

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UN-STARRED QUESTION NO. 1158

TO BE ANSWERED ON THE 10th February, 2020 (Monday)/ Magha 21, 1941 (Saka)

Prosecution of PSB Officials

1158. DR. AMOL RAMSINGH KOLHE:
SHRI KULDEEP RAI SHARMA:
SHRIMATI SUPRIYA SULE:
SHRI GAUTAM SIGAMAANI PON:
SHRI SHRINIWAS PATIL:

Will the **Minister of FINANCE** be pleased to state:

- a) whether the Central Vigilance Commission (CVC) has tendered its advice for sanction for prosecution of Public Sector Banks (PSBs) Officers/Officials involved in corruption cases under the Prevention of Corruption Act 1988, if so, the details thereof along with the number of corruption cases registered against Officers/staff of PSBs and the number of Officers punished or undergoing trial during each of the last three years;
- (b) the estimated loss to exchequer due to corruption during the said period;
- (c) the reasons for not able to eradicate corruption allegedly prevailing in the banking sector;
- (d) whether the Government has any plan to make banking sector as an ideal department by taking zero tolerance on corruption, if so, the details thereof; and
- (e) the details of the steps taken by the Government to make banking sector corruption free?

ANSWER

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

(a) to (e): As per guidelines issued by Government, the Central Vigilance Commission (CVC) tenders advice in cases of prosecution of Presidential appointees. In cases investigated by the Central Bureau of Investigation (CBI) against any Presidential appointee, the CBI forwards the final report of the investigation to the CVC and to the administrative Ministry/Department concerned. In cases where an authority other than the President is competent to sanction prosecution under Prevention of Corruption Act, 1988 and the concerned disciplinary authority does not propose to accord the sanction sought for by the CBI, or any other investigating agency, the case will be reported to the CVC and the concerned authority will take further action after considering the CVC's advice.

CBI had sought sanction for prosecution in respect of 801 officers/staff of Public Sector Banks (PSBs) which included Presidential appointees and other than Presidential appointees in 2017,2018,2019 and upto Jan, 2020. CBI has reported that requests in respect of 139 officers/staff of PSBs during this period have been declined. In cases where sanction is declined, the advice is tendered in consultation with CVC. The details of cases registered in CBI against officers/staff of PSBs and the number of officers/staff of PSBs punished/convicted or undergoing trial during last three years is as under:-

Year	No. of cases Registered	No. of officers/ staff of PSBs punished/ convicted	No. of officers/ staff of PSBs under Trial (as on 1 st January of the respective years)
2017	200	127	2708
2018	148	137	2673
2019	136	143	2633
2020 (upto 31.01.20)	11	6	2593
Total	495	413	-

Banking Corruption and occurrence of frauds was enabled by lack of discipline in the financial system and a lax credit culture across various stakeholders. The role of bankers too was also not as rigorously examined earlier, and auditors were not independently regulated. Through extensive reforms, change in credit culture has been instituted and controls have been tightened for every stakeholder in the financial system which has enabled a tighter check on corruption and decline in the occurrence of frauds.

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.

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

Source: RBI

Government, in pursuance of its commitment to "Zero Tolerance Against Corruption" has taken several measures to combat corruption which, inter-alia, include key reforms in PSBs as part of PSBs Reforms Agenda such as:

(i) Board-approved Loan Policies of PSBs now mandate tying up necessary clearances/ approvals and linkages before disbursement, scrutiny of group balance-sheet and ring-fencing of cash flows, non-fund and tail risk appraisal in project financing.

(ii) Use of third-party data sources for comprehensive due diligence across data sources has been instituted, thus mitigating risk on account of misrepresentation on fraud.

(iii) Monitoring has been strictly segregated from sanctioning loans in high value loans, and specialized monitoring agencies combining financial and domain knowledge have been deployed for effective monitoring of loans above Rs 250 crores.

(iv) To ensure timely and better realization in one-time-settlements (OTSs), online end-to-end OTS Platforms have been set up.

Systemic improvements and reforms to provide transparent citizen- friendly services and reduce corruption. These, inter-alia, include:

(i) Disbursement of Welfare benefits directly to the citizens under various schemes of the Government in a transparent manner through the Direct Benefit Transfer initiative.

(ii) Implementation of E-tendering in public procurements.

(iii) Introduction of e-Governance and simplification of procedure and systems.

(iv) Introduction of Government procurement through the Government e-Marketplace (GeM).

The Prevention of Corruption Act, 1988 has been amended in 2018 to bring a paradigm shift in tackling corruption in as much as clearly criminalizing the act of giving bribe etc.

In this direction, various other measures have been taken by the Government which include, adoption of Integrity Pact in major Procurement activities, operationalisation of the institution of Lokpal and Discontinuation of interviews in recruitment of Group 'B' (Non-Gazetted) and Group 'C' posts in Government of India.

Further, PSBs have a Board approved Staff Accountability Policy and regulations for taking action against officials involved in irregularities. Whenever any irregularities are found or observed on the part of Public Sector Bank's official(s), the Banks initiate action, wherever required in consultation with Central Vigilance Commission, as per applicable rules/regulations of the bank; and commensurate punishment is awarded to the delinquent employees based on the seriousness of the wrongdoings and action is taken by the PSBs based on the relevant Service Rules/ Regulations and RBI guidelines.
