

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 4112

To be answered on the 28th March 2022/ Chaitra 7, 1944 (Saka)

Performance of PSBs

4112. SHRIMATI PRATIMA MONDAL:

Will the Minister of FINANCE be pleased to state:

- (a) the details of Public Sector Banks (PSBs) earning profit/incurring losses during the last three years, bank, year and State/UT-wise;
- (b) whether the loss incurred by PSBs is due to increase in the incidents of frauds in the said banks;
- (c) if so, the details thereof along with the number of fraud cases detected and the action taken against the officials/banks during the said period, bank and State-wise; and
- (d) whether the Government has developed any mechanism to detect fraud in banks before it is reported by the customers of the banks, if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (d): As per inputs received from Reserve Bank of India (RBI), State-/ Union Territories-wise data is not maintained by it. However, bank-wise details of operating profit and net profit/loss of Public Sector Banks (PSBs), for FY 2018-19 to FY 2020-21 and for the first nine-months of FY 2021-22 are at Annexure-I.

As per RBI data, aggregate gross advances of PSBs increased from Rs. 18,19,074 crore as on 31.3.2008 to Rs. 52,15,920 crore as on 31.3.2014. As per RBI inputs, aggressive lending practices during this period along with wilful default / loan frauds / corruption in some cases, economic slowdown etc. were observed to be primary reasons for the spurt in the stressed assets. Asset Quality Review (AQR) initiated in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of non-performing assets (NPAs). As a result of AQR and subsequent transparent recognition by banks, stressed accounts were reclassified as NPAs and expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were provided for. Further, all such schemes for restructuring stressed loans were withdrawn in the financial year (FY) 2017-18. Primarily as a result of transparent recognition of stressed assets as NPAs, as per RBI data on global operations, gross NPAs of PSBs rose from Rs. 2,16,739 crore as on 31.3.2014 to Rs. 8,95,601 crore as on 31.3.2018, and as a result of Government's strategy of recognition, resolution, recapitalisation and reforms, have since declined to Rs. 5,59,081 crore as on 31.12.2021.

Throughout this period, PSBs continued to post aggregate operating profits of Rs. 1,37,151 crore, Rs. 1,58,994 crore, Rs. 1,55,603 crore, Rs. 1,49,819 crore, Rs. 1,74,640 crore, 1,97,376 crore, 1,47,686 crore, in the financial year 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21 and the first nine-months of 2021-22, respectively. However, primarily due to provisions on account of NPAs, some PSBs reported net losses. Further, PSBs have now returned to profitability, with all PSBs reporting net profit in the first nine-months of FY 2021-22.

Bank-wise and state-wise details of frauds on the basis of occurrence are at Annexure-II and Annexure-III, respectively.

Further, RBI has issued Master Directions for classification and reporting of frauds by commercial banks and select financial institutions (FIs), to direct the focus of banks on the aspects relating to prevention, early detection, prompt reporting to RBI and the investigating agencies, and timely initiation of the staff accountability proceedings. Also, RBI has provided an illustrative list of some early warning signals (EWS) to detect fraudulent activity in an account.

In addition to this, several measures have also been taken to help deter fraudsters/defaulters include, *inter-alia*, the following—

- (1) 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 carrying out due diligence during the credit sanction process.
- (2) Governments framework for large value frauds in PSBs mandates:
 - (i) Examination be initiated for wilful default immediately upon reporting fraud to RBI;
 - (ii) Report on the borrower be sought from the Central Economic Intelligence Bureau in case an account turns NPA.
- (3) 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.
- (4) PSBs have been advised to—
 - (i) 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;
 - (ii) decide on publishing photographs of wilful defaulters, in terms of the instructions of RBI and as per their Board-approved policy; and
 - (iii) strictly ensure rotational transfer of officials/employees.
- (5) Heads of PSBs have been empowered to issue requests for issue of Look-Out Circulars.

Annexure-I

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Bank-wise details of net profit/loss of Public Sector Banks (PSBs)

Bank/Bank Group Name	Operating Profit (April to Date)				Net Profit/Loss (April to Date)			
	31.3.19	31.3.20	31.3.21	31.12.21	31.3.19	31.3.20	31.3.21	31.12.21
Allahabad Bank	2,767	3,089	*	*	-8,334	-5,396	*	*
Andhra Bank	5,039	5,185	*	*	-2,786	-1,250	*	*
Bank of Baroda	13,487	19,691	20,630	16,754	434	546	829	5,494
Bank of India	8,092	11,519	10,872	7,523	-5,547	-2,957	2,160	2,798
Bank of Maharashtra	2,198	2,847	3,958	3,700	-4,784	389	550	796
Canara Bank	10,591	9,517	20,009	16,887	347	-2,236	2,558	4,012
Central Bank of India	3,126	4,344	4,630	3,826	-5,641	-1,121	-888	735
Corporation Bank	3,894	3,802	*	*	-6,333	-2,392	*	*
Dena Bank	198	*	*	*	-6,339	*	*	*
Indian Bank	4,881	6,498	11,396	9,979	322	753	3,005	2,961
Indian Overseas Bank	5,034	3,534	5,896	4,149	-3,766	-8,527	834	1,157
Oriental Bank of Commerce	3,754	2,985	*	*	55	-2,252	*	*
Punjab and Sind Bank	1,397	1,097	771	1,013	-543	-991	-2,733	693
Punjab National Bank	12,995	14,739	22,980	15,497	-9,975	336	2,022	3,255
Syndicate Bank	2,819	3,473	*	*	-2,588	-3,602	*	*
UCO Bank	2,760	4,836	5,421	3,848	-4,321	-2,437	167	618
Union Bank of India	7,521	9,181	19,259	16,353	-2,947	-2,898	2,906	3,793
United Bank of India	1,412	171	*	*	-2,316	-6,395	*	*
Vijaya Bank	2,419	*	*	*	-2,434	*	*	*
State Bank of India	55,436	68,133	71,554	48,157	862	14,488	20,410	22,562

*Since amalgamated

Source: Reserve Bank of India

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Bank-wise details of frauds on the basis of occurrence during the period from FY 2018-19 to FY 2020-21

Bank Name	Number of frauds based on date of occurrence
Allahabad Bank	83
Andhra Bank	41
Bank of Baroda	378
Bank of India	274
Bank of Maharashtra	435
Canara Bank	259
Central Bank of India	2,299
Corporation Bank	136
Dena Bank	3
IDBI Bank Limited	747
Indian Bank	517
Indian Overseas Bank	552
Oriental Bank of Commerce	349
Punjab And Sind Bank	211
Punjab National Bank	1,040
State Bank of India	14,431
Syndicate Bank	278
UCO Bank	487
Union Bank of India	1,184
United Bank of India	117
Vijaya Bank	2

Source: Reserve Bank of India

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State-wise details of frauds on the basis of occurrence during the period from FY 2018-19 to FY 2020-21

Name of the state	Number of Frauds
Andaman & Nicobar Islands	32
Andhra Pradesh	1995
Arunachal Pradesh	108
Assam	1258
Bihar	2241
Chandigarh	775
Chhattisgarh	877
Dadra and Nagar Haveli and Daman and Diu	151
Goa	610
Gujarat	9900
Haryana	23208
Himachal Pradesh	623
Jammu & Kashmir	306
Jharkhand	926
Karnataka	11878
Kerala	2539
Ladakh	16
Madhya Pradesh	2984
Maharashtra	83032
Manipur	50
Meghalaya	65
Mizoram	24
Nagaland	76
Delhi	22343
Odisha	1449
Puducherry	106
Punjab	3411
Rajasthan	3962
Sikkim	54
Tamil Nadu	20328
Telangana	6386
Tripura	211
Uttar Pradesh	14841
Uttarakhand	670
West Bengal	4580

Source: Reserve Bank of India
