

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO-†1724
ANSWERED ON 31st JULY, 2023 / SRAVANA 9, 1945 (SAKA)

FRAUD IN BANKS

†1724. SHRI SANJAY JADHAV
SHRI VINAYAK RAUT

Will the Minister of FINANCE be pleased to state:-

- (a) the number of bank fraud cases reported during each of the last ten years and the current year, bank-wise;
- (b) whether these cases have been reported in private banks also and if so, the details thereof;
- (c) the directions issued to the banks by the Government to check such frauds and whether the Government has asked them to strengthen their fraud risk management mechanism;
- (d) whether, in spite of this, the incidents of frauds are increasing and if so, the details thereof;
- (e) the steps taken by the Public Sector Banks to plug the security loopholes and to ensure proper investigation of digital banking frauds; and
- (f) the number of persons who left the country after cheating the banks in the last ten years and the manner in which the amount has been recovered from them?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (f): Bank-wise and year-wise details of number of frauds in SCBs, in respect of amount involved of Rs. 1 lakh and above in each fraud, based on the date of occurrence, for the last ten financial years are at **Annex**.

RBI has issued Master Directions on frauds – classification and reporting by commercial banks and select financial institutions, to provide a framework to banks enabling them to detect and report frauds early and taking timely consequent actions like reporting to the Investigative agencies so that fraudsters are brought to book early, examining staff accountability and do effective/strengthen fraud risk management. Also, wide-ranging structural and procedural reforms have been instituted to check frauds in banks.

The improved detection and reporting accompanied with the comprehensive steps taken to check frauds have resulted in sharp decline in the occurrence of such frauds, from Rs. 77,544 crore in the financial year (FY) 2013-14 to Rs. 1,650 crore in FY2022-23.

Further, comprehensive steps including, *inter alia*, steps to address security flaws/loopholes and to strengthen the fraud risk management mechanism in banks, have been taken by the Government, RBI and public sector banks (PSBs) including, *inter-alia*, the following –

- (i) An online searchable database of frauds reported by banks, in the form of Central Fraud Registry, has been set up to enable timely identification, control and mitigation of fraud risk and also to carry out due diligence during the credit sanction process.
- (ii) Issuance by the Government in 2015 of “Framework for timely detection, reporting, investigation etc. relating to large value bank frauds” to PSBs for dealing with suspected frauds involving sum of money in excess of Rs. 50 crore.
- (iii) A National Cyber Crime Reporting Portal has been launched by the Ministry of Home Affairs to enable public to report incidents pertaining to all types of cybercrimes, and a toll-free number has also been operationalised to get assistance in lodging online complaints.
- (iv) The Fugitive Economic Offenders Act, 2018 has been enacted to provide 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.
- (v) Heads of PSBs have been empowered to issue requests for issuance of Look-Out Circulars.
- (vi) Advisory has 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 policies.

Directorate of Enforcement (ED), the agency mandated for investigation and prosecution of cases under the Prevention of Money Laundering Act, 2002 (PMLA), has apprised that it has recorded 757 cases involving bank fraud in public and private sector banks under the provisions of PMLA in the last ten years and 36 cases in the current year. It has been noticed that in 10 cases, 14 persons have fled the country and of these, 06 persons have been declared as Fugitive Economic Offenders and 07 persons have been declared as Proclaimed Offenders. In cases where persons have fled the country, as on 25.7.2023, assets amounting to Rs. 15,805.91 crore have been confiscated & assets amounting to Rs. 15,113.02 crore have been restituted to the PSBs.

Further, in respect of loan frauds, recovery action is initiated through various recovery mechanisms available with banks, such as filing of a suit in civil courts or in Debts Recovery Tribunals, action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, filing of cases in the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016, through negotiated settlement/compromise etc.

Lok Sabha Unstarred question no. †1724, regarding Fraud in Banks

Bank-wise and year-wise number of frauds in SCBs, in respect of amount involved of Rs. 1 lakh and above in each fraud, based on the date of occurrence, for last ten years

Bank	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Abu Dhabi Commercial Bank Pjsc	1	1	1	--	--	--	--	--	--	--
Aditya Birla Idea Payments Bank Limited	--	--	--	--	--	24	--	--	--	--
Airtel Payments Bank Limited	--	--	--	--	--	--	--	58	--	34
Allahabad Bank	77	78	91	147	143	56	10	Merged with Indian Bank		
American Express Banking Corp.	199	197	180	171	338	226	169	91	66	164
Andhra Bank	54	53	74	62	55	35	4	Merged with Union Bank		
Au Small Finance Bank Limited	--	--	1	2	4	9	13	14	13	35
Australia and New Zealand Banking Group Limited	--	--	--	--	--	--	1	--	--	--
Axis Bank Limited	184	199	270	279	379	378	363	543	752	964
Bandhan Bank Limited	5	4	29	59	61	60	36	33	65	61
Bank of America National Assn	1	--	2	1	16	10	4	2	2	2
Bank of Bahrain And Kuwait B.S.C.	--	--	--	2	--	--	--	--	1	--
Bank of Baroda	282	325	220	222	215	138	134	97	91	107
Bank of India	175	216	156	129	148	154	108	64	103	69
Bank of Maharashtra	83	82	51	64	67	88	36	26	29	17
Bank of Nova Scotia	--	--	--	1	1	--	--	--	--	--
Barclays Bank Plc	1	--	--	--	--	--	1	--	--	--
Bharatiya Mahila Bank Limited	--	1	3	--	--	--	--	--	--	--
BNP Paribas	--	--	--	--	--	--	3	1	--	--
Canara Bank	181	182	135	89	118	101	70	45	47	13
Capital Small Finance Bank Limited	2	--	--	--	--	--	--	1	2	3
Catholic Syrian Bank Limited	16	21	33	9	30	24	33	70	57	116

Bank	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Central Bank of India	206	182	122	105	110	107	117	91	139	18
Citibank N	88	105	129	190	210	275	247	117	151	158
City Union Bank Limited	4	2	3	5	13	9	11	16	8	28
Coastal Local Area Bank Limited	--	1	--	--	--	1	--	1	--	--
Co-operative Rabobank U.A.	--	--	--	--	2	--	--	--	--	--
Corporation Bank	113	78	61	55	20	12	4	Merged with Union Bank		
Credit Suisse Ag	--	--	--	--	--	--	--	1	--	--
CTBC Bank Co. Limited	3	--	--	--	--	--	--	--	--	--
DBS Bank India Limited	2	2	1	5	1	10	8	9	8	8
DCB Bank Limited	7	8	7	2	11	11	14	9	5	5
Dena Bank	45	30	36	24	11	3	Merged with Bank of Baroda			
Deutsche Bank Ag	1	3	1	1	8	3	9	3	8	13
Doha Bank Qsc	1	--	--	1	--	--	--	--	1	--
Equitas Small Finance Bank Limited	1	--	2	7	19	30	23	32	19	40
ESAF Small Finance Bank Limited	--	--	--	--	5	7	8	9	9	17
Federal Bank Limited	48	37	36	25	49	50	42	75	61	113
Fincare Small Finance Bank Limited	--	--	--	--	2	19	4	10	19	42
FINO Payments Bank Limited	--	--	--	--	3	19	30	23	26	26
FirstRand Bank Limited	--	1	--	1	1	--	--	--	--	--
HDFC Bank Limited	230	293	396	377	419	466	471	366	436	1100
Hongkong And Shanghai Banking Corpn limited	68	42	33	45	302	222	242	141	86	116
HSBC Bank Oman S.A.O.G.	1	--	--	--	--	--	--	--	--	--
ICICI Bank Limited	499	504	572	563	565	500	685	576	1263	986
IDBI Bank Limited	102	162	252	157	171	188	162	133	120	82
IDFC First Bank Limited	--	--	3	14	35	71	96	71	35	40
India Post Payments Bank Limited	--	--	--	--	--	1	8	3	4	1
Indian Bank	76	88	69	104	83	87	81	63	65	31
Indian Overseas Bank	147	152	118	93	92	97	69	43	32	47

Bank	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
IndusInd Bank Limited	26	24	22	18	46	82	123	397	1368	1396
Ing Vysya Bank Limited	19	15	--	--	--	--	--	--	--	--
Jammu & Kashmir Bank Limited	10	13	12	14	13	14	6	4	7	6
Jana Small Finance Bank Limited	--	3	2	13	16	32	57	29	33	11
JP Morgan Chase Bank National	--	--	--	--	--	--	--	1	--	--
Karnataka Bank Limited	37	16	21	7	21	20	53	10	15	6
Karur Vysya Bank Limited	26	26	16	23	35	26	24	6	25	22
KEB Hana Bank	--	--	--	2	1	--	--	--	--	--
Kotak Mahindra Bank Limited	77	57	106	136	290	386	654	828	911	642
Krishna Bhima Samruddhi Lab Limited	1	1	--	3	--	--	--	1	--	--
Lakshmi Vilas Bank Limited	9	9	30	53	43	49	31	5	Merged with DBS bank	
Mashreq Bank PSC	1	--	--	--	--	--	--	--	--	--
MUFG Bank Limited	--	--	--	--	--	--	--	--	1	--
Nainital Bank Limited	5	26	1	10	5		5	4	3	1
North East Small Finance Bank Limited	--	--	--	--	--	2	3	6	3	2
NSDL Payments Bank Limited	--	--	--	--	--	--	--	1	1	--
Oriental Bank of Commerce	100	139	123	51	29	14	8	Merged with Punjab National Bank		
Paytm Payments Bank Limited	--	--	--	--	--	2	1	--	--	1
Pt Bank Maybank Indonesia Tbk	--	--	--	1	--	--	--	--	--	--
Punjab And Sind Bank	31	38	40	71	29	23	45	56	21	18
Punjab National Bank	211	202	224	195	213	150	130	100	107	54
RBL Bank Limited	14	16	25	23	28	39	64	55	132	480
SBM Bank (India) Limited	3	--	--	--	2	1	1	1	2	6
Shinhan Bank	--	1	1	--	--	--	--	2	--	1
Shivalik Small Finance Bank Limited	--	--	--	--	--	1	1	--	--	--
Société Générale	1	--	--	--	--	--	--	--	--	--
Sonali Bank	--	--	--	--	--	--	1	--	--	--
South Indian Bank Limited	10	4	13	14	31	60	34	34	47	40

Bank	FY13-14	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Standard Chartered Bank	64	94	142	320	99	93	231	142	106	168
State Bank of Bikaner And Jaipur	41	18	8	5	Merged with State Bank of India					
State Bank of Hyderabad	24	25	18	6						
State Bank of India	820	874	1,000	973						
State Bank of Mysore	20	26	75	12	Merged with State Bank of India					
State Bank of Patiala	47	17	15	6						
State Bank of Travancore	28	16	22	15						
Subhadra Local Area Bank Limited	--	--	--	1						
Sumitomo Mitsui Banking Corporation	--	--	--	--	--	--	--	1	--	--
Suryoday Small Finance Bank Limited	--	--	--	5	7	1	12	13	5	9
Syndicate Bank	169	234	312	179	169	78	37	Merged with Canara Bank		
Tamilnad Mercantile Bank Limited	23	22	20	25	39	45	45	50	48	38
The Bank of Tokyo-Mitsubishi Ufj Limited	--	--	--	1	1	1	--	--	--	--
The Dhanalakshmi Bank Limited	22	11	9	12	8	19	5	1	3	3
The Royal Bank of Scotland Plc	7	2	8	--	--	--	--	--	--	--
UCO Bank	89	85	54	46	64	87	147	199	81	27
Ujjivan Small Finance Bank Limited	--	--	5	15	12	14	40	30	25	21
Union Bank of India	163	178	176	195	177	121	135	114	100	55
United Bank of India	83	23	39	31	22	65	25	Merged with Punjab National Bank		
United Overseas Bank Limited	--	--	--	--	1	--	--	--	--	--
Unity Small Finance Bank Limited	--	--	--	--	--	--	--	--	--	1
Utkarsh Small Finance Bank Limited	--	--	1	5	8	10	8	14	7	7
Vijaya Bank	30	27	57	32	22	2	Merged with Bank of Baroda			
Woori Bank	--	--	--	--	--	--	1	--	--	--
Yes Bank Limited	15	8	22	34	56	62	42	37	42	98

Source: RBI
