

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

UNSTARRED QUESTION NO. †3596

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

RBI Audit of Loan Exposure of Banks

†3596. SHRI RAKESH SINGH:

SHRI N.K. PREMACHANDRAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to conduct an inspection audit in all State-owned banks in the light of scams reported from various banks and if so, the details of the action taken thereon;
- (b) the details of the scams in the banks during the last three years;
- (c) whether the Government proposes to establish a scheme for audit by the Reserve Bank of India with regard to the loans and over drafts availed amounts of more than ten crores;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) whether the Government initiated action against the accused in bank scams and if so, the details thereof for the last three years?

ANSWER

The Minister of State in the Ministry of Finance
(SHRISHIV PRATAP SHUKLA)

(a): Audit of banks is governed by the provisions of section 30 of the Banking Regulation Act, 1949. In addition, audit of nationalised banks is governed by the provisions of section 10 of the Banking Companies (Acquisition & Transfer of Undertakings) Acts of 1970 and 1980, while that of the State Bank of India (SBI) is governed by the provisions of section 41 of the State Bank of India Act, 1955. As per the provisions of section 30 of the Banking Regulation Act, previous approval of Reserve Bank of India (RBI) is required for appointment of auditors for conducting annual audit, which is referred to as statutory audit. Further, section 35 of the Banking Regulation Act provides that RBI may inspect any banking company and its books and accounts, and RBI carries out Annual Financial Inspection of Banks under this. Thus, statutory audit with RBI's approval and Annual Financial Inspection of Banks by RBI are a statutory feature and are carried out accordingly, including in respect of Public Sector Banks (PSBs).

(b): As reported by RBI, details of frauds in banks during the last three financial years are at Annex-1.

(c) and (d): No proposal for establishing a scheme for audit by RBI with regard to loans and overdrafts of amounts of more than Rs. 10 crore is currently under consideration. Government has asked PSBs to examine all accounts exceeding Rs. 50 crore, if classified as Non-Performing Assets (NPA), from the angle of possible fraud.

(e): As reported by PSBs, details of action initiated in respect of frauds in banks are at Annex-2.

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Frauds reported during FY 2014-15 to FY 2016-17
(Amount involved above Rs. 1 lakh)

I	2014-15		2015-16		2016-17		
	Bank	No. of frauds	Amount involved in lakh Rs.	No. of frauds	Amount involved in lakh Rs.	No. of frauds	Amount involved in lakh Rs.
	Abu Dhabi Commercial Bank PJSC	0	6.91	1	2488.94	0	0
	Allahabad Bank	47	7597.64	23	29090.8	60	89508.67
	American Express Banking Corp.	176	1007.51	187	641.83	166	558.54
	Andhra Bank	52	51148.11	44	25045.92	64	24560.11
	Axis Bank Ltd.	187	33713.54	227	33836.39	222	202037.9
	Bandhan Bank Ltd.	0	0	1	11.55	13	155.56
	Bank of Bahrain & Kuwait BSC	0	0	0	0	1	6.97
	Bank of Baroda	303	122602.4	255	166810	224	116484.7
	Bank of India	131	9244.37	156	121757.56	162	277400.7
	Bank of Maharashtra	50	23905.6	45	130773.15	75	42502.25
	Bank of Nova Scotia	0	0	0	0	1	13
	Bharatiya Mahila Bank Ltd.	0	0	0	0	4	54.77
	Canara Bank	114	17563.19	94	158977.98	119	61016.51
	Capital Small Finance Bank	2	18.2	0	0	0	0
	Catholic Syrian Bank Ltd.	8	179.45	11	917.09	39	2044.79
	Central Bank of India	214	214971.8	167	17729.55	146	86786.13
	Citibank N.A.	94	848.88	115	510.51	177	1171.58
	City Union Bank Ltd.	2	644.19	5	1208.67	3	2303.36
	Corporation Bank	73	122209.3	135	132199.37	83	69407.57
	CTBC Bank	3	11165.25	1	2000	0	0
	DBS Bank Limited	3	3442.4	3	7111.53	1	8.19
	DCB Bank Ltd	2	4.08	14	459.35	0	0
	Dena Bank	41	40015.93	21	7102.43	43	46809.33
	Deutsche Bank (Asia)	2	15.25	1	1.5	1	6.17
	Dhanlaxmi Bank Limited	7	7284.13	4	556.12	6	9085.09
	Doha Bank Qsc	0	0	0	0	3	897.94
	Equitas Small Finance Bank Limited	0	0	0	0	2	201.52
	Export Import Bank of India	3	13474.3	0	0	2	10878.83
	Federal Bank Ltd.	44	8173.99	49	8199.81	58	25913.14
	Firststrand Bank	0	0	0	0	2	2711.65
	HDFC Bank Ltd.	218	1753.29	260	9728.98	313	16034.61
	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
	ICICI Bank Ltd.	433	26977.16	588	34771.52	686	41269.94
	IDBI Bank Limited	56	55795.1	129	26205.31	107	113683.51
	IDFC Bank Limited	0	0	0	0	3	39.1
	IFCI Ltd.	1	9818.32	5	25336.14	1	21486.11
	Indian Bank	95	9103.97	87	13805.59	79	48022.73
	Indian Overseas Bank	138	57564.11	109	59832.95	95	137210.69

IndusInd Bank Ltd.	14	13340.82	21	528.9	23	289.6
ING VysyaBank Ltd.	35	619.22	0	0	0	0
Jammu&KashmirBank Ltd.	7	90286.68	14	866.55	23	31147.54
KarnatakaBank Ltd.	22	2212.52	15	9195.72	25	3103.62
Karur VysyaBank Ltd.	16	12316.22	21	18243.28	21	1782.35
Korea Exchange Bank	0	0	0	0	2	2.28
Kotak MahindraBank Ltd.	56	5896.64	114	4502.13	126	11154.66
KrishnaBhimaSamruddhiLocal AreaBank Ltd	1	1.02	0	0	0	0
LakshmiVilas Bank Ltd.	5	5449.3	12	2201.14	13	10995.43
MashreqBank PSC	0	0	1	3.66	0	0
NainitalBank Ltd.	5	55.23	21	187.81	4	35.91
OrientalBank ofCommerce	127	76483.75	114	80729.58	56	16276.83
PT Bank MaybankIndonesiaTBK	0	0	0	0	1	1778.18
Punjab&Sind Bank	30	3916.14	12	13193.85	16	17878.35
PunjabNationalBank	180	230973.1	131	35285.23	160	280916.46
RBL Bank Ltd.	15	905	10	383.54	13	315.44
ShinhanBank	0	0	2	584.16	0	0
SmallIndustriesDevelopmentBank ofIndia	7	1109.28	2	4531.85	3	1130.86
SouthIndianBank Ltd.	9	1707.47	7	158.22	7	31396.29
StandardCharteredBank	81	8737.96	127	366.03	320	651.87
State Bank ofBikaner&Jaipur	41	46180.62	48	14772.93	38	13287.2
State Bank ofHyderabad	31	6865.38	34	67366.7	38	11215.62
State Bank ofIndia	651	161854	562	189551.45	544	242237.06
State Bank ofMysore	97	9074.73	67	2172.85	92	27977.08
State Bank ofPatiala	39	29030.32	40	41319.88	47	3583.37
State Bank ofTravancore	34	23623.31	19	13888.03	44	5709.41
SyndicateBank	208	79310.45	178	164068.1	166	37623.15
TamilnadMercantileBank Ltd.	21	1262.8	12	572.14	20	7478.6
The Bank ofTokyo- MitsubishiUFJ,Ltd.	0	0	0	0	1	123.96
The RoyalBank ofScotlandN.V.	2	19.48	7	11.04	1	1
UCO Bank	87	141097.7	85	24814.88	59	69548.24
UnionBank ofIndia	111	36982.69	146	129772.94	111	92072.33
UnitedBank ofIndia	128	68035.15	67	14266.71	30	8382.14
VijayaBank	35	35174.35	21	10465.4	58	13271.59
Yes Bank Ltd.	5	58.26	10	154.7	7	1738.01
Total	4639	194550	4693	1869881.	5078	2393475.2

Source: RBI

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Loan fraud cases involving Rs. 5 crore and above

Financial Year	2014-15	2015-16	2016-17	2017-18 (till Dec 2017)	Total
No. of loan fraud cases	226	203	249	175	853
FIRs registered	214	172	189	124	699
Suits filed for recovery	136	155	187	111	589

Source: PSBs
