.4	3	7111.53	1	8.19
Deutsche Bank (Asia)	2	15.25	1	1.5	1	6.17
Doha Bank Qsc	0	0	0	0	3	897.94
Firststrand Bank	0	0	0	0	2	2711.65
Hongkong & Shanghai Banking Corporation Ltd	38	2645.75	36	8611.77	48	99.13
HSBC Bank Oman S.A.O.G	1	32.91	0	0	0	0
Korea Exchange Bank	0	0	0	0	2	2.28
Mashreq Bank PSC	0	0	1	3.66	0	0
PT Bank Maybank Indonesia TBK	0	0	0	0	1	1778.18
Shinhan Bank	0	0	2	584.16	0	0
Standard Chartered Bank	81	8737.96	127	366.03	320	651.87
The Bank of Tokyo- Mitsubishi Financial Group Ltd	0	0	0	0	1	123.96
The Royal Bank of Scotland N.V.	2	19.48	7	11.04	1	1
<b>Total</b>	<b>401</b>	<b>27922.3</b>	<b>481</b>	<b>22330.97</b>	<b>725</b>	<b>8030.46</b>

**Frauds Reported by Foreign Banks with Overseas Operations  
(Amount involved in each individual fraud Rs. 1 lakh or above)**

\*\*\*