

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO 3324

TO BE ANSWERED ON THE 18th DECEMBER, 2015 / AGRAHAYANA 27, 1937
(SAKA)

LOAN THROUGH FAKE DOCUMENTS

3324. SHRI MUTHAMSETTI SRINIVASA RAO (AVANTHI):

Will the Minister of FINANCE be pleased to state:

- (a) whether the cases of raising of loans from banks on the basis of fake documents are on rise;
- (b) if so, the details thereof along with the amount involved therein during each of the last three years and the current year, bank-wise;
- (c) whether the Government has conducted any enquiry during the said period;
- (d) if so, the details thereof along with the number of officials found involved in such cases during the said period, bank-wise including PNB, Hyderabad and the punitive action taken by the Government against such persons; and
- (e) the other corrective steps taken / being taken by the Government to keep a check on such cases in future?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b): Reserve Bank of India (RBI) has informed that Public Sector Banks (PSBs) do not separately report cases of loans raised on the basis of fake documents. These are reported under the head "Cheating and Forgery", which would also include other type of fraud cases. Details of "Cheating and Forgery" frauds of Rs 1 lakh and above reported by PSBs for the last three financial years is as under:-

(Rs in crore)

Sr. No.	Calendar Year	No. of frauds cases reported	Amount involved
1.	2012-13 (April to March)	1482	3870.83
2.	2013-14 (April to March)	1520	5591.30
3.	2014-15 (April to March)	1651	11083.12
4.	2015-16 (April, 15 to Sept, 15)	861	4920.02

Bank-wise details in this regard is at **Annex-I.**

(c) & (d): Banks initiate/probe staff accountability and staff involvement in all the fraud cases and on completion of investigation, commensurate punishment is awarded to the delinquent employees based on the seriousness of the wrongdoings as per Bank's disciplinary rules which includes censuring, administrative warning, suspension of the employees, reduction in scales of pay, monetary penalty and recovery of losses, compulsory retirement, termination from service, dismissal with disqualification from future employment etc.

Bank-wise details of "Cheating and Forgery" frauds of Rs. 1 lakh and above reported by PSBs where staff was involved is at **Annex-II**.

(e): RBI has issued Master Circular on "Frauds – Classification and reporting" vide RBI. **DBS.CFMC.BC.No.1 / 23.04.001/2015 -16 dated July 01, 2015** containing all the details/aspects relating to frauds. The same is also available on the website of RBI i.e. www.rbi.org.in. On receipt of fraud reports from banks, various aspects related to the frauds are examined and concerned banks are advised to report the case to CBI/ Police/ SFIO, examine staff accountability, complete proceedings against the erring staff expeditiously, take steps to recover the amount involved in the fraud, claim insurance wherever applicable and streamline the system as also procedures so that frauds do not recur. To compress the time taken in detection of fraud, a new framework for handling loan frauds has been put in place. The framework stipulates continuous monitoring of loan accounts, time bound action at each stage of loan's life cycle and commencement of investigation on observing early warning signal in an account. Further the framework also prohibited banks from extending bank finance to borrowers who have defaulted and also committed a fraud for five years from the date of full payment of the defrauded amount. RBI as a part of its supervisory process also takes the following measures to prevent/reduce the incidence of frauds:

- (i) Issues circulars to banks from time to time about common fraud prone areas, modus operandi circulars on various types of frauds and the measures to be taken by them.
- (ii) Issues caution advices in respect of borrowers who have defrauded the banks.
- (iii) In order to make third parties and professionals accountable, who have played a vital role verification of the property/document or facilitated the perpetration of frauds, banks have been advised to report to Indian Bank's Association (IBA). IBA in turn will prepare caution lists of such parties for circulation among the banks.

RBI has issued circular on '*Legal Audit of Title Documents in Respect of Large Value Loan Accounts*' (Circular dated June 7, 2013). RBI has advised banks to subject the title deeds and other documents in respect of all credit exposures of Rs 5 crore and above to periodic legal audit and re-verification of title deeds with relevant authorities as part of regular audit exercise till the loan stands fully repaid.

The Government has set up the Central Registry, as the nodal agency for maintaining records of registrations relating to securitization, reconstruction of financial assets and security interest created over properties on 31.03.2011 to

minimize the frauds relating to multiple mortgaging of a property with different lenders

ANNEX-I

Advance related fraud cases of Rs1 lakh and above reported under the heading "Cheating and Forgery"

Bank Name	2012-13		2013-14		2014-15		April 2015- Sep 2015	
	No of cases	Amount involved in crore	No of cases	Amount involved in crore	No of cases	Amount involved in crore	No of cases	Amount involved in crore
Allahabad Bank	95	308.48	67	459.07	35	73.11	7	102.88
Andhra Bank	52	81.50	23	206.80	28	393.38	16	65.32
Axis Bank Ltd.	68	33.32	57	433.96	47	256.90	16	6.11
Bank of Bahrain & Kuwait BSC	1	5.33	0	0.00	0	0.00	0	0.00
Bank of Baroda	60	381.35	106	402.08	148	1104.11	51	93.86
Bank of India	69	4.83	9	2.24	2	8.35	20	9.44
Bank of Maharashtra	1	0.25	8	15.62	24	168.22	9	5.78
Canara Bank	44	557.72	49	174.62	58	131.57	28	1126.41
Catholic Syrian Bank Ltd.	0	0.00	1	0.05	4	0.65	4	1.02
Central Bank of India	60	126.67	117	818.39	161	1973.52	67	125.52
Citibank N.A.	3	0.08	15	11.41	5	1.64	0	0.00
Corporation Bank	35	74.14	39	272.59	44	1209.39	39	358.43
DBS Bank Limited	0	0.00	1	14.24	0	0.00	1	1.43
DCB Bank Ltd	3	1.26	3	0.15	0	0.00	0	0.00
Dena Bank	19	209.16	21	160.53	23	388.23	9	22.60
Dhanlaxmi Bank Limited	0	0.00	4	0.35	2	0.43	0	0.00
EXPORT-IMPORT BANK OF INDIA	0	0.00	0	0.00	1	22.50	0	0.00
Federal Bank Ltd.	19	6.48	26	5.74	25	12.31	16	15.11
HDFC Bank Ltd.	18	6.47	15	2.64	23	6.23	17	14.34
Hongkong& Shanghai Banking Corporation Ltd.	28	4.73	29	73.87	4	24.59	1	85.31
ICICI Bank Ltd.	106	41.12	100	727.01	65	234.01	33	10.58
IDBI Bank Limited	53	70.71	56	447.81	20	218.19	18	91.29
IFCI LTD.	0	0.00	0	0.00	0	0.00	1	57.29
Indian Bank	49	132.90	23	38.30	56	71.16	27	85.89
Indian Overseas Bank	82	477.07	66	158.37	78	518.97	39	335.43
IndusInd Bank Ltd.	2	0.41	1	0.47	0	0.00	1	1.82
ING Vysya Bank Ltd.	2	2.10	2	0.21	3	2.23	0	0.00
Jammu & Kashmir Bank Ltd.	1	0.06	0	0.00	0	0.00	0	0.00
Karnataka Bank Ltd.	9	2.21	8	3.83	16	21.78	1	0.12
KarurVysya Bank Ltd.	4	0.51	9	1.42	10	121.89	10	58.19
Kotak Mahindra Bank Ltd.	2	0.45	9	10.33	2	1.02	6	4.04
Lakshmi Vilas Bank Ltd.	16	12.05	1	0.02	0	0.00	0	0.00
Nainital Bank Ltd.	20	3.28	3	0.80	3	0.40	1	0.19
Oriental Bank of Commerce	19	7.60	54	25.69	100	64.76	58	401.70
Punjab & Sind Bank	15	3.87	13	2.34	17	4.32	4	5.22
Punjab National Bank	53	12.65	66	112.69	31	63.28	21	29.16
RBL Bank Ltd.	2	0.44	3	14.81	1	5.00	1	2.50
Shinhan Bank	0	0.00	0	0.00	0	0.00	1	5.83
SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	1	0.73	1	1.34	0	0.00	0	0.00
South Indian Bank Ltd.	11	1.53	14	11.27	2	16.02	2	0.52
Standard Chartered Bank	12	11.20	12	26.47	2	13.16	2	0.57
State Bank of Bikaner & Jaipur	36	10.19	31	97.89	33	454.67	23	93.46
State Bank of Hyderabad	16	186.26	8	1.85	6	1.88	11	78.18
State Bank of India	125	437.98	163	248.25	214	1465.83	131	1024.67
State Bank of Mysore	6	1.44	12	0.52	0	0.00	1	0.10
State Bank of Patiala	15	85.50	22	96.62	30	6.55	14	2.25
State Bank of Travancore	13	4.71	5	2.44	18	51.78	2	0.34
Syndicate Bank	82	111.06	58	122.98	141	395.75	64	157.30
Tamilnad Mercantile Bank Ltd.	13	11.03	21	45.60	16	4.90	6	5.19
UCO Bank	47	31.92	41	227.29	83	1410.67	19	199.73
Union Bank of India	70	401.92	45	80.55	53	135.06	48	232.13
United Bank of India	10	0.77	52	2.23	2	0.42	12	0.81

Advance related fraud cases of Rs1 lakh and above reported under the heading "*Cheating and Forgery*"

Bank Name	2012-13		2013-14		2014-15		April 2015- Sep 2015	
	No of cases	Amount involved in crore	No of cases	Amount involved in crore	No of cases	Amount involved in crore	No of cases	Amount involved in crore
Vijaya Bank	15	5.39	28	12.14	15	24.29	3	1.96
Yes Bank Ltd	0	0.00	3	15.41	0	0.00	0	0.00
Total	1482	3870.83	1520	5591.30	1651	11083.12	861	4920.02

ANNEX-II

Advance related fraud cases of Rs1 lakh and above reported under the heading "*Cheating and Forgery*" - Where staff involved

Bank Name	2012-13		2013-14		2014-15		April 2015- Sep 2015	
	No of cases	Amount involved in crore	No of cases	Amount involved in crore	No of cases	Amount involved in crore	No of cases	Amount involved in crore
Allahabad Bank	0	0.00	1	21.89	0	0.00	0	0.00
Andhra Bank	0	0.00	1	0.02	0	0.00	0	0.00
Axis Bank Ltd.	2	1.27	0	0.00	1	0.06	1	0.28
Bank of Baroda	1	0.15	4	37.08	7	8.58	1	1.50
Bank of India	1	0.10	1	0.15	0	0.00	3	4.19
Bank of Maharashtra	0	0.00	1	0.16	0	0.00	2	0.69
Canara Bank	1	0.98	3	2.33	0	0.00	1	0.30
Central Bank of India	1	0.07	0	0.00	1	0.03	2	0.39
Corporation Bank	1	0.05	1	0.10	8	146.43	5	20.43
Dena Bank	3	8.49	0	0.00	0	0.00	0	0.00
Dhanlaxmi Bank Limited	0	0.00	4	0.35	1	0.25	0	0.00
Federal Bank Ltd.	0	0.00	0	0.00	1	5.15	0	0.00
HDFC Bank Ltd.	0	0.00	2	0.46	0	0.00	2	0.97
IDBI Bank Limited	2	32.45	1	34.63	0	0.00	0	0.00
Indian Bank	1	0.10	0	0.00	0	0.00	0	0.00
Indian Overseas Bank	0	0.00	1	0.47	0	0.00	0	0.00
ING Vysya Bank Ltd.	0	0.00	0	0.00	1	1.25	0	0.00
Jammu & Kashmir Bank Ltd.	1	0.06	0	0.00	0	0.00	0	0.00
Karnataka Bank Ltd.	0	0.00	1	0.03	1	9.16	0	0.00
KarurVysya Bank Ltd.	0	0.00	0	0.00	1	0.43	0	0.00
Kotak Mahindra Bank Ltd.	0	0.00	0	0.00	1	1.01	0	0.00
Oriental Bank of Commerce	0	0.00	0	0.00	0	0.00	1	0.96
Punjab & Sind Bank	0	0.00	0	0.00	3	0.40	0	0.00
Punjab National Bank	0	0.00	2	1.57	0	0.00	1	0.53
Standard Chartered Bank	1	6.65	1	0.03	0	0.00	0	0.00
State Bank of Bikaner & Jaipur	0	0.00	0	0.00	1	0.51	0	0.00
State Bank of Hyderabad	0	0.00	1	0.48	0	0.00	0	0.00
State Bank of India	5	0.54	4	12.83	3	1.03	0	0.00
State Bank of Travancore	0	0.00	0	0.00	1	2.50	0	0.00
Syndicate Bank	2	1.59	2	4.62	1	0.14	0	0.00
Tamilnad Mercantile Bank Ltd.	0	0.00	1	4.20	2	2.90	0	0.00
UCO Bank	2	1.47	0	0.00	8	15.64	1	0.33
Union Bank of India	1	2.19	0	0.00	1	0.06	1	0.13
Vijaya Bank	0	0.00	1	0.05	0	0.00	0	0.00
Total	25	56.16	33	121.45	43	195.53	21	30.70