

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO-254

ANSWERED ON MONDAY, FEBRUARY 5, 2024/MAGHA 16, 1945 (SAKA)

BANK FRAUDS

254. SHRI ABHISHEK BANERJEE
SHRI SHYAM SINGH YADAV

Will the Minister of FINANCE be pleased to state:-

- (a) the number of bank frauds during the last five years in Public Sector Banks (PSBKs), Bank-wise;
- (b) the rupee value of such fraudulent transactions, bank-wise;
- (c) the steps taken to protect consumers, especially the elderly, from such frauds; and
- (d) the amount of penalty imposed on PSBs during the last five years Bank-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (b): As per Reserve Bank of India (RBI) data, bank-wise details of frauds in public sector banks (PSBs), in respect of amount involved of Rs. 1 lakh and above in each fraud, for the last five financial years are at Annex-1.

(c): Comprehensive steps have been taken to keep a check on the banking frauds and deter fraudsters, which include, *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 by RBI to enable timely identification, control and mitigation of fraud risk and also to carry out due diligence during the credit sanction process.
- (ii) RBI has issued Master Directions on Frauds, which requires banks to report frauds to law enforcement agencies (LEAs), *viz*, State Police, Central Bureau of Investigation (CBI), *etc.* for further investigation and appropriate actions. Further, it also requires monitoring and follow-up of cases by a special committee, quarterly placement of information before Audit Committees of bank Boards, and annual review of frauds by banks. These reviews cover, *inter alia*, preventive measures, fraud detection systems, systemic lacunae, remedial action, monitoring of progress of investigation and recovery, and staff accountability.
- (iii) To cover all fraud cases involving amount of Rs. 3 crore and above and to examine the role of all levels of officials/Whole Time Directors (WTDs) (including ex-officials/ex-WTDs) in PSBs, the extent and scope of the existing Advisory Board for Banking and Financial Frauds (ABBFF) was revised by the Central Vigilance Commission in consultation with RBI and the Government.

- (iv) Institution of comprehensive, automated Early Warning Systems (EWS) in PSBs, with ~80 EWS triggers and use of third-party data for time-bound remedial actions.
- (v) For management of fraud risk, early detection of loan frauds, prompt reporting to RBI and investigative agencies, and timely initiation of staff accountability proceedings, RBI has issued a framework for dealing with loan frauds and red flagged accounts (RFA), requiring banks to classify potential fraud accounts as RFAs based on observation or evaluation of early warning signals noticed.
- (vi) RBI has instructed banks to report deficient third-party services (such as legal search reports, property valuers' reports, etc.) and collusion of these service providers with fraudsters to the Indian Banks' Association, which maintains a caution list of such service providers.
- (vii) Heads of PSBs have been empowered to issue requests for issuance of Look-Out Circulars.
- (viii) 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.
- (ix) The Indian Cyber Crime Coordination Centre (I4C), working under the Ministry of Home Affairs has operationalised Citizen Financial Cyber Fraud Reporting and Management System (CFCFRMS) module, for immediate reporting of financial frauds and to stop siphoning-off of funds by the fraudsters.
- (x) A toll-free number has also been operationalised to get assistance in lodging online complaints regarding cybercrimes. Further, as per inputs received from the Ministry of Home Affairs, as on 4.12.2023, amount aggregating to more than Rs. 1,000 crore have been saved in more than 4 lakh incidents through CFCFRMS module.

In addition, several other initiatives have also been taken to spread awareness amongst customers, including senior citizens, to protect them from cyber-frauds. These initiatives include, dissemination of messages on cyber-crime through short message service (SMS), radio campaigns, publicity on prevention of cyber-crime and cyber safety tips through social media accounts of the Indian Cybercrime Coordination Centre (I4C), conducting of electronic-banking awareness and training (e-BAAT) programmes by RBI *etc.*

(d): With regard to action taken against banks, RBI has informed that it undertakes enforcement action against banks wherever material violations of applicable laws and RBI directions issued thereunder are identified. Further, RBI has also informed that from 1.1.2019 to 31.12.2023 monetary penalties of Rs. 34.14 crore have been imposed on PSBs, as per the provisions of RBI (Frauds classification and reporting by commercial banks and select FIs) Directions, 2016 (details of which are at Annex-2).

Lok Sabha Unstarred question no. 254, regarding BANK FRAUDS

Details of Frauds as reported by Public Sector banks during last five financial years, in respect of amount involved of Rs. 1 lakh and above

Amounts in crore Rs.

Name of the Bank	FY 2018-19		FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	No.	Amount involved	No.	Amount involved	No.	Amount involved	No.	Amount involved	No.	Amount involved
Bank of Baroda	293	7,149	318	11,794	204	7,920	256	3,441	204	1,777
Bank of India	197	3,051	175	7,453	159	10,958	206	5,877	188	570
Bank of Maharashtra	103	1,053	98	3,105	48	2,298	69	404	67	931
Canara Bank	555	3,354	524	11,556	136	7,259	82	2,906	143	2,844
Central Bank of India	196	2,885	160	3,730	228	4,177	159	710	162	472
Indian Bank	198	3,395	694	9,136	124	3,622	120	1,461	106	493
Indian Overseas Bank	137	6,216	183	7,096	124	3,530	88	1,225	97	1,409
Punjab and Sind Bank	40	313	42	367	69	3,125	62	240	103	128
Punjab National Bank	361	7,507	480	20,852	210	8,156	216	7,344	246	1,808
State Bank of India	1,012	8,250	1,211	34,346	979	5,765	1,419	5,457	1,657	4,658
UCO Bank	89	1,723	64	5,352	277	2,656	89	586	208	1,054
Union Bank of India	353	8,419	354	15,905	270	7,993	283	2,724	215	2,931

Source: RBI

Lok Sabha Unstarred question no. 254, regarding BANK FRAUDS

The amount of penalty imposed on Public Sector banks for Non-compliance with RBI direction related to frauds

Amounts in crore Rs.

Name of the Bank	2019	2020	2021	2022	2023
Bank of Baroda	2.00	--	--	--	--
Bank of India	3.00	1.00	1.00	--	--
Bank of Maharashtra	1.50	--	0.25	--	--
Canara Bank	1.25	--	--	--	--
Central Bank of India	--	--	--	--	0.30
Indian Bank	4.50	--	--	0.32	--
Indian Overseas Bank	1.50	--	--	0.28	--
Punjab National Bank	3.50	--	1.00	--	--
State Bank of India	1.00	--	1.00	--	--
UCO Bank	2.00	--	--	--	--
Union Bank of India	8.25	--	0.50	--	--
TOTAL	28.50	1.00	3.75	0.60	0.30

Source: RBI
