

Failure to check bank frauds

*327. SHRI RAVI PRAKASH VERMA: Will the Minister of FINANCE be pleased to state:

- (a) the details of the cases of banking frauds committed and reported, separately, during last five years, year-wise and bank-wise;
- (b) the details of money involved in alleged frauds committed and reported during last five years, year-wise and bank-wise;
- (c) the details of banking frauds committed and reported during the period from 2009 to 2014, year-wise and bank-wise along with the money involved; and
- (d) the reasons for failure of Government to check bank frauds?

THE MINISTER OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (d)t 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.

Data on frauds furnished by RBI shows an overall declining trend in the incidence of frauds despite continuous growth in banking business, reflecting that the steps taken by the Government have been successful in checking bank frauds. The number of frauds committed, as reported by Scheduled Commercial Banks (SCBs) and select financial institutions, along with the amounts involved therein, in respect of frauds of ₹ 1 lakh and above, that occurred during the last five financial years (FYs), as per inputs received from RBI, are as under:

FY of occurrence	Number of cases	Amounts involved (in crore ₹)
2014-15	4,269	23,695
2015-16	4,207	16,779
2016-17	3,927	25,884
2017-18	4,228	9,866
2018-19	2,836	6,735
TOTAL	19,467	82,959

Bank-wise details are given in the Statement-I (*See below*).

Details of the number of frauds committed, as reported by SCBs and select financial institutions, along with the amounts involved therein, in respect of frauds of ₹ 1 lakh and above that occurred during the period from FY 2009-10 to FY 2013-14, as per inputs received from RBI, are as under:

FY of occurrence	Number of cases	Amounts involved (in crore ₹)
2009-10	4,003	13,672
2010-11	3,530	14,753
2011-12	3,910	20,211
2012-13	4,504	24,819
2013-14	4,359	21,542
TOTAL	20,306	94,997

Bank-wise details are given in the Statement-II.

Statement-I

Details of frauds committed, as reported by Scheduled Commercial Banks and select Financial Institutions, based on date of occurrence, from FY 2014-15 to FY 2018-19 (amount involved ₹ 1 lakh and above)

Bank	FY 2014-15			FY 2013-16			FY 2016-17			FY 2017-18			FY 2018-19		
	No. of Frauds	Amount Involved													
1	2	3	4	5	6	7	8	9	10	11	-	-	-	-	
Abu Dhabi Commercial Bank PJSC	1	0.071	1	24.89	-	-	-	-	-	-	-	-	-	-	
Aditya Birla Idea Payments Bank Limited	-	-	-	-	-	-	-	-	-	-	24	1.45	-	-	
Allahabad Bank	35	860.15	20	162.78	63	1,398.19	11	40.77	12	509.67	-	-	-	-	
American Express Banking Corporation	193	6.81	176	5.69	167	7.07	332	9.56	190	63	-	-	-	-	
Andhra Bank	40	879.86	38	56.78	36	75.82	37	880.11	11	193.51	-	-	-	-	
AU Small Finance Bank Limited	-	-	1	1.36	1	1.45	4	0.25	5	0.35	-	-	-	-	

Axis Bank Limited	160	1,572.32	219	390.97	217	666.34	231	691.78	195	670.4	Out Circular, establishment of the National Financial Reporting Authority, straight-through processing between Core Banking System and SWIFT and instituting in PSBs the system of obtaining certified copies of passport of promoters/directors of companies availling of loans exceeding ₹ 50 crore.
Bandhan Bank Limited	-	-	16	3.02	24	1.51	21	1.22	6	0.91	
Bank of America, National Association	-	-	2	0.04	1	0.01	16	0.26	9	0.23	
Bank of Bahrain and Kuwait B.S.C	-	-	-	-	2	0.23	-	-	-	-	
Bank of Baroda	263	3,124.52	153	1,348.1	140	1,723.83	84	695.29	32	797.12	
Bank of India	160	1,648.77	121	772.57	95	978.54	99	1,247.63	52	43.64	
Bank of Maharashtra	64	1,177.63	36	170.63	34 1	391.29	32	1,004.86	38	791.31	Data on frauds furnished by RBI shows an overall declining trend in the incidence of frauds despite continuous growth in banking business, reflecting that the steps taken by the Government have been successful in checking bank frauds.
Bank of Nova Scotia	-	-	-	-	1	0.13	-	-	-	-	
Canara Bank	153	260.54	89	432.18	48	229.95	50	97.85	24	2.48	
Catholic Syrian Bank Limited	20	31.16	28	34.43	9	7.88	25	118.02	8	0.7	
Central Bank of India	121	867.77	79	1,051.83	59	153.85	56	11.08	45	2.53	
Citibank N.A. Bank Limited	104	8.88	127	9.12	189	8.79	203	8.81	168	4.88	
Jana Small Finance Bank Limited	3	0.06	1	0.01	13	1.16	14	0.98	19	0.74	

1	2	3	4	5	6	7	8	9	10	11
Karnataka Bank Limited	11	2.88	15	102.32	4	87.26	11	21.55	2	0.03
Karur Vysya Bank Limited	23	17421	14	119.06	20	2426	22	30.84	7	2.66
KEB Hana Bank	-	-	-	-	2	0.02	-	-	-	-
Kotak Mahindra Bank Limited	54	12.53	102	111.23	125	51.11	275	12.44	338	9.19
Krishna Bhima Samruddhi Lab Limited	1	0.03	-	-	1	0.02	-	-	-	-
Lakshmi Vilas Bank Limited	9	65.65	29	106	52	95.34	38	116.94	43	127.27
Nainital Bank Limited	26	1.99	1	0.12	6	0.48	1	0.31	-	-
North East Small Finance Bank Limited	-	-	-	-	-	-	-	-	1	0.18
Oriental Bank of Commerce	124	100.59	108	775.77	42	301.96	24	36.82	8	24.89
Paytm Payments Bank Limited	-	-	-	-	-	-	-	-	2	0.02
PT Bank Maybank Indonesia TBK	-	-	-	-	1	17.78	-	-	-	-

Punjab and Sind Bank	27	82.7	17	413.06	22	117.07	3	2.19	-	-	-	-
Punjab National Bank	142	524.06	142	2,559.2	101	14,734.5	108	324.83	33	264.79	promoters/directors of companies availing of loans exceeding ₹ 50 crore.	
RBL Bank Limited	10	6.42	16	11.72	14	1.66	18	8.67	12	2.12		
SBM Bank (Mauritius) Limited	-	-	-	-	-	-	2	72.53	1	144.95	Data on frauds furnished by RBI shows an overall declining trend in the incidence of frauds despite continuous growth in banking business, reflecting that the steps taken by the Government have been successful in checking bank frauds.	
Shinhan Bank	1	5.83	1	0.01	-	-	-	-	-	-		
Small Industries Development Bank of India	12	93.76	4	33.82	5	16.11	8	62.31	1	5.08		
South Indian Bank Limited	4	2.75	11	354.84	8	62.83	16	20.28	19	5.32		
Standard Chartered Bank	90	3.59	139	21.46	314	8.31	86	58.09	48	2.91		
State Bank of India	588	4,095.18	514	929.92	469	444.28	618	294.56	236	59.69		
State Bank of Bikaner and Jaipur	18	5.68	8	0.79	5	0.24	Merged with SBI					
City Union Bank Limited	2	1.17	3	24.54	3	4.38	10	48.3	1	0.25		
Co-operative Rabobank U.A.	-	-	-	-	-	-	2	61.53	-	-		
Corporation Bank	75	256.93	57	42.7	52	123.46	12	97.13	5	0.05		
DBS Bank Ltd.	2	2.06	1	0.01	2	116.82	-	-	3	0.13		

1	2	3	4	5	6	7	8	9	10	11
DCB Bank Limited	8	0.88	7	1.09	2	0.11	8	1.51	7	33.17
Dena Bank	30	73429	36	567.74	24	40.25	11	232.57	3	2.71
Deutsche Bank AG	3	95.61	1	0.02	-	-	8	0.13	3	0.04
Doha Bank QSC	-	-	-	-	1	2.76	-	-	-	-
Equitas Small Finance Bank Limited	-	-	2	1.62	4	0.19	17	2.18	7	0.35
ESAF Small Finance Bank Limited	-	-	-	-	-	-	4	0.18	2	0.05
Export Import Bank of India	-	-	1	28.4	2	183.98	1	81.91	-	-
Federal Bank Limited	35	137.68	28	12.74	15	12.36	28	3.09	9	26.46
Fincare Small Finance Bank Limited	-	-	-	-	-	-	2	0.05	13	0.48
Fino Payments Bank Limited	-	-	-	-	-	-	3	0.9	13	0.64
Firststrand Bank Limited	1	27.1	-	-	1	0.02	-	-	-	-
HDFC Bank Limited	252	27.5	299	28.93	312	42.21	330	54.39	273	425.2
Hongkong and Shanghai	42	1.27	33	1	45	0.94	298	6.51	178	3.26

Banking Corporation Limited							copies of passport of promoters/directors of companies availing of loans exceeding ₹ 50 crore.
ICICI Bank Limited	489	667.68	554	92.8	528	35,13	590
IDBI Bank Limited	92	149.4	130	1,172.75	91	989.98	94
IDFC Bank Limited	-	-	-	-	3	0.39	1
Indian Bank	70	90.06	48	128.06	70	59.45	47
Indian Overseas Bank	113	1,803.77	74	1,374.87	53	1,115.98	34
IndusInd Bank Limited	17	136.2	19	2.85	16	1.68	36
ING Vysya Bank Limited	15	1.48	-	-	-	-	-
Jammu and Kashmir	12	158.54	5	122	9	2.69	3
State Bank of Hyderabad	25	77.83	18	72.18	6	7.65	Merged with SBI
State Bank of Mysore	26	21.75	75	22.01	12	4.24	
State Bank of Patiala	17	21.04	15	3	6	0.45	
State Bank of Travancore	16	121.95	22	3.23	15	0.67	
Bharatiya Mahila Bank Limited	1	0.05	3	0.5	-	-	
Subhadra Local Area Bank	-	-	-	-	1	0.01	-

	1	2	3	4	5	6	7	8	9	10	11
Limited											
Suryodaya Small Finance Bank Limited	-	-	-	-	5	0.25	7	0.13	-	-	
Syndicate Bank	200	910.31	249	323.61	127	133.81	78	613.42	27	84.24	Comprehensive measures have been taken to prevent frauds including directions to banks to examine all NPA accounts above ₹ 50 crore from the angle of possible fraud, initiation of criminal proceedings, enactment of Fugitive Economic Offenders Act 2018, creation of Central Fraud Registry, empowering heads of Public Sector Banks to request for issue of Look Out Circular, establishment of the National Financial Reporting Authority, straight-through processing between Core Banking System and SWIFT and instituting in PSBs the system of obtaining certified
Tamilnadu Mercantile Bank Limited	21	69.78	20	87.38	18	63.41	31	78.27	14	25.6	
The Bank of Tokyo-Mitsubishi UFJ Limited	-	-	-	-	1	1.24	1	0.19	1	0.03	
The Dhanalakshmi Bank Limited	10	77.09	6	1.08	3	0.2	6	68.81	3	4.59	
The Industrial Finance Corporation of India Limited	2	296.2			1	23.92					
The Royal Bank of Scotland PLC	2	0.19	8	0.12	-	-	-	-	-		
UCO Bank	65	1,410.54	36	237.12	31	233.77	41	103.25	27	2.89	
Ujjivan Small Finance Bank Limited	-	-	5	0.29	15	0.31	11	0.23	7	0.33	

Union Bank of India	117	611.72	95	2341	83	612.74	69	480.03	15	29.08	copies of passport of promoters/directors of companies availing of loans exceeding ₹ 50 crore.
United Bank of India	21	2.61	39	14.01	29	402.85	15	2.22	20	46	
Utkarsh Small Finance Bank Limited	-	-	1	0.02	5	0.22	8	0.31	4	0.06	
Vijaya Bank	27	165.03	57	185.07	32	16.58	22	145.96	2	0.94	Data on frauds furnished by RBI shows an overall declining trend in the incidence of frauds despite continuous growth in banking business, reflecting that the steps taken by the Government have been successful in checking bank frauds.
Yes Bank Limited	4	0.55	12	1.74	14	39.61	15	169.3	26	2.01	

Statement-II
Details of frauds committed, as reported by Scheduled Commercial Banks and select Financial Institutions, based on date of occurrence, from FY 2009-10 to FY 2013-14 (amount involved ₹ 1 lakh and above)

Bank	Amounts in crore ₹									
	FY 2009-10		FY 2010-11		FY 2011-12		FY 2012-13		FY 2013-14	
	No. of Frauds	Amount Involved	No. of Frauds	Amount Involved	No. of Frauds	Amount Involved	No. of Frauds	Amount Involved	No. of Frauds	Amount Involved
Abu Dhabi Commercial Bank .	-	-	-	-	-	-	-	-	1	0.51
Allahabad Bank	91	687.51	102	307.13	54	257.17	44	215.18	35	101.44
American Express Banking Corporation	87	3.46	87	212	114	5.84	175	1990	198	1025
Andhra Bank	90	258.24	63	48.85	37	238.72	45	762.38	47	288.97
Axis Bank Limited	128	69.83	95	289.93	144	85.09	175	527.08	164	115.45
Bank of America, National Association	1	0.14	1	0.08	-	-	-	-	1	0.11
Bank of Bahrain and Kuwait B.S.C.	-	-	-	-	-	-	1	533	-	-
Bank of Baroda	125	669.90	138	334.36	181	1,290.94	178	776.05	237	1,369.77

Bank of India	117	558.27	113	754.86	203	690.55	165	1,589.70	1341	2,174.61
Bank of Maharashtra	41	122.88	29	61.79	38	91.62	27	813.33	68	106.00
Bank of Nova Scotia	-	-	-	-	-	-	1	0.08	-	-
Barclays Bank PLC	-	-	5	0.08	-	0.02	1	0.01	1	1.24
BNP Paribas	-	-	-	-	-	-	1	0.19	-	-
Canara Bank	88	683.55	70	168.02	64	770.84	81	1,101.09	148	1,077.87
Capital Small Finance Bank Limited	-	-	-	-	-	-	-	-	2	0.18
Catholic Syrian Bank Limited	7	34.37	3	3.79	3	5.74	8	18.07	16	22.27
Central Bank of India	127	1,265.94	142	1,201.95	178	1,271.75	198	2,230.71	168	500.39
Citibank N.A.	201	471.61	116	14.17	157	25.00	152	1621	87	4.41
City Union Bank Limited	5	918	2	0.14	3	10.55	6	6.51	4	0.70
Corporation Bank	35	661.28	6	1,073.10	84	871.47	134	1,385.34	102	660.39
CTBC Bank Co, Limited	-	-	-	-	-	-	2	24.75	3	111.65
DBS Bank Ltd.	-	-	1	0.03	2	192.25	5	54.79	1	28.58
DCB Bank Limited	4	263	8	4.74	7	0.77	6	0.58	6	0.21
Dena Bank	34	182.25	35	711.64	26	584.42	37	507.02	45	317.52

1	2	3	4	5	6	7	8	9	10	11
Deutsche Bank AG	64	1.13	20	0.48	6	102	1	0.03	1	0.06
Doha Bank QSC	-	-	-	-	-	-	-	-	1	0.33
Equitas Small Finance Bank Limited	-	-	-	-	-	-	-	-	1	1.92
Export Import Bank of India	1	410	-	-	1	19.86	5	278.48	1	107.73
Federal Bank Limited	42	109.62	19	95.34	14	260	41	137.38	44	63.62
HDFC Bank Limited	96	35.46	113	73.12	137	149.25	204	2734	196	9280
Hongkong and Shanghai Banking Corporation Limited	42	32.49	38	11.13	31	1.72	54	400	67	3.07
HSBC Bank Oman S.A.O.G.	-	-	-	-	-	-	-	-	1	0.33
ICICI Bank Limited	649	34.70	42	879.07	322	217.05	414	520.34	482	68.49
IDBI Bank Limited	109	488.20	100	914.58	79	303.88	72	291.56	62	496.53
Indian Bank	64	229.60	67	50.68	72	402.60	74	399.79	63	251.92
Indian Overseas Bank	63	98.04	121	639.21	140	642.26	110	1,298.72	126	1,693.76
IndusInd Bank Limited	23	3.59	23	37.63	21	1.47	27	3367	25	6.78
ING Vysya Bank Limited	16	3.08	7	12.63	13	8.05	8	1.35	19	4.03
Jammu and Kashmir Bank Limited	18	4.72	15	277.78	18	740.26	13	1222	4	285

Karnataka Bank Limited	13	11285	16	20.67	16	532	28	23.60	36	196.43
Karur Vysya Bank Limited	3	5492	5	6.45	8	1.18	11	3.53	24	21.39
Kotak Mahindra Bank Limited	22	9.11	44	3.70	33	103.58	66	34.71	72	67.44
Krishna Bhima Samruddhi Lab Limited	-	-	-	-	-	-	-	-	1	0.01
Lakshmi Vilas Bank Limited	20	121.71	12	8.17	8	2.67	14	17.61	9	28.41
Mashreq Bank PSC	-	-	-	-	-	-	-	-	1	0.04
Nainital Bank Limited	7	1.42	10	1.45	4	1.05	1	0.02	5	0.45
Oriental Bank of Commerce	91	705.10	86	292.64	107	504.39	101	726.83	86	688.78
Punjab and Sind Bank	23	36.93	25	145.60	30	81.24	27	87.81	20	83.13
Punjab National Bank	210	854.55	192	1,081.94	233	1,646.65	221	2,842.46	168	2,354.27
RBL Bank Limited	6	201	1	0.10	4	0.10	-	-	12	2272
SBM Bank (Mauritius) Limited	-	-	-	-	-	-	1	4631	2	83.78
Small Industries Development-Bank of India	3	5.16	9	21.71	9	30.93	4	51.63	6	2402
South Indian Bank Limited	20	41.25	19	2.31	8	3.22	7	7.62	10	16.53
Standard Chartered Bank	91	51.80	51	23.17	87	89.16	122	472.63	54	4334
State Bank of Bikaner and Jaipur	24	138.26	22	11.37	29	120.13	37	395.43	41	93.86
State Bank of Hyderabad	37	185.85	37	121.81	37	494.55	33	364.43	24	186.11

	2	3	4	5	6	7	8	9	10	11
State Bank of India	410	1,919.89	410	3,200.23	550	3,616.56	548	1,862.44	613	3,810.26
State Bank of Mysore	17	122.02	33	239.46	63	12.36	38	169.20	20	106.38
State Bank of Patiala	40	593	28	1886	26	29297	37	413.15	47	1285
State Bank of Travancore	31	25.38	21	61.00	12	18.73	22	260.31	28	25.03
Syndicate Bank	88	25.56	74	68.30	113	1,596.43	142	701.53	155	842.75
Tamilnadu Mercantile Bank Limited	26	23.60	23	53.49	24	1468	20	3271	21	39.02
The Bank of Tokyo-Mitsubishi UFJ Limited	1	0.03	-	-	1	0.07	-	-	-	-
The Dhanalakshmi Bank Limited	4	0.20	8	92.07	10	0.67	14	143.65	14	1940
The Industrial Finance Corporation of India Limited	-	-	1	8.98	-	-	2	155.47	2	18265
The Royal Bank of Scotland PLC	30	192	24	0.84	32	1.56	15	0.30	7	0.32
UCO Bank	88	1,239.10	68	478.78	49	837.86	110	609.33	79	587.73
Union Bank of India	116	887.54	67	310.99	98	1,273.00	124	2,216.45	119	983.00
United Bank of India	135	272.71	126	466.76	95	444.28	189	105.82	83	502.78
Vijaya Bank	50	101.87	28	22.34	31	123.99	31	1094	30	429.57
Yes Bank Limited	2	0.02	2	22.05	3	10.77	9	4.30	9	284