

- (a) whether Life Insurance Corporation (LIC) has reported NPAs of ₹ 30,000/- crore as on 30th September, 2019;
- (b) if so, the details thereof and the reasons therefor;
- (c) the details of NPAs of LIC as on 31st December, 2019; and
- (d) the details of NPAs of LIC as on 31st March, 2014?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (d) As reported by Life Insurance Corporation of India (LIC), its net Non-performing Assets (NPAs) stood at ₹ 1283.62 cr. (0.43% of its Total lending) on 30.09.19 and ₹ 3012.47 cr. (1.06% % of its Total lending) on 31.03.14 with Power, Housing and Telecom sectors contributing to majority of NPAs. The audited net Non-performing Assets (NPAs) figures for quarter ending December, 2019 are awaited.

Measures to check big bank fraud cases

1020. SHRI RAVI PRAKASH VERMA: Will the Minister of FINANCE be pleased to state:

- (a) whether banking frauds of ₹3,592 crore, biggest after Nirav Modi's fraud case, have been reported recently in 14 public sector banks;
- (b) if so, the details thereof;
- (c) the details of action taken against fraudster companies and bank officials as on date along with the details of their names; and
- (d) the reasons for rise in fraud cases?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (c) Bank of India (BoI) has informed that as the lead bank in a consortium of 14 banks it lodged a First Information Report with the Central Bureau of Investigation against M/s Frost International Limited and others on 19.1.2020 for fraud in respect of loan account involving an amount of ₹ 3,592.48 crore, that Look Out Circular was issued against 11 persons including borrower/directors/guarantors in the said account, and that staff accountability process was initiated in respect of 16 bank officials.

(d) Government, in 2015, issued "Framework for timely detection, reporting, investigation etc. relating to large value bank frauds" to Public Sector Banks (PSBs) for checking of frauds in non-performing assets (NPAs) accounts exceeding ₹ 50 crore and instituting wide-ranging structural and procedural reforms through the framework and other steps to check fraudulent banking practices. Systematic and comprehensive checking, including of legacy stock of NPAs of PSBs, for frauds under the framework has been taken note of by RBI in its Financial Stability Report of December 2019, in which RBI has observed that this has helped unearth frauds perpetrated over a number of years. This is reflected in the increased amount involved in frauds reported by scheduled commercial banks and select financial institutions, from ₹ 23,934 crore in the financial year (FY) 2016-17 to ₹ 41,167 crore in FY2017-18, ₹ 71,543 crore in FY2018-19, and ₹ 1,43,068 crore in the first three quarters of FY2019-20. While improved detection and reporting have increased the reported amount involved in recent years, the comprehensive steps taken to check bank frauds have resulted in the amount involved by year of occurrence of fraud declining sharply from ₹ 41,272 crore in FY2016-17 to ₹ 5,244 crore in the first three quarters of FY2019-20.

The steps taken to check fraudulent banking practices include, *inter-alia*, the following:—

- (i) An online searchable database of frauds reported by banks, in the form of Central Fraud Registry, has been set up to enable timely identification, control and mitigation of fraud risk and carrying out due diligence during the credit sanction process.
- (ii) Government's framework for large value frauds in PSBs mandates—
 1. examination be initiated for wilful default immediately upon reporting fraud to RBI;
 2. report on the borrower be sought from the Central Economic Intelligence Bureau in case an account turns NPA.
- (iii) Fugitive Economic Offenders Act, 2018 has been enacted to provide 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.
- (iv) PSBs have been advised to:—
 1. obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than ₹ 50 crore;

2. decide on publishing photographs of wilful defaulters, in terms of the instructions of RBI and as per their Board-approved policy; and
 3. strictly ensure rotational transfer of officials/employees.
- (v) Heads of PSBs have been empowered to issue requests for issue of Look-Out Circulars
- (vi) For enforcement of auditing standards and ensuring the quality of audits, has been established the National Financial Reporting Authority as an independent regulator.

Revision of lending norms of cooperative banks

1021. SHRI T. G. VENKATESH: Will the Minister of FINANCE be pleased to state:

(a) whether Government has taken a decision to revise the lending norms for cooperative banks in the country to curtail the incidents of scams in cooperative banks; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) and (b) As per the extant statutory provisions, the management related aspects of cooperative banks are regulated by the Registrars of Cooperative Societies (Central Registrar in case of multi-state urban cooperative banks) as per the respective Cooperative Societies Acts, whereas the banking related functions are regulated by the Reserve Bank of India (RBI) as per the provisions of the Banking Regulation Act, 1949 (as applicable to co-operative societies).

RBI has intimated that review of lending norms for Primary (Urban) Cooperative Banks (UCBs) is carried out by RBI to, *inter-alia*, regulate their credit exposure to particular sector to cater to its finance needs and, more importantly, to mitigate the risks associated with the exposure to the concerned sectors. Lending norms *per se* have a limited role in preventing scams which mainly take place due to imperfections in the governance and internal control of the UCBs.

With a view to addressing the deficiencies in governance structure of UCBs, RBI has mandated that Board of Directors of UCBs, particularly those having deposits of ₹ 100 crore and above, should constitute Board of Management (in addition to the