

Legislation to compensate customers for locker theft

2314. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) the number of theft and robbery cases that took place in the lockers of each Public Sector Bank along with the approximate amount of loss suffered by customers during the last three years;

(b) whether it is a fact that customers are not entitled for any compensation consequent upon thefts in bank lockers, if so, the reasons therefor; and

(c) whether Government proposes to enact a suitable legislation to compensate the customers who are reported to have lost their valuables on account of thefts in the bank lockers, if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (c) As per inputs from Public Sector Banks (PSBs), the number of theft and robbery cases that took place in the lockers of each PSB is 42 and the approximate amount of loss reportedly suffered by customers is ₹ 16.78 crore during the last three financial years.

As per inputs from PSBs, banks exercise reasonable care and precaution for the protection of the strong room and the lockers provided in it but have no knowledge of the contents of the lockers. However, since hiring of lockers is under a hiring agreement between the bank and the customer, responsibility for loss is dependent on the facts of each case, and in case the bank is found responsible for loss, it has to compensate the customer as per the provisions of extant applicable laws, such as the Indian Contract Act, 1872. As such, no specific legislation in this regard is proposed.

Fraud cases in PSBs

2315. SHRI C. M. RAMESH:

SHRI BINOY VISWAM:

Will the Minister of FINANCE be pleased to state:

(a) the number of fraud cases in Public Sector Banks, amounting to ₹ 1 lakh and above, that have come to the notice of Government in the last three years;

(b) the details thereof, bank-wise and the action taken thereon; and

(c) the corrective action RBI has suggested to Government on such cases, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) and (b) As per Reserve Bank of India (RBI) inputs, bank-wise details of the number of fraud cases reported by Public Sector Banks (PSBs) during the last three financial years, where amount involved is ₹ 1 lakh and above, are given in the Statement (*See* below).

To deal with frauds, RBI has issued a Master Circular on Frauds to banks, requiring reporting of frauds beyond a threshold amount to the police, 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 cover, *inter alia*, preventive measures, fraud detection systems, systemic lacunae, remedial action, monitoring of progress of investigation and recovery, and staff accountability. Banks have taken action as per these directions.

(c) RBI suggested exploring of possibilities to further strengthen the country's anti-fraud mechanism. Government has taken a number of steps in this regard. 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

*Details of the number of frauds reported by Public Sector Banks to RBI,
where the amount involved is ₹ 1 lakh and above*

Bank	2015-16*	2016-17*	2017-18*
Allahabad Bank	23	60	41
Andhra Bank	44	64	52
Bank of Baroda	255	224	156

Bank	2015-16*	2016-17*	2017-18*
Bank of India	156	162	157
Bank of Maharashtra	45	75	62
Canara Bank	94	119	107
Central Bank of India	167	146	143
Corporation Bank	135	83	70
Dena Bank	21	43	27
IDBI Bank Ltd.	129	107	177
Indian Bank	87	79	53
Indian Overseas Bank	109	95	67
Oriental Bank of Commerce	114	56	226
Punjab and Sind Bank	12	16	22
Punjab National Bank	131	158	169
Syndicate Bank	178	166	147
UCO Bank	85	59	72
Union Bank of India	146	111	73
United Bank of India	67	30	62
Vijaya Bank	21	58	19
State Bank of India (SBI)	562	544	981
Merged in SBI			
State Bank of Bikaner and Jaipur	48	37	Merged in SBI
State Bank of Hyderabad	34	38	
Bhartiya Mahila Bank	0	4	
State Bank of Mysore	67	90	
State Bank of Patiala	40	44	
State Bank of Travancore	19	41	

* Fraud data is by the year of reporting and not the year of occurrence of 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.

Source: Reserve Bank of India.