

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA  
UNSTARRED QUESTION NO: 611  
TO BE ANSWERED ON THE 20<sup>th</sup> JULY, 2018 / ASHADHA 29, 1940 (SAKA)

QUESTION  
FINANCIAL FRAUDS BY BUSINESS HOUSES CAUSING NPAs

611: SHRI RAHUL SHEWALE:  
SHRI SANJAY DHOTRE:  
SHRI BHARTRUHARIMAHTAB:

Will the Minister of FINANCE be pleased to state:

- a) whether the Government has assessed the impact of financial frauds committed by various business houses including Bangalore based Airline and Mumbai based gems companies on the Non-Performing Assets (NPAs) of Public and Private Sector Banks in the country;
- b) if so, the details thereof during the last five years, bank-wise and if not, the reasons therefor;
- c) the details of increase in such NPAs during the said period, bank-wise;
- d) whether the Acts enacted and Rules framed there under to curb NPAs have achieved the desired results in the country during the said period; and
- e) if so, the details thereof and if not, the reasons therefor?

ANSWER  
To be answered by  
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI SHIV PRATAP SHUKLA)

(a) to (c): As per Reserve Bank of India (RBI) data, the details of loan frauds for cases of Rs. 1 lakh and above, the number, amount and percentage of loan frauds reported by banks during the last five financial years are at Annexure. It may be noted that fraud data is by the year of reporting and not the year of occurrence of the fraud or sanction of loan, Letter of Undertaking etc., which may be of an earlier period. *E.g.*, the fraud in PNB's Brady House branch was reported in February 2018 but is a continuing fraud since 2011.

As regards NPAs of business houses, as per the provisions of section 45E of the Reserve Bank of India Act, 1934, RBI is prohibited from disclosing credit information which shall be treated as confidential and not be published or otherwise disclosed. Further, as regards NPAs of Airline and Gems industries, RBI has informed that data

regarding the industrial sector, such as Airlines and Gems industries, is not collected and, therefore, data on frauds in Airlines and Gems industries is not maintained.

(d) and (e): Several enactments have been effected to improve recovery, such as the Insolvency and Bankruptcy Code, 2016, the amendments enacted to the Recovery of Debts Due to Banks and Financial Institutions Act, 1993 (under which Debts Recovery Tribunals are established) and the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (SARFAESI Act), and the Banking Regulation (Amendment) Act, 2017. As a result, there has been substantial growth in recovery. As per RBI data, recovery in NPAs of PSBs has grown from Rs. 40,903 crore in financial year (FY) 2015-16 to Rs. 53,250 crore in FY 2016-17 and Rs. 66,970 crore in FY 2017-18, registering year-on-year growth of 30% and 26% in FY 2016-17 and in FY 2017-18 respectively.

Debts Recovery Tribunals (DRTs), established under the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, are playing a significant role in disposal of cases and through them, a large amount has been recovered from NPA accounts. As per data reported by DRTs, 73,554 cases have been disposed of and Rs. 23,735 crore recovered during the last three financial years. Further, as per data reported by RBI, during the same period, Scheduled Commercial Banks have recovered Rs. 17,765 crore through the Lok Adalat channel.

\*\*\*

Lok Sabha Unstarred Question No. 611, for 20.7.2018

Details of Loan Frauds reported during the Last Five Years- Fraud cases of Rs. 1 Lakh and Above

Amount in crore Rs.

	F.Y. 2013-14		F.Y. 2014-15		F.Y. 2015-16		F.Y. 2016-17		F.Y. 2017-18	
Area of Operations	No. of frauds	Amount	No. of frauds	Amount	No. of frauds	Amount	No. of frauds	Amount	No. of frauds	Amount
Total – Loan Frauds	1,990	8,412	2,251	17,122	2,125	17,368	2,322	20,561	2,495	22,470
Total - All Frauds	4,306	10,171	4,639	19,455	4,693	18,699	5,076	23,934	5,879	40,996
Percentage of Loan Frauds to Total Frauds	46.21	82.71	48.52	88.01	45.28	92.88	45.74	85.91	42.44	54.81

Source: RBI

Note: Fraud data is by the year of reporting and not the year of occurrence of the fraud or sanction of loan, Letter of Undertaking etc., which may be of an earlier period. E.g., the fraud in PNB's Brady House branch was reported in February 2018 but is a continuing fraud since 2011.

\*\*\*