

[Translation]

SHRI RAJENDRA AGNIHOTRI : Mr. Speaker, Sir, the Hon'ble Minister has given a specific figure of the employees. I would like to ask the hon'ble Minister what is their plan to regularise the temporary employees? And how long will it take to promote those who have not been promoted so far?

[English]

SHRI JAGDISH TYTLER : Sir, I would like to answer the previous question also because I did not have the figures at that time. All the 41,253 employees are treated equally as far as the DTC is concerned. I have no scheme to retrench anybody from the DTC. The retirement of employees is a different thing. But there is no scheme to retrench anybody from the DTC.

SHRI GEORGE FERNANDES : Sir, at this moment, there are 1,000 casual workers in the DTC. So, I challenge the Minister's statement.

[Translation]

MR. SPEAKER : Next question No. 530, Shri Vijay Kumar Yadav.

SHRI RAJENDRA AGNIHOTRI : Mr. Speaker, Sir, I have not got the answer to my question. I seek your protection.

MR. SPEAKER : It is not like that. What are you doing? You do everything as you wish. I had given you an opportunity.

SHRI RAJENDRA AGNIHOTRI : Mr. Speaker, Sir, I seek your protection.

MR. SPEAKER : No, it is enough, it is over.

[English]

Malpractices/Fraud Cases in Banks

*531. SHRI RAM KAPSE : Will the Minister of FINANCE be pleased to state :

(a) the number of malpractices/ fraud cases reported/detected in the public sector banks during 1991 so far and the amount involved therein, bank-wise; and

(b) the steps taken or proposed to be taken by the Government to recover the amount involved in these cases and to check recurrence of such malpractices/frauds in banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) and (b) A Statement is laid on the Table of the House.

STATEMENT

(a) and (b) The number of cases of frauds reported/detected in public sector banks in India during the period from 1-1-91 to 30-6-91 (latest available), the amounts involved therein and amounts recovered are given in the Annexure, bank-wise.

Government, Reserve Bank of India and Banks take steps from time to time for prevention and prompt detection of frauds. Some of these steps are as follows :

- (i) Strengthening of control mechanism by banks through inspections, audits and periodic returns;
- (ii) The clearing of arrears in balancing of books and reconciliation of inter-branch accounts on a continuous basis;

- (iii) Appointment of Chief Vigilance Officers in the nationalised banks on deputation from other banks;
- (iv) Creation of Special Investigation Cell in RBI for investigation and scrutiny into major frauds;
- (v) Circulation of Caution Notices by RBI to Chief Executives of banks on important cases of frauds;
- (vi) Proper training of operational personnel;
- (vii) Concerted action by banks to implement anti-corruption measures; and
- (viii) Review of vigilance cases by a Committee of Directors and Boards of Directors of Banks.

ANNEXURE

Sl. No.	Name of the Bank	No. of frauds	Amount involved (Rs. in lakhs)	Amount recovered
1.	State Bank of India	242	140.51	20.48
2.	State Bank of Bikaner & Jaipur	8	47.32	15.78
3.	State Bank of Hyderabad	8	6.26	—
4.	State Bank of Indore	4	76.15	3.00
5.	State Bank of Mysore	14	4.21	0.03
6.	State Bank of Patiala	5	5.15	1.00
7.	State Bank of Saurashtra	2	0.04	—
8.	State Bank of Travancore	5	3.13	—
9.	Allahabad Bank	17	21.44	0.29
10.	Andhra Bank	19	190.53	—
11.	Bank of Baroda	30	188.03	18.03
12.	Bank of India	56	490.22	6.93
13.	Bank of Maharashtra	5	73.34	—
14.	Canara Bank	71	352.29	4.63
15.	Central Bank of India	32	37.21	1.15
16.	Corporation Bank	14	5.78	0.44
17.	Dena Bank	3	0.48	—
18.	Indian Bank	31	143.11	24.68
19.	Indian Overseas Bank	31	8.83	1.44
20.	New Bank of India	4	80.40	0.95
21.	Oriental Bank of Commerce	4	4.51	—
22.	Punjab & Sind Bank	7	187.58	14.74

Sl. No.	Name of the Bank	No. of frauds	Amount involved (Rs. in lakhs)	Amount recovered
23.	Punjab National Bank	8	4.82	—
24.	Syndicate Bank	44	267.24	24.19
25.	Union Bank of India	27	23.42	11.79
26.	United Bank of India	13	5.84	—
27.	UCO Bank	26	339.23	27.32
28.	Vijaya Bank	17	37.92	14.43
Total		747	2744.99	191.30

SHRI RAM KAPSE : Mr. Speaker, Sir, I would like to know from the hon. Minister, the categorywise description about the persons involved in these frauds—high-ups, staff members and members of the society.

[Translation]

SHRI DALBIR SINGH : Sir, the hon. Member has asked the figures of 1991. During these six months, there were 747 cases of frauds and the amount involved therein was Rs. 2744.99 lakhs. Out of it, about 2 crores of rupees have been recovered. There is nothing like that bank officers were involved therein. We keep vigilance through Bank Officers of Vigilance Department. They have their own internal system of vigilance. I have given the figures of six months as desired.

SHRI RAM KAPSE : Mr. Speaker, Sir, I have not received the reply of my question. I had asked categorywise details of staff members and other members of the society involved therein. I had asked the specific question, but the hon. Minister has not replied to it. He repeated what he had mentioned earlier. He is telling what is given in the written reply.

[English]

MR. SPEAKER : If you do not have the information with you now, you can supply it to him later on.

SHRI RAM KAPSE : Sir, the amount involved is Rs. 29 crores and the amount recovered is Rs. Two crores and for the last three years this has been going on. In 1988, it was Rs. 30 crores and in 1989 it was Rs. 50 crores. I would like to know as to how many persons had been arrested and how many of them had retired from the banks. I would also like to know whether any high-ups are involved in these frauds.

[Translation]

SHRI DALBIR SINGH : Sir, whatever the hon. Member has asked, there is nothing in it like that. There is a procedure relating to fraud cases in banks, and following that procedure 480 cases are under investigation by C.B.I. and 566 cases are pending in courts. The hon. Member has asked the number of persons against whom action was taken. The number of employees convicted is 51 in 1986, 88 in 1987, 99 in 1988 and 72 in 1989.

[English]

	1986	1987	1988	1989
No. of employees who were given minor penalties	683	944	706	747
No. of employees out of work (dismissed, discharged or removed.)	291	351	292	287

SHRI RAM KAPSE : Why is the recovery so low ?

[Translation]

SHRI DALBIR SINGH : These cases are under investigation by C.B.I. only. There is a law of procedure. It will take its own time. I have told you that 480 cases are under investigation by C.B.I. and 566 cases are under pending in courts of law.

[English]

SHRI SHARAD DIGHE : I would like to know from the Hon. Minister through you whether any investigation has been made specially to find out why the number of frauds in the State Bank of India are as high as 242 as compared to the other banks which have got only 31 or 44 or 17 etc.

I would like to know whether any investigation has been made to find out why such a large number of frauds have occurred in the State Bank of India and, as far as the amount is concerned, why such a large amount of Rs. 490 lakhs is involved in the Bank of India which is a very large amount as compared to the other banks. If the investigation has been made, what is the result that you have found out for such a large number of frauds ?

[Translation]

SHRI DALBIR SINGH : As I have already told you, officers in the rank of General Managers are appointed

Vigilance Commissioners on deputation from other banks. It is also not necessary that they must belong to the same bank, though this practice was prevalent earlier. But we depute officers of the same status belonging to other banks and particularly not of that bank for carrying out a check from time to time.

MR. SPEAKER : He is asking as to why the number of frauds in State Bank of India is so high as compared to other banks.

[English]

SHRI SHARAD DIGHE : It is very high as compared to the other banks.

[Translation]

SHRI DALBIR SINGH : State Bank of India is a big Bank. Naturally, there would be more cases.

[English]

SHRI E. AHAMED : From the answer given by the Hon. Minister, it is seen that within a period of six months, the amount involved is Rs. 27.4 crores and the amount recovered was Rs. 1.91 crores.

In his answer, the Hon. Minister has also said that one of the remedial steps is appointment of Chief Vigilance Officer with the nationalised banks on deputation to some other banks.

In addition to all these steps which the Government has taken, why not the Government consider to have a separate Vigilance Wing to find out these frauds in the nationalised banks?

[Translation]

SHRI DALBIR SINGH: This is the suggestion given by the Hon. Member. He has suggested remedial measures for early disposed of fraud cases.

[English]

SHRI LOKANATH CHOU-DHURY: It appears that the amount is very high and the number is big. I want to know whether the Government has made any analysis of the nature of the frauds and whether apart from the eight measures that they have suggested to detect the frauds, do they feel that some new measures are necessary to check it.

My second question is, is the fraud during this period higher than the previous period and, if so, whether the reasons are found out for this higher fraud.

[Translation]

SHRI DALBIR SINGH: Earlier the number of our banks was less and after nationalisation, the number and their branches have increased. You might have seen in two-three incidents, that we are taking remedial steps, particularly in sensitive cases. In addition to it we have also requested to state Governments to maintain law and order. The branches of banks will be opened at those places where general industries are in existence. We cannot open a branch in an isolated

area because law and order problem is there to which State Governments, are responsible. Apart from this, there is a committee of Reserve Bank of India. The Manager is its Chairman and the D.I.G. and I.G. of States are also its members. So how can it be checked from time to time. It is not so. We are doing it.

[English]

SHRI LOKANATH CHOU-DHURY: I wanted to know whether the frauds which he has reported during this period are higher than the frauds of the previous period. Does the situation warrant alarm or not?

MR. SPEAKER: Shri Dalbir Singh, he wants to know why the frauds are more now.

[Translation]

SHRI DALBIR SINGH: We are trying to check the frauds. As I have already stated, the number of nationalised banks has increased enormously, it has almost doubled.

[English]

But we are trying our level best.

[Translation]

SHRI GEORGE FERNANDES (Muzaffarpur): Mr. Speaker, Sir, as per information given by the Hon. Minister here, there has been bungling of Rs. 27 crores within six months. I would like to know from the Hon. Minister whether he would agree with my submission that all the public sector banks in the country have not reconciled their balance sheets for the last three to five years, and it has been mentioned in the audit report that reconciliation has not been done? Some are running in loss, but some banks have shown pro-

fit and the banks which have shown profit have forged their accounts and have not shown the real credits, and deposits and have presented the imaginary accounts showing profit. Lastly, that if the frauds of Rs. 27 crores have been shown during six months, will the Hon. Minister deny my charges that all the nationalised banks are marking a bungling to the tune of Rs. 2 thousand crores, and it is being done at the top level. Can the Hon. Minister disagree with it? Is the Hon. Minister prepared to investigate this matter?

SHRI DALBIR SINGH: It is totally incorrect. Our balance sheet is prepared from time to time and there is no case of forgery in it. The Hon. Member should give a separate notice regarding the balance sheet mentioned by him. Banks...[*Interruptions*]...

[*English*]

SHRI GEORGE FERNANDES: I say that the Balance Sheet are fudged by the banks in this country. The nationalised banks are the biggest frauds in this country. [*Interruptions*]

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, I think it would not be proper for me to say that all is well in our banking system. But I would also respectfully submit that it is also not in the national interest to level such grave charges without proper investigation. Through you, Sir, I can assure the Hon. Members that we would remain alert, we would look at all the points that have been made and if there are any gaps in this matter, we will take the House into confidence. [*Interruptions*]

SHRI GEORGE FERNANDES: I am not satisfied with the reply.

SHRI SRIKANTA JENA: Will the Minister agree that the House Committee must go into the whole matter? [*Interruptions*]

SHRI GEORGE FERNANDES: This does not satisfy me. There is no financial Committee of this Parliament to go into this matter. There is no Committee of this House to look into this. There is no auditing Department of the Government. There is nobody who can check the accounts of the Banks. They are law unto themselves. At the highest level, these banks are cheating the people. A sum of Rs. 2000 crores are involved. I am saying this with responsibility...[*Interruptions*] I convey my dissatisfaction to the Hon. Finance Minister in this regard. I am prepared to vacate my seat in Parliament if I am proved wrong on this issue. [*Interruptions*]

SHRI SRIKANTA JENA: Why is the Finance Minister not prepared to accept the suggestion that the House Committee should go into the charges? [*Interruptions*]

MR. SPEAKER: Shri Basu Deb Acharia, I will allow your questions. But please don't do like this. I have called Shri Harin Pathak.

[*Translation*]

SHRI HARIN PATHAK: Mr. Speaker Sir, 19 fraud cases in Andhra Bank have been registered.

[*English*]

Rs. 190.53 lakhs are involved in these cases and not even a single rupee has been recovered so far.

[Translation]

May I know from the Hon. Minister why a single penny has not been recovered so far out of Rs. 2 crores involved in these 19 cases? Secondly, how many cases out of these are pending in the court?

MR. SPEAKER : He has replied that cases are pending.

SHRI HARIN PATHAK : Sir, not a single penny has been recovered.

[English]

SHRI DALBIR SINGH : He has asked about the Andhra Bank. I do not have any information. Let him give a separate notice.

SHRI HARIN PATHAK : You have given the information in the statement. Rs. 190.53 lakhs have been involved in this and not a single rupee has been recovered. What is the reason for that? How many cases are pending in the court of Law?

[Translation]

SHRI DALBIR SINGH : Sir, there are 480 cases, and out of these some cases are under investigation by C.B.I. and 566 are *sub judice*. It is not so much. Involvement will be known very soon....(Interruptions).... All banks are involved and it includes the bank mentioned by the Hon. Member also.

(Interruptions)

[English]

MR. SPEAKER : Achariaji, please do not keep doing like this. I will call you.

(Interruptions)

SHRI K. V. THANGKABALU : As per the information given by the Hon. Minister, the total fraud committed are of the order of Rs. 2744.99 lakhs.

This is not correct. Much more frauds are being committed both within and outside India. According to my information, particularly with regard to the Indian Overseas Bank, the P.T. Five Star Private Limited, Singapore has committed a fraud to the tune of Rs. 130 crores. But this has not been mentioned in this statement. What is the Government doing for all these years? Have they taken any action? I would like to know whether the Government is going to take any action or not.

MR. SPEAKER : This is a general question. If there is a specific question, he shall have to collect the information.

(Interruptions)

SHRI K. V. THANGKABALU : Sir, the P.T. Five Star Private Limited, Singapore has committed a fraud of Rs. 130 crores. I would like to know whether the Government is taking any action or not.

MR. SPEAKER : Have you got any information?

SHRI DALBIR SINGH : I require a separate notice for this. (Interruptions)

[Translation]

SHRI BASU DEB ACHARIA : Mr. Speaker, Sir, we have discussed the frauds being committed in nationalised banks many a times. It is a very serious matter and there is no control of anybody on these Banks. Even the Parliament has no control over these banks, because Parliamentary Committee on Public Undertakings cannot examine them. When I was the Chairman, I tried to examine the Nationalised Banks and I got the reply that since there was a secrecy

clause, we could not examine the nationalised banks. There are reports that frauds are on the increase. May I know from the Hon. Minister whether there is any Parliamentary Committee which can examine and check these frauds? When we tried to examine it in Public Undertakings Committee we were not allowed to do so and we were told that banks are out of bounds and nobody can examine them. So the frauds are increasing. I would like to know from the Ministry of Finance whether they are going to do anything so that we can examine them?

[English]

MR. SPEAKER: It is a good question.

[Translation]

SHRI DALBIR SINGH: Mr. Speaker, Sir, there is a system in the world to maintain secrecy about the depositors, and laws are there to deal with frauds and the culprits are brought to book.

[English]

This is a very difficult situation.
(Interruptions)

SHRI SRIKANTA JENA: I do not know why can't there be a House Committee to enquire into this matter? (Interruptions)

MR. SPEAKER: I will allow you.

SHRI V. DHANANJAYA KUMAR: Will the Minister be pleased to state as to whether any of the cases of malpractices or fraud are attributed to the much publicised loan melas, if so, how many?

MR. SPEAKER: You have asked the question and you must sit down. Yes, Mr. Minister.

(Interruptions)

SHRI V. DHANANJAYA KUMAR: It is a very specific question. I wanted to know whether any of the cases are attributable to the *loan mela*. (Interruptions)

SHRI RAM NAIK: His question is not replied. He has defeated Shri Pujari, who was the author of this *loan mela*. (Interruptions)

MR. SPEAKER: I am not going to allow you to personalise the question.

(Interruptions)

SHRI V. DHANANJAYA KUMAR: It was not personalised. You have to come to my protection. He has not replied to my question.

MR. SPEAKER: I cannot compel him to answer.

SHRI RAM KAPSE: Sir, the question is very specific but he has not replied to the question. (Interruptions)

MR. SPEAKER: Shri Dhananjaya Kumar, please sit down.

SHRI RAM KAPSE: The question was not personalised in any way. He has not replied to any question. The question is very specific. He should reply to it. When you allowed the question, the Minister must reply. He can at least say that "I do not have the information". He must speak out. (Interruptions)

MR. SPEAKER: But did he say something or not?

(Interruptions)

MR. SPEAKER : He does not have the analysed information with him.

SHRI SRIKANTA JENA : The Minister has stated that because of the secret clause, the Public Undertakings Committee or any of the Committee of the House cannot enquire into the activities of the bank. We have been hearing about the secrets accounts of a bank, that is Swiss bank. But about the nationalised banks of our country, I want to know, whether this Parliament has the right to enquire about the activities of the banks or not, and if not, I would like to know whether we can think and we can amend the secret clause. I also would like to know whether the Parliament or the committee of this Parliament can enquire about the activities of the banks.

MR. SPEAKER : Probably, this is a big policy issue. The Government has to think about it and then come out with something.

(Interruptions)

SHRI SRIKANTA JENA : What is the attitude of the Government ?

MR. SPEAKER : Would you like to respond, Mr. Minister ?

SHRI MANMOHAN SINGH : This is a major policy question. I would respectfully submit that other opportunities will come, when these questions can be raised. But the Question Hour is not appropriate time to raise this question. *(Interruptions)*

(Translation)

SHRI KALKA DAS : Mr. speaker, Sir, He has insulted the House. He should beg pardon from the House. *(Interruptions)*

(English)

MR. SPEAKER : I will guide you on this. Please take your seats. Why are you standing there ? I have not allowed you to ask the question.

(Interruptions)

MR. SPEAKER : Please take your seats.

(Interruptions)

MR. SPEAKER : Shri Jena, I can guide you on this. Now, the same matter, you can discuss while discussing the Finance Bill.

(Interruptions)

MR. SPEAKER : In Question Hour, policy matters are not discussed. Please understand that.

(Interruptions)

(Translation)

SHRI KALKA DAS : Mr. Speaker, Sir, you are shielding the Minister. He should reply the question just now.

MR. SPEAKER : Shri Kalka Das, you are crossing your limits. Please sit down.

(Interruptions)

SHRI SRIKANTA JENA : You must protect our interests.

MR. SPEAKER : Exactly, that is what I have done. I will guide you. Please sit down. Now, next question.

Inland water way from Kanyakumari to Ernakulam

*532. SHRI N. DENNIS : Will the Minister of SURFACE TRANSPORT be pleased to state :

(a) whether the Union Government have examined the feasibility of opening an inland water way from