

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5317
ANSWERED ON:22.12.2000
FRAUD CASES IN BANKS
RAGHUNATH JHA;SUDARSANA E.M. NATCHIAPPAN

Will the Minister of FINANCE be pleased to state:

- (a) the number of fraud cases detected in public and private sector banks during 1999-2000 and amount involved therein, bank-wise;
- (b) the number of cases where staff responsibility has been fixed alongwith the number of persons against whom vigilance cases are pending;
- (c) the number of cases in which CBI has filed chargesheets, bank-wise;
- (d) the reasons for not fixing staff responsibility in rest of the cases and the action the Government propose to take to fix the responsibilities; and
- (e) the steps taken to check the recurrence of such cases in future?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b) : The number of fraud cases and amount involved as reported by public sector banks and private sector banks to Reserve Bank of India during the year April, 1999 to March, 2000 are given at Annexure I and II respectively. Action has been taken by public sector banks against 4713 employees for their involvement in fraud cases during the year 1999.

(c):- Statement showing bank-wise number of cases of public sector banks in which Central Bureau of Investigation has filed chargesheet during the last three years as on 31.1.99 is given at Annexure III.

(d) & (e):- The responsibility of staff is fixed by the concerned bank. The Board of Directors of the bank monitor such cases on regular basis. Banks are implementing comprehensive guidelines issued by RBI regarding prevention of frauds which inter-alia include strengthening of internal control mechanisms, review of fraud cases on continual basis, undertaking concurrent audit covering branches accounting for 50 per cent of bank's business, scrutiny of cash deposits and withdrawals of Rs.10 lakhs and above, improving housekeeping and imparting training to operational personnel. Whenever a fraud is detected by a bank, a preliminary investigation is made. Based on the findings, a decision is taken whether to conduct a thorough investigation departmentally or to handover the case to local police or the Central Bureau of Investigation (CBI). On the basis of enquiry reports received after internal enquiry, or from police or CBI, banks take regular departmental action wherever necessary and award punishment to the officials who are found responsible for the fraud. The police and the CBI also file criminal cases for prosecution in Courts.