

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
LOK SABHA  
UNSTARRED QUESTION NO-2431  
ANSWERED ON-08.07.2019

**BANK SCAMS**

2431. SHRIBHAGWANT KHUBA

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of many National Banks losing their credibility due to big bank scams, if so, the details thereof, bank-wise;
- (b) whether it is true that in these scams the bank employees are involved;
- (c) if so, the details thereof including the amount involved therein at present, bank-wise; and
- (d) the corrective steps taken by the Government in this regard?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI ANURAG SINGH THAKUR)

(a) to (d) Government has taken comprehensive steps to reduce the incidence of frauds in banks. The steps taken include, *inter-alia*, the following:

- (1) Government has issued “Framework for timely detection, reporting, investigation *etc.* relating to large value bank frauds” to Public Sector Banks (PSBs), for systemic and comprehensive checking of legacy stock of their non-performing assets (NPAs), which provides, *inter-alia*, that—
  - (i) all accounts exceeding Rs. 50 crore, if classified as NPAs, be examined by banks from the angle of possible fraud, and a report placed before the bank’s Committee for Review of NPAs on the findings of this investigation;
  - (ii) examination be initiated for wilful default immediately upon reporting fraud to RBI; and
  - (iii) report on the borrower be sought from the Central Economic Intelligence Bureau in case an account turns NPA.
- (2) Fugitive Economic Offenders Act, 2018 has been enacted to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts. The act provides for attachment of property of a fugitive economic offender, confiscation of such offender’s property and disentitlement of the offender from defending any civil claim.
- (3) PSBs have been advised 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 and, decide on publishing photographs of wilful defaulters, in terms of RBI’s instructions and as per their Board-approved policy and to strictly ensure rotational transfer of officials/employees. The heads of PSBs have also been empowered to issue requests for issue of Look Out Circulars (LOCs).
- (4) For enforcement of auditing standards and ensuring the quality of audits, Government has established the National Financial Reporting Authority as an independent regulator.
- (5) Instructions/advisories have been issued by Government to PSBs to decide on publishing photographs of wilful defaulters, in terms of RBI’s instructions and as per

their Board-approved policy, and 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.

The impact of the above steps is reflected in Reserve Bank of India (RBI)'s Financial Stability Report (FSR) of June 2019. As per FSR, systemic and comprehensive checking of legacy stock of NPAs of PSBs for frauds has helped unearth frauds perpetrated over a number of years which is getting reflected in increased number of reported incidents of frauds in recent years compared to previous years. Further, based on the date of occurrence, the number of bank frauds involving an amount of Rs. 1 lakh and above for the last five financial years, as reported by Public Sector Banks to RBI, has declined steadily, and the details, including amount involved therein, are as under:

FY of occurrence	Number	Amount (in crore Rs.)
2014-15	2,630	20,005
2015-16	2,299	15,163
2016-17	1,745	24,291
2017-18	1,545	6,916
2018-19	739	5,149

Bank-wise details are at Annex-I.

As per RBI's Master Directions on Frauds, frauds may occur due to number of reasons, some of which may also involve staff accountability. As per RBI's instructions, staff accountability in all bank fraud cases is to be examined quickly, and such cases may be closed only when the examination of staff accountability has been completed. Bank-wise details of staff accountability fixed in cases of fraud are at Annex-II.

To strengthen PSBs, Government has implemented a comprehensive 4R's strategy consisting of recognition of NPAs transparently, resolution and recovering value from stressed accounts, recapitalising PSBs, and reforms in PSBs and financial ecosystem to ensure a responsible and clean system. Financial Gains to PSBs from this strategy are now amply visible in financial terms. Gross NPAs of PSBs, as per RBI data on global operations (including provisional data for March 2019, as reported on 2.7.2019), have reduced over the last financial year by Rs. 1,06,032 crore, and recovery of Rs. 3,09,568 crore has been effected over the last four financial years (excluding recovery in IDBI Bank Limited made during 2018-19) has been effected by these banks over the last four financial years, including a record recovery of Rs. 1,21,076 crore in the last financial year. These gains, coupled with the decline in the incidence of frauds, have enhanced the credibility of PSBs.

*Note: NPA Figures cited above for PSBs include those for IDBI Bank Limited, which was recategorised as a private sector bank by RBI with effect from 21.1.2019.*

\*\*\*\*\*

Lok Sabha Unstarred Parliament Question No. 2431, for 8.7.2019

## Details of frauds (Based on date of occurrence - Amount Involved Rs. 1 lakh and above) for Public Sector Banks

Amounts in crore Rs.

Bank Name	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18		FY 2018-19		Comprehensive measures have been taken to prevent frauds including directions to banks to examine all NPA accounts above Rs. 50 crore from the angle of possible fraud, initiation of criminal proceedings, enactment of Fugitive Economic Offenders Act 2018, creation of Central Fraud Registry, empowering Bank Heads to request for issue of Look Out Circular, establishment of National Financial Reporting Authority, Straight through processing between Core Banking System and SWIFT, advice to banks to obtain certified copy of passport of promoters/director of companies availing loan exceeding Rs. 50 crore etc.
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Allahabad Bank	35	860.15	20	162.78	63	1,398.19	11	40.77	12	509.67	
Andhra Bank	40	879.86	58	56.78	36	75.82	37	880.11	11	193.51	
Bank of Baroda	263	3,124.52	153	1,348.10	140	1,723.83	84	695.29	32	797.12	
Bank of India	160	1,648.77	121	772.57	95	978.54	99	1,247.63	52	43.64	
Bank of Maharashtra	64	1,177.63	36	170.63	34	391.29	32	1,004.86	38	791.31	
Canara Bank	153	260.54	89	432.18	48	229.95	50	97.85	24	2.48	
Central Bank of India	121	867.77	79	1,051.83	59	153.85	56	11.08	45	2.53	
Corporation Bank	75	256.93	57	42.70	52	123.46	12	97.13	5	0.05	
Dena Bank	30	734.29	36	567.74	24	40.25	11	232.57	3	2.71	
IDBI Bank Limited	92	149.40	130	1,172.75	91	989.98	94	99.84	99	59.22	
Indian Bank	70	90.06	48	128.06	70	59.45	47	133.66	20	2.92	
Indian Overseas Bank	113	1,803.77	74	1,374.87	53	1,115.98	34	372.08	30	2,272.89	
Oriental Bank of Commerce	124	100.59	108	775.77	42	301.96	24	36.82	8	24.89	
Punjab and Sind Bank	27	82.70	17	413.06	22	117.07	3	2.19	0	0.00	
Punjab National Bank	142	524.06	142	2,559.20	101	14,734.52	108	324.83	33	264.79	
State Bank of India	588	4,095.18	514	929.92	469	444.28	618	294.56	236	59.69	

State Bank of Bikaner and Jaipur	18	5.68	8	0.79	5	0.24	Merged with SBI		Merged with SBI		
State Bank of Hyderabad	25	77.83	18	72.18	6	7.65					
State Bank of Mysore	26	21.75	75	22.01	12	4.24					
State Bank of Patiala	17	21.04	15	3.00	6	0.45					
State Bank of Travancore	16	121.95	22	3.23	15	0.67					
Bhartiya Mahila Bank	1	0.05	3	0.50	-	0.00					
Syndicate Bank	200	910.31	249	325.61	127	133.81	78	613.42	27	84.24	
UCO Bank	65	1,410.54	36	237.12	31	233.77	41	103.25	27	2.89	
Union Bank of India	117	611.72	95	2,341.00	83	612.74	69	480.03	15	29.08	
United Bank of India	21	2.61	39	14.01	29	402.85	15	2.22	20	4.60	
Vijaya Bank	27	165.03	57	185.07	32	16.58	22	145.96	2	0.94	

Source: RBI

Note: IDBI Bank Limited was recategorised as a private sector bank by RBI with effect from 21.1.2019.

\*\*\*\*\*

## Lok Sabha Unstarred Parliament Question No. 2431, for 8.7.2019

**Details of fraud cases in which accountability was fixed of staff,  
among others, during the last five financial years**

Amount in crore Rs.

<b>Bank</b>	<b>Number</b>	<b>Amount outstanding in the accounts involved in fraud</b>
Allahabad Bank	220	4,730
Andhra Bank	257	812
Bank of Baroda	253	875
Bank of India	229	1,511
Bank of Maharashtra	174	1,433
Canara Bank	503	1,727
Central Bank of India	514	7,490
Corporation Bank	434	6,333
Dena Bank	158	2,020
IDBI Bank Limited	169	1,064
Indian Bank	324	838
Indian Overseas Bank	130	515
Oriental Bank of Commerce	585	4,849
Punjab and Sind Bank	97	489
Punjab National Bank	558	21,165
State Bank of India	2,222	5,785
Syndicate Bank	322	795
UCO Bank	271	636
Union Bank of India	65	60
United Bank of India	17	4
Vijaya Bank	157	979

Source: PSBs

\*\*\*\*\*