

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1640  
ANSWERED ON:19.11.2010  
ECONOMIC OFFENCES  
Shantha J.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether economic offences particularly in credit card frauds are on the rise in the country;
- (b) if so, the details thereof indicating the number of frauds in the credit card segment and amount involved therein as reported by banks to the Reserve Bank of India (RBI) during the last three years, including the current year;
- (c) the details of amount declared as Non-Performing Asset (NPA) in various banks in the last three years and the current year; and
- (d) the steps being taken or proposed to be taken by the Government to check such rising trend to economic offences?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) and (b): As per information furnished by RBI, details of number of credit/ debit card frauds, and amount involved, during the last three years (up to September, 30,2010) are as below..

(Rs.in Crores)

2007-2008	2008-2009	2009-10	2010-11
April-Sep.			

No.	Amount	No.	Amount	No.	Amount	No.	Amount
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17447	41.10	17114	47.43	18925	54.67	6388	12.28
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(c): The details of the amount declared as Non-Performing Assets (NPA) on accounts of credit cards in various banks in the last three years and the current year up to September, 2010 is as in Annex.I.

(d) RBI has taken the following steps for prevention of credit card frauds:

(i) RBI has issued a Master Circular on 'Credit Card Operations of banks' dated July 1, 2010 advising all banks to set up internal control systems to combat frauds and to take proactive fraud control and enforcement measures. They were also advised to ensure that credit card operations were run on sound, prudent and profitable lines as also fulfill 'Know Your Customer' requirements, assess credit risk of customers, specify terms and conditions in clear and simple language, ensure prompt dispatch of bills, maintain customer confidentiality, etc.

(ii) RBI had also issued a circular to all commercial banks in June, 2006, advising them to take various preventive measures to combat frauds relating to skimming or duplicating of credit cards. The circular had highlighted the fact that certain plastics used by the miscreants were not normal credit / debit cards but were telephone top-up cards issued by UK based telephone companies with magnetic strip. This magnetic strip was used to encode data belonging to original cards which were obtained by the fraudsters through skimming (copying of magnetic strip). The measures include educating customers through hoardings, advertisements, handouts and also posting cautionary messages in the website of card issuing banks.

(iii) The banks have also been advised to inform to customers not to reveal ATM PIN in response to requests received through e-mail, to periodically verify the transaction history to ensure its correctness and if any unauthorized transaction observed it should be immediately reported to the bank and inform the bank if the card is lost or stolen.

(iv) As operational / security measures, the banks were advised to post security guard and conduct inspection of ATM on regular basis by bank official. The banks were advised that the incidents of skimming should be immediately brought to the notice of local law

enforcement authorities.