

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:341  
ANSWERED ON:26.08.2011  
CASES OF CORRUPTION IN BANKS  
Sidhu Shri Navjot Singh

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

- (a) whether any institutionalized mechanism exists to inquire into cases of alleged irregularities, complaints and corruption charges leveled against senior officials /Board Level appointees of Public Sector Banks (PSBs);
- (b) if so, the details thereof;
- (c) the nature and number of complaints received against Board level appointees and other senior officials of PSBs including Central Bank of India and Punjab National Bank for alleged irregularities, mis-conduct and other malpractices since 2007-08, bank/year-wise ;
- (d) the follow up action taken thereon along with present status of such complaints /irregularities ;
- (e) whether Reserve Bank of India has issued any guidelines for prevention of incidents of corruption and other irregularities in the PSBs; and
- (f) if so, the details thereof and the outcome thereon?

**Answer**

FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

(a) to (f): A Statement is laid on the Table of the House.

Statement as referred in reply to Parts (a) to (f) of Starred Question No. 341 for answer on 26th August, 2011 regarding Cases of Corruption in Banks tabled by Shri Navjot Singh Sidhu, Member of Parliament.

Part (a): Yes, Sir.

Part (b): The institutionalized mechanism is prescribed in the Vigilance Manual of the Central Vigilance Commission (CVC). Anti-corruption measures of the Central Government are the responsibility of (i) Administrative Vigilance Division [AVD] in the Department of Personnel & Training; (ii) Central Bureau of Investigation; (iii) Vigilance units in the Ministries/Departments of Government of India, Central Public Enterprises and other autonomous organisations; (iv) the disciplinary authorities; and (v) the Central Vigilance Commission. In addition, a Special Investigation Cell in the Department of Banking Supervision (DBS) in RBI and a Group of Officers in the Cabinet Secretariat, also examine complaints received against Board level appointees of Public Sector Banks.

Part (c) Nature of complaints against Board Level appointees of PSBs includes allegations relating to graft in sanction of credit proposals, compromise settlements, write off, take over accounts from other banks, irregularities in grant of advances, abuse of official position, possessing disproportionate assets, etc Number of complaints received in CVC against Bank Officers of the level of Scale -V and above during the year 2007, 2008, 2009, 2010 and 2011 (January-July) are 83, 116, 101, 107 and 48, respectively. Year/Bank-wise detail is given in Annex-I.

Part (d) Such complaints are enquired by the Chief Vigilance Officers/Direct Inquiry Officers in CVC/Central Bureau of Investigation and appropriate action is taken against the delinquent officials as per their Conduct and Disciplinary Rules.

Many complaints received in CVC, are found to be anonymous, pseudonymous or frivolous in nature. Such complaints are filed in the first instance or sent to concerned CVO for necessary action. Remaining 235 complaints were taken up by CVC for verification of facts/allegations. Status of such complaints is as under:

S.No.	Status	No. of cases
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1.	Recommended for closure	175
	Recommended for major penalty	6

3.	Recommended for administrative action	6
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Total 235

During this period (2007 to 2011), CBI has investigated 62 cases out of which chargesheet filed in 37 cases, Regular Departmental Action (RDA) recommended in 3 cases, recommended for closure in 4 cases and 18 cases are under investigation.

Part (e) & (f): RBI has issued various circulars for prevention of frauds and malpractices in banks. Some important circulars are as below:-

(i). DBOD circular dated 25.8.1992 on recommendation of the committee to enquire into various aspects relating to frauds and malpractices in banks.

(ii). DOS circular dated 1.11.1996 conveying recommendations of the Working Group on internal controls and inspection of audit systems in banks.

(iii). DBS circular dated 20.9.2004 on strengthening of internal vigilance machinery in banks and financial institutions.

(iv). DBS circular dated 16.9.2009 on fraud prevention and management function.

(v). DBS circular dated 31.5,2011 on findings of forensic scrutiny-guidelines for prevention of frauds.

Banks are required to submit report on each fraud to RBI. RBI may discuss these matters in the structured meetings held between the banks and RBI.