

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO 1675

TO BE ANSWERED ON THE 27TH JULY, 2018 (FRIDAY)/ SHRAVANA 05, 1940 (SAKA)

Scams in Banks

1675. SHRI DEVENDRA SINGH BHOLE:

Will the Minister of FINANCE be pleased to state:

- a) whether the Government is investigating the cases of bank scams that have occurred recently, if so, the details thereof, scam-wise and the outcome of the investigation as on date;
- b) the steps taken/proposed to be taken by the Government to check such scams for protecting the interests of depositors; and
- c) the action taken against the officers found involved in these scams?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)

(a) to (c): Data provided by Reserve Bank of India (RBI) in respect of number of fraud cases (amount involved in individual cases Rs.1 lakh and above) and on action taken on bank officials involved, is as under:

- (i) Bank wise data of frauds during the last two financial years 2015-16 & 2016-17 is at Annex-1.
- (ii) Bank wise data on number of staff side action initiated/taken during last two calendar years 2016 and 2017 is at Annex-2.
- (iii) State wise data on number of staff side action initiated/taken during last two calendar years 2016 and 2017 is at Annex-3.

The measures taken to control and prevent frauds in the banks, inter-alia, are as follows:

- (i) In May, 2015, the Government of India issued instructions to all the CMDs/MD & CEOs of Public Sector Banks (PSBs) on "Framework for timely detection, reporting, investigation etc. relating to large value bank frauds", which, inter-alia provides that all accounts exceeding Rs. 50 crore, if classified as Non-Performing Assets, should be examined by

banks from the angle of possible fraud. A report would be placed before the Bank's Committee for review of NPAs on the findings of this investigation. The above instructions have been reiterated in February, 2018.

- (ii) RBI has issued Master Direction on "Frauds – Classification and reporting" dated July 01, 2016. 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.
- (iii) For deterring economic offenders from evading the process of Indian law by remaining outside Indian jurisdiction, Government has introduced the Fugitive Economic Offenders Bill, 2018 to provide for attachment and confiscation fugitive economic offender's property and has advised PSBs to obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore.
- (iv) For enforcement of auditing standards and ensuring the quality of audits, Government has initiated establishment of National Financial Reporting Authority as an independent regulator.
- (v) To send a clear message that borrowers cannot wilfully default and continue to enjoy ownership of their assets, wilful defaulters and connected persons have been debarred from participating in the resolution process under the Insolvency and Bankruptcy Code (IBC).
- (vi) Launch of Central Fraud Registry (CFR), a web based searchable database of frauds reported by the banks, containing data for the last 13 years has been made operational by RBI in January, 2016.
- (vii) Banks have been advised through circulars for rotation and mandatory leave of staff in sensitive positions and the same was advised to be covered in internal audit also in 2011.

Annex – 1

Bank-wise data of frauds (Amount involved in individual case >= Rs 1.00 Lakh) reported for the last two financial years						
Bank Name	2015-16			2016-17		
	No. of Frauds	Amount involved in Cr	No. of Cases wherein staff is involved	No. of Frauds	Amount involved in Cr	No. of Cases wherein staff is involved
Abu Dhabi Commercial Bank	1	24.8894		0	0	0
Allahabad Bank	23	290.908	5	60	895.087	11
American Express Banking Corp.	187	6.4183	1	166	5.5854	1
Andhra Bank	44	250.459	5	64	245.601	10
Axis Bank	227	338.364	37	222	2020.38	43
Bandhan Bank Limited	1	0.1155	1	13	1.5556	13
Bank Internasional Indonesia	0	0	0	1	17.7818	0
Bank of Bahrain & Kuwait	0	0	0	1	0.0697	0
Bank of Baroda	255	1668.10	33	224	1164.85	24
Bank of India	156	1217.58	14	162	2774.01	15
Bank of Maharashtra	45	1307.73	12	75	425.023	15
Bank of Nova Scotia	0	0	0	1	0.13	0
Bank of Tokyo Mitsubishi, UFJ	0	0	0	1	1.2396	0
BhartiyaMahila Bank Ltd.	0	0	0	4	0.5477	0
Canara Bank	94	1589.78	17	119	610.165	25
Capital Small Finance Bank	0	0	0	0	0	0
Catholic Syrian Bank	11	9.1709	6	39	20.4479	4
Central Bank of India	167	177.296	29	146	867.861	27
Chinatrast Commercial Bank	1	20.00	0	0	0	0
Citibank	115	5.1051	2	177	11.7158	1
City Union Bank	5	12.0867	2	3	23.0336	2
Corporation Bank	135	1321.99	36	83	694.076	11
DBS Bank	3	71.1153	0	1	0.0819	0
Dena Bank	21	71.0243	1	43	468.093	6
Deutsche Bank(Asia)	1	0.015	0	1	0.0617	0
Development Credit Bank	14	4.5935	0	0	0	0
Dhanalakshmi Bank	4	5.5612	2	6	90.8509	1
Doha Bank Qsc	0	0	0	3	8.9794	0
Equitas Small Finance Bank	0	0	0	2	2.0152	2
Export Import Bank of India	0	0	0	2	108.788	0
Federal Bank	49	81.9981	3	58	259.131	21
FirstRand Bank	0	0	0	2	27.1165	0
HDFC Bank	260	97.2898	29	313	160.346	62
HSBC	36	86.1177	0	48	0.9913	0
ICICI Bank	588	347.715	66	686	412.699	35
IDBI Bank Ltd.	129	262.053	8	107	1136.84	1
Idfc Bank Limited	0	0	0	3	0.391	0
Indian Bank	87	138.056	23	79	480.227	6
Indian Overseas Bank	109	598.33	14	95	1372.11	27
Indusind Bank	21	5.289	7	23	2.896	11
ING Vysya Bank	0	0	0	0	0	0
Jammu & Kashmir Bank	14	8.6655	6	23	311.475	2
Karnataka Bank	15	91.9572	3	25	31.0362	1
KarurVysya Bank	21	182.433	4	21	17.8235	4
Korea Exchange Bank	0	0	0	2	0.0228	0
Kotak Mahindra Bank	114	45.0213	6	126	111.547	13
Krishna BhimaSamruddhi Lab	0	0	0	0	0	0
Lakshmi Vilas Bank	12	22.0114	5	13	109.954	8
Mashreqbank	1	0.0366	0	0	0	
Nainital Bank	21	1.8781	0	4	0.3591	
Oman International Bank	0	0	0	0	0	
Oriental Bank of Commerce	114	807.296	12	56	162.768	9
Punjab and Sind Bank	12	131.939	1	16	178.784	3
Punjab National Bank	131	352.852	17	158	2808.27	18
Ratnakar Bank Ltd	10	3.8354	1	13	3.1544	1
Royal Bank of Scotland	7	0.1104	0	1	0.01	0
Shinhan Bank	2	5.8416	0	0	0	0
Small Industries Dev. Bank of India	2	45.3185	0	3	11.3086	0
South Indian Bank	7	1.5822	3	7	313.963	2
Standard Chartered Bank	127	3.6603	3	320	6.5187	0
State Bank of Bikaner & Jaipur	48	147.729	5	38	132.872	8
State Bank of Hyderabad	34	673.667	7	38	112.156	9
State Bank of India	562	1895.51	66	544	2422.37	83
State Bank of Mysore	67	21.7285	6	92	279.771	6
State Bank of Patiala	40	413.199	4	47	35.8337	6
State Bank of Travancore	19	138.88	6	44	57.0941	2
Syndicate Bank	178	1640.68	14	166	376.232	19
Tamilnad Mercantile Bank	12	5.7214	2	20	74.786	1
The Industrial Finance Corp of India	5	253.361	2	1	214.861	0
UCO Bank	85	248.149	44	59	695.482	15
Union Bank of India	146	1297.73	12	111	920.723	4
United Bank of India	67	142.667	2	30	83.8214	5
Vijaya Bank	21	104.654	0	58	132.716	8
Yes Bank	10	1.547	0	7	17.3801	2
Grand Total	4693	18698.82	584	5076	23933.85	603

Source: RBI, the above data, includes all types of frauds, inter-alia, on account of misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, cash shortages, cheating and forgery etc.

Bank-wise data on number of staff side action initiated/taken against bank employees involved in frauds(Amount involved>= 1 Lakh) reported by banks 2016-2017

Bank Name	Number of staff action taken	
	2016	2017
ALLAHABAD BANK	116	121
AMERICAN EXPRESS BANKING CORP.	1	11
ANDHRA BANK	124	77
AXIS BANK LIMITED	160	306
BANDHAN BANK LIMITED	41	98
BANK OF BARODA	225	137
BANK OF INDIA	8	14
BANK OF MAHARASHTRA	22	56
CANARA BANK	291	216
CATHOLIC SYRIAN BANK LTD	36	36
CENTRAL BANK OF INDIA	274	132
CITIBANK N.A	2	
CITY UNION BANK LIMITED	1	6
CORPORATION BANK	124	148
DBS BANK LTD.		
DCB BANK LIMITED		1
DENA BANK	81	95
DOHA BANK QSC	1	
EQUITAS SMALL FINANCE BANK LIMITED	1	14
EXPORT IMPORT BANK OF INDIA	2	
FEDERAL BANK LTD	67	3
HDFC BANK LTD.	11	1
HONGKONG AND SHANGHAI BANKING CORPN.LTD.		2
ICICI BANK LIMITED	625	879
IDBI BANK LIMITED	82	3
INDIAN BANK	135	105
INDIAN OVERSEAS BANK	41	18
INDUSIND BANK LTD	17	11
ING VYSYA BANK LTD		
JAMMU & KASHMIR BANK LTD	16	61
KARNATAKA BANK LTD	35	11
KARUR VYSYA BANK LTD	6	3
KOTAK MAHINDRA BANK LTD.	13	61
KRISHNA BHIMA SAMRUDDHI LAB LTD.		1
LAKSHMI VILAS BANK LTD	16	47
NAINITAL BANK LTD		6
ORIENTAL BANK OF COMMERCE	80	12
PUNJAB AND SIND BANK	12	34
PUNJAB NATIONAL BANK	331	376
RBL BANK LIMITED	5	
SBM BANK (MAURITIUS)LTD.		1
SMALL INDUSTRIES DEV. BANK OF INDIA	4	
SOUTH INDIAN BANK LTD	20	19
STANDARD CHARTERED BANK		1
STATE BANK OF BIKANER AND JAIPUR	67	6
STATE BANK OF HYDERABAD	44	12
STATE BANK OF INDIA	338	251
STATE BANK OF MYSORE	9	
STATE BANK OF PATIALA	75	3
STATE BANK OF TRAVANCORE	72	2
SUBHADRA LOCAL AREA BANK LTD.		1
SYNDICATE BANK	219	76
TAMILNAD MERCANTILE BANK LTD	26	12
THE DHANALAKSHMI BANK LTD	26	1
THE INDUSTRIAL FINANCE CORP OF INDIA LTD	1	
UCO BANK	321	82
UNION BANK OF INDIA	66	30
UNITED BANK OF INDIA	67	96
VIJAYA BANK	2	5
YES BANK LTD.	1	104
Grand Total	4360	3804

Source: RBI

State-wise data on number of staff side action initiated/taken against bank employees involved in frauds(Amount involved >= 1 Lakh) reported by banks 2016-2017

State	Number of staff action taken	
	2016	2017
ANDAMAN & NICOBAR ISLANDS	1	
ANDHRA PRADESH	271	181
ARUNACHAL PRADESH		9
ASSAM	75	90
BIHAR	129	155
CHANDIGARH	17	42
CHHATTISGARH	75	61
DAMAN & DIU		1
DELHI	415	82
GOA	14	2
GUJARAT	211	121
HARYANA	132	151
HIMACHAL PRADESH	14	12
JAMMU & KASHMIR	75	72
JHARKHAND	64	70
KARNATAKA	250	167
KERALA	113	46
MADHYA PRADESH	152	199
MAHARASHTRA	528	542
MANIPUR	6	2
MEGHALAYA	1	
MIZORAM	3	
NAGALAND	5	
NCT OF DELHI		224
ODISHA		64
ORISSA	94	7
Others	9	4
PONDICHERRY	2	
PUDUCHERRY		2
PUNJAB	277	165
RAJASTHAN	163	205
SIKKIM	3	1
TAMIL NADU	411	374
TELANGANA		90
TRIPURA	6	
UTTAR PRADESH	519	422
UTTARAKHAND		15
UTTARANCHAL	59	10
WEST BENGAL	266	216
Grand Total	4360	3804

Source: RBI