

illegal schemes, the following status report has been received from regulators and enforcement agencies:—

The Ministry of Corporate Affairs has, during the last 5 years and current year (till 31.07.2018) assigned 32 cases involving 223 companies allegedly engaged in chit fund/MLM/ponzi activities to the Serious Fraud Investigation Office (SFIO) for investigation.

- (i) As informed by RBI, 978 cases of unauthorized collection of funds were discussed in State Level Coordination Committee (SLCC) meetings in various States/UTs and were given to the respective regulators/law enforcement agencies in the States for dealing with the complaints.
- (ii) The Securities and Exchange Board of India (SEBI) has passed 64 Orders related to unauthorized Collective Investment Schemes (CIS) during the last 3 years (34 in 2015-16, 11 in 2016-17 and 19 in 2017-18). SEBI also passed 35 Orders related to Deemed Public Issue of Equity (DPI) during the last 3 years (8 in 2015-16, 7 in 2016-17 and 20 in 2017-18).
- (iii) As of July, 2018, the Enforcement Directorate (ED) has taken up investigations/action in 56 cases against Ponzi schemes floated by firms/companies under the provisions of the PML Act, 2002, where small investors have been cheated.
- (iv) The Central Bureau of Investigation (CBI) has registered 146 cases in the last 3 years (14 in 2015, 23 in 2016 and 109 in 2017) relating to chit fund scams.

(c) The Banning of Unregulated Deposit Schemes Bill, 2018 has been introduced in the Lok Sabha on 18.07.2018. The proposed Bill will ban all such deposit schemes which are unregulated.

Losses in Banks

2276. SHRI MANAS RANJAN: Will the Minister of FINANCE be pleased to state:

(a) whether Nationalised and Commercial Banks including State Bank of India have been incurring huge amount of loss due to different reasons including NPAs and incidents of frauds;

(b) if so, the amount of loss, Bank-wise, till date;

(c) the amount of losses incurred due to NPAs and fraudulent activities, separately; and

(d) the steps Government has taken so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (c) The gross advances of Scheduled Commercial Banks (SCBs) increased from ₹ 25,03,431 crore as on 31.3.2008 to ₹ 68,75,748 crore as on 31.3.2014, as per the global operations data of the Reserve Bank of India (RBI). As per RBI inputs, the primary reasons for spurt in stressed assets have been observed to be, *inter alia*, aggressive lending practices, wilful default/loan frauds/corruption in some cases, and economic slowdown. 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 PSBs, 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. During the financial year 2017-18, all such schemes for restructuring stressed loans were withdrawn. Primarily as a result of transparent recognition of stressed assets as NPAs, gross NPAs of Scheduled Commercial Banks (SCBs), have increased. Bank-wise details of operating profit, provision done and net profit/loss in the Financial Year (FY) 2017-18, are in the Statement (*See* below).

With regards to the amount of losses incurred due to NPAs and fraudulent activities, separately, RBI has apprised that the required information does not available. However, as per data reported by RBI, the extent of loss in fraud cases reported by SCBs for F.Ys 2015-16, 2016-17 and 2017-18, was ₹ 16,409 crore, ₹ 16,652 crore and ₹ 36,694 crore respectively. It may be noted that fraud data is by the year of reporting and not the year of occurrence of the fraud or sanction of loan, Letter of Undertaking, etc., which may be of an earlier period. e.g., the fraud in PNB's Brady House branch was reported in February 2018 but is a continuing fraud since 2011.

(d) A number of steps have been taken with regard to NPAs. The Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted to create a unified framework for resolving insolvency and bankruptcy matters. Under this, by adopting a creditor-in-saddle approach, with the interim resolution professional taking over management of affairs of corporate debtor at the outset, the incentive to resort to abuse of the legal system has been taken away. This, coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, has effected a fundamental change in the creditor-debtor relationship. The Banking Regulation Act, 1949 has been amended to provide for authorisation to RBI to issue directions to banks to initiate the insolvency resolution process under IBC. As per RBI's directions, cases have been filed under IBC before the National Company Law Tribunal in respect of 39 large defaulters, amounting to about ₹ 2.69 lakh crore

funded exposure (as of December, 2017). The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 has been amended to make it more effective with provision for three months imprisonment in case the borrower does not provide asset details and for the lender to get possession of mortgaged property within 30 days. Also, six new Debts Recovery Tribunals have been established to expedite recovery. In addition, under the Public Sector Banks (PSBs) Reforms Agenda, PSBs have created stressed asset management verticals for stringent recovery, segregated pre- and post-sanction follow-up roles for clean and effective monitoring, initiated creation of online one-time settlement platforms and committed to monitoring large-value accounts by tying up with specialised monitoring agencies for loans of ₹ 250 crore and above.

A number of steps have been taken with regard to prevention and control of frauds. These include the following:-

- (i) a framework for dealing with loan frauds of ₹ 50 crore and above, under which banks classify potential fraud accounts as red-flagged accounts based on observation/evaluation of early warning signals, and take timebound action;
- (ii) an online searchable database of frauds reported by banks, in the form of Central Fraud Registry, as a tool of timely identification, control and mitigation of fraud risk and for carrying out due diligence during credit sanction process;
- (iii) issuance of caution advices by RBI, detailing names of fraudsters and their *modus operandi*;
- (iv) re-verification of title deeds in respect of all credit exposures of ₹ 5 crore and above by banks, as mandated by RBI;
- (v) issuance of various master circulars to banks, with a view to restricting imprudent practices and at the same time ensuring sound procedures for conduct of business;
- (vi) requiring banks to put in place adequate audit and compliance mechanisms with Board-level reporting through the Audit Committee of the Board; and
- (vii) subjecting the systems and procedures in banks to supervisory review by RBI as part of the Risk Based Supervisory framework for banks.

Further, in order to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts, Government introduced legislation in Parliament and the same has been passed as the Fugitive Economic

Offenders Act, 2018. It provides 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. Government has also asked PSBs to examine all accounts exceeding ₹ 50 crore, if classified as NPA, from the angle of possible fraud and in case an account turns NPA, to seek a report on the borrower from the Central Economic Intelligence Bureau, a nodal agency for economic intelligence mandated to ensure interaction and coordination among all the concerned agencies in the area of economic offences. Further, for enforcement of auditing standards and ensuring the quality of audits, Government has initiated establishment of National Financial Reporting Authority as an independent regulator.

Statement

*Bank-wise details of operating profit, provisioning done
and net profit/loss of PSBs*

(₹ in crore)

Sl. No.	Bank	F.Y. 2017-18 *		
		Operating profit	Provisioning done	Net profit (amounts with a minus sign are losses) **
1	2	3	4	5
1.	Allahabad Bank	3,438	8,113	-4,674
2.	Andhra Bank	5,361	8,774	-3,413
3.	Bank of Baroda	12,006	14,437	-2,432
4.	Bank of India	7,139	13,183	-6,044
5.	Bank of Maharashtra	2,191	3,337	-1,146
6.	Canara Bank	9,548	13,770	-4,222
7.	Central Bank of India	2,733	7,838	-5,105
8.	Corporation Bank	3,950	8,004	-4,054
9.	Dena Bank	1,171	3,094	-1,923
10.	IDBI Bank Limited	7,905	16,142	-8,238
11.	Indian Bank	5,001	3,742	1,259
12.	Indian Overseas Bank	3,629	9,929	-6,299
13.	Oriental Bank of Commerce	3,703	9,575	-5,872
14.	Punjab and Sind Bank	1,145	1,889	-744

1	2	3	4	5
15.	Punjab National Bank	10,294	22,577	-12,283
16.	State Bank of India	59,511	66,058	-6,547
17.	Syndicate Bank	3,864	7,087	-3,223
18.	UCO Bank	1,334	5,771	-4,436
19.	Union Bank of India	7,540	12,787	-5,247
20.	United Bank of India	1,025	2,479	-1,454
21.	Vijaya Bank	3,098	2,371	727

* Banks

***While banks have posted operating profits, their net losses are primarily on account of continuing ageing provision for NPAs recognised as a result of AQR initiated in 2015 and subsequent transparent recognition by banks.

Sources: RBI (global operations, provisional data for March, 2018).

Tax evasion through black marketing

2277. SHRI RANJIB BISWAL: Will the Minister of FINANCE be pleased to state:

(a) whether cases of tax evasion through black marketing and fixing minimum price of import have come to the notice of Government;

(b) if so, the details thereof during the last one year after the implementation of the GST;

(c) whether it is a fact that due to the above corrupt practice, the monthly tax collection has declined to a great extent;

(d) if so, the details thereof; and

(e) the action taken by Government against such tax evaders and the outcome of such action of Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (e) The information is being collected and will be laid on the table of the House.

Target of agricultural credit

2278. SHRIMATI ROOPA GANGULY: Will the Minister of FINANCE be pleased to state:

(a) whether there is a practice to fix target for agriculture credit for each financial year;