

- (ii) advancement of religion, spirituality or yoga;
- (iii) advancement of educational programmes or skill development relating to:
  - (A) abandoned, orphaned or homeless children;
  - (B) physically or mentally abused and traumatized persons;
  - (C) prisoners; or
  - (D) persons over the age of 65 years residing in a rural area;
- (iv) preservation of environment including watershed, forests and wildlife.

**Action against unauthorized transactions at PNB**

1179. DR. T. SUBBARAMI REDDY:

SHRI SANJAY RAUT:

SHRI ANIL DESAI:

Will the Minister of FINANCE be pleased to state:

- (a) whether Punjab National Bank (PNB) reported unauthorized transactions worth ₹ 11,500 crore recently;
- (b) if so, the details thereof;
- (c) the details of action taken by CBI and Enforcement Directorate to file cases and to recover money;
- (d) the measures taken to ensure that such serious unauthorized transactions do not taken place in any nationalized bank; and
- (e) whether this fraud would add upto NPAs of PNB and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (c) As per Reserve Bank of India (RBI) inputs, Punjab National Bank (PNB) reported fraudulent issuance of Letters of Undertaking / Foreign Letters of Credit for payments of import bills, amounting to ₹ 12,645.97 crore, to RBI through its Fraud Monitoring Reporting System. The Central Bureau of Investigation (CBI) has apprised that it has registered two cases relating to unauthorised transactions at PNB, which are under investigation and in which 18 persons have been arrested. The

Enforcement Directorate has apprised that, on the basis of FIRs registered by CBI, it has conducted searches at various locations, which resulted in seizure of valuables, and that it has also attached immovable properties and frozen bank accounts and shares.

(d) RBI has issued instructions mandating banks to implement, within stipulated deadlines, prescribed measures for strengthening the SWIFT operating environment in banks. Further, it has constituted an Expert Committee under the chairmanship of Shri Y. H. Malegam to look into, *inter alia*, factors leading to increasing incidence of frauds in banks and the measures (including information technology interventions) needed to curb and prevent it, and the role and effectiveness of various types of audits conducted in banks in mitigating the incidence of such frauds.

Government has issued an advisory to nationalised banks to take immediate action as per extant legal/regulatory framework to ensure that such/similar fraudulent activity (as reported by PNB) is not prevalent in the bank. They have also been asked to ensure that robust systems and procedures are in place for confirming due approvals, necessary applications/documents and entry in the bank's system in respect of all Letters of Undertakings/Comfort and SWIFT messages, and ensuring scrutiny and reconciliation of Nostro accounts, and to take all necessary steps to safeguard against occurrence of such frauds. Government has further advised nationalised banks to collectively prepare a report for effective management of operational risks, including technology risk, so as to safeguard against occurrence of frauds. Government has also asked nationalised banks to examine all accounts exceeding ₹ 50 crore, it classified as Non-Performing Asset (NPA), from the angle of possible fraud.

(e) PNB has informed that as the matter is under investigation, the same may not be ascertainable at this point in time.

#### **National tax blacklist**

1180. SHRI SUKHENDU SEKHAR RAY: Will the Minister of FINANCE be pleased to state:

(a) whether Government has enacted any legislation or regulation ensuring National Tax Blacklist which prescribes negative treatment for certain transactions involving specified foreign jurisdictions, commonly known as tax havens;

(b) if so, how many uncooperative tax havens or specified foreign jurisdiction have so far been blacklisted under such enactment or regulation, the details thereof; and