

Sl. No.	Name of Bank	No. of cases
3.	Bank of India	1
4.	Bank of Maharashtra	1
5.	Andhra Bank	1
6.	United Bank of India	2
TOTAL		10

#### **Misuse of SWIFT infrastructure**

1982. SHRI SANJAY RAUT:

SHRI KAPIL SIBAL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank had cautioned banks thrice since August, 2016 on the risks arising from potential misuse of Society for Worldwide Interbank Financial Telecommunication (SWIFT) infrastructure;

(b) if so, the details thereof indicating the reasons for not adhering the RBI's guidelines and rules;

(c) the details of steps taken or proposed to be taken by Government to prevent PNB like banking frauds in the country; and

(d) whether the RBI has any mechanism to keep vigil on the various loan procedures used by banks, 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) and (b) Reserve Bank of India (RBI) has apprised that it had issued two circulars to banks, related to security and operational controls in SWIFT environment, in the months of August and November, 2016. As per RBI inputs, compliance with RBI's instructions is the bank's responsibility and the Compliance Officer in the bank monitors the same. Further, RBI monitors compliance to its instructions on an ongoing basis and during RBI inspections and, where necessary, enforcement action is also initiated.

(c) 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 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 Public Sector 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, if classified as Non-Performing Asset (NPA), from the angle of possible fraud.

(d) RBI has taken a number of measures to prevent and control 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.

#### **Shortage of currency in Banks**

1983. SHRI DHARMAPURI SRINIVAS:

SHRI T.G. VENKATESH:

Will the Minister of FINANCE be pleased to state:

- (a) whether there is a shortage of currency in the banks which led to insufficient supply in ATMs, causing innumerable troubles to customers;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether Government of Telangana has requested Government of India to release sufficient currency to meet the demands of the customers, if so, the details thereof;
- (d) whether any assurance has been given to these States regarding supply of currency, if so, the details thereof; and
- (e) the remedial measures being taken by Government to reduce the hardships of the account holders and general public?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHIV PRATAP SHUKLA): (a) to (e) Reserve Bank of India (RBI) has apprised that currency supply across the country is being monitored regularly and adequate supplies are made available ensuring equitable distribution of currency to various parts of the country. Banks take corrective measures, in consultation with RBI, as and when required, in case of shortage of currency.

RBI has informed about receipt of Government of Telangana's request dated 26.11.2016 in the context of the situation arisen immediately after demonetization, which was redressed through supply of cash to the State.

#### **Fall in revenue collection from taxes**

1984. SHRI VIVEK GUPTA: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the gross revenue from customs and union excise duties collections in the year 2017-18 has reduced by ₹ 90,128 crores and ₹ 1,05,099 crore respectively;
- (b) if so, the reasons therefor;
- (c) whether it is also a fact that the revenue from Integrated GST (IGST) is projected to fall by ₹ 1,11,900 crore in 2018-19 compared to the revised estimates of 2017-18;