

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) it is a fact that not all taxpayers registered under GST have filed returns along with payment of taxes.

(b) Yes Sir.

(c) Yes Sir. The details regarding the cases where fake invoices were used to claim input tax credit are as follows:—

Sl. No.	Financial Year	Number of cases of fake invoices booked	Amount involved (in ₹ crores)
1.	2017-18 (from 01.07.2017 till 31.03.2018)	8	14.15
2.	2018-19	1,220	9469.96
3.	2019-20 (till 30.06.2019)	568	2,034.44
TOTAL		1,796	11,518.55

(d) The details regarding filing of return in FORM GSTR-3B for the last four months are as follows:—

Tax Period	Number of taxpayers required to file FORM GSTR-3B	Number of taxpayers who filed FORM GSTR-3B till 03.07.2019
February, 2019	1,00,54,283	83,97,547
March, 2019	1,01,74,978	82,47,945
April, 2019	1,02,33,313	79,17,054
May, 2019	1,02,86,063	75,33,591

#### **Rise in fraud cases in commercial banks**

1786. SHRI K. K. RAGESH: Will the Minister of FINANCE be pleased to state:

- (a) whether the number of fraud cases that hit commercial banks is on the rise;
- (b) if so, the details thereof and the reasons therefor;
- (c) the number of fraud cases that hit commercial banks in the last three fiscal years along with amount of money involved, year-wise;
- (d) the name of ten commercial banks, which reported the highest number of fraud cases during the last three years;
- (e) number of digital banking frauds, if any, among such cases; and

(f) the specific measure taken by Government to address such fraud cases, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) Government has taken comprehensive steps to reduce the incidence of frauds in banks. The steps taken include, *inter alia*, the following:—

- (1) Government has issued “Framework for timely detection, reporting, investigation etc. relating to large value bank frauds” to Public Sector Banks (PSBs), for systemic and comprehensive checking of legacy stock of their non-performing assets (NPAs), which provides, *inter alia*, that:—
  - (i) all accounts exceeding ₹ 50 crore, if classified as NPAs, be examined by banks from the angle of possible fraud, and a report placed before the bank’s Committee for Review of NPAs on the findings of this investigation;
  - (ii) examination be initiated for wilful default immediately upon reporting fraud to RBI; and
  - (iii) report on the borrower be sought from the Central Economic Intelligence Bureau in case an account turns NPA.
- (2) Fugitive Economic Offenders Act, 2018 has been enacted to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts. The act 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.
- (3) PSBs have been advised to obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than ₹ 50 crore and, decide on publishing photographs of wilful defaulters, in terms of Reserve Bank of India (RBI)’s instructions and as per their Board-approved policy and to strictly ensure rotational transfer of officials/employees. The heads of PSBs have also been empowered to issue requests for issue of Look Out Circulars.
- (4) For enforcement of auditing standards and ensuring the quality of audits, Government has established the National Financial Reporting Authority as an independent regulator.
- (5) Instructions/advisories have been issued by Government to PSBs to decide on publishing photographs of wilful defaulters, in terms of RBI’s instructions and as per their Board-approved policy, and to obtain certified copy of

the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than ₹ 50 crore.

- (6) In order to bring transparency and accountability in the larger financial system, bank accounts of 3.38 lakh inoperative companies were frozen over the last two financial years.

The impact of the above steps is reflected in RBI's Financial Stability Report (FSR) of June, 2019. As per FSR, systemic and comprehensive checking of legacy stock of NPAs of PSBs for frauds has helped unearth frauds perpetrated over a number of years, which is getting reflected in increased number of reported incidents of frauds in recent years compared to previous years. The details of the amount involved in frauds of ₹ 1 lakh and above that occurred during the last three financial years (FYs), reported by Scheduled Commercial Banks (SCBs), as per inputs received from RBI, are as under:—

F.Y. of occurrence	Number of cases	Amount involved (in crore ₹)
2016-17	3,927	25,884
2017-18	4,228	9,866
2018-19	2,836	6,735

(d) As per inputs received from RBI, details of ten commercial banks, which have reported the highest number of fraud cases during the last three years, are given in the Statement (*See* below).

(e) and (f) As per inputs received from RBI, details of ATM/Debit card, Credit card and Internet banking frauds of ₹ 1 lakh and above, based on date of occurrence, for the last three financial years, reported by SCBs, are as under:—

F.Y. of occurrence	Number of cases
2016-17	1,367
2017-18	2,127
2018-19	1,477

RBI has issued comprehensive instructions in respect of security and risk mitigation measures related to electronic/digital transactions, including, *inter alia*, the following:—

- (1) Steps for securing card transactions include online alerts for all transactions, cards for international usage to be EMV chip and PIN enabled, certification of merchant terminals, and conversion of all existing magnetic strip cards to EMV chip and PIN cards.

- (2) Steps for securing Internet banking/electronic payments include capping the value/mode of transactions/beneficiaries, and daily limit and issue of alert on addition of beneficiaries.
- (3) Steps for securing ATM transactions include requirement of PIN entry for all transactions, and enabling of all ATMs for processing of EMV chip and PIN cards.
- (4) Steps for securing Prepaid Payment Instruments (PPIs) include informing customers if the same login is provided for PPI and other services offered by the PPI issuers, restrictions on multiple invalid attempts to login to PPI and time-out features, authentications of every successive payment transaction in wallet by explicit customer consent, requirement of additional factor of authentication for debit cards, provision of customer induced options for capping number and value of transactions, provision of suitable cooling period for funds transfer on opening of PPI, and issue of alerts for PPI transactions.
- (5) Further, RBI has also issued instructions limiting the liability of customers on unauthorised electronic banking transactions.

***Statement***

*Details of top ten commercial banks that reported the highest number of fraud cases (based on date of occurrence; amount involved ₹ 1 lakh and above), during the last three years*

Bank	Number
ICICI Bank Limited	1,432
State Bank of India	1,323
HDFC Bank Limited	915
Kotak Mahindra Bank Limited	738
American Express Banking Corporation	689
Axis Bank Limited	643
Citi Bank N.A.	560
Hongkong and Shanghai Banking Corporation Limited	521
Standard Chattered Bank	448
IDBI Bank Limited	284

*Source: RBI*