

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

UNSTARRED QUESTION NO. †4115

TO BE ANSWERED ON THE 10TH AUGUST 2018 / SHRAVANA 19, 1940 (SAKA)

Banks Frauds

†4115. SHRI RAJAN VICHARE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the figures released by Reserve Bank of India (RBI) has stated that frauds involving Rs. 8670 crore has been committed in banks during the last five years causing a loss of Rs. 61260 crore to the banks so far;
- (b) if so, the details thereof;
- (c) whether the main reasons for such frauds are availing taking loans by adopting unfair means and non repayment of such loans; and
- (d) if so, the details thereof?

ANSWER

Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)

(a) and (b): With regard to details of frauds committed in banks during the last five years, Reserve Bank of India (RBI) has informed that it does not have the required information.

In this connection, it may be noted that fraud data collected by RBI is by the year of reporting by banks and not the year of commission of fraud or sanction of loan, Letter of Undertaking, etc., which may be of an earlier period. *E.g.*, the fraudulent issuance of Letters of Undertaking in PNB's Brady House branch was reported in February 2018 but is a continuing fraud since 2011.

(c) and (d): The RBI Master Circular on Frauds observes that frauds are committed by unscrupulous borrowers by various methods including, *inter alia*, fraudulent discount of instruments, fraudulent disposal of pledged/hypothecated stocks, fund diversion, criminal neglect and *mala fide* managerial failure on the part of borrowers. The Master Circular also refers to certain other methods, which include forged instruments, manipulated account books, fictitious accounts, unauthorised credit facilities, fraudulent foreign exchange transactions, exploitation of "multiple banking arrangement" and deficiency on the part of third parties with role in credit sanction/disbursement.
