

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2368  
ANSWERED ON:23.08.2013  
SCAMS IN COOPERATIVE BANKS  
Das Shri Khagen;Paswan Shri Kamlesh

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

- (a) whether cases of scams in public sector/cooperative banks have come to the notice of the Government in the recent past;
- (b) if so, the details thereof during each of the last three years and the current year, bank, State/UT-wise along with the names of banks and the loss of revenue suffered as a result thereof;
- (c) whether the Government/Central Bureau of Investigation (CBI) is conducting inquiry in such bank scams;
- (d) if so, the details thereof scam-wise and the outcome of the inquiry as on date; and
- (e) the steps taken/proposed to be taken by the Government to check such scams in future safeguard the interest of depositors along with the action taken against the officials found to be involved therein?

**Answer**

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

(a)&(b): As informed by Reserve Bank of India (RBI) and National Bank for Agricultural and Rural Development (NABARD), there is no cases of scam in public sector/cooperative banks in the recent past. However, the bank-wise incidents of frauds along with the amount involved therein since financial year 2010-2011 is furnished in the statement at Annex-I. The amount involved in the frauds is not total loss to the banks as recovery also takes place in such cases.

(c)&(d) : CBI has registered, 479 cases related to bank frauds during the years 2010, 2011, 2012 and 2013 (till 31.07.2013).

(e) RBI has issued detailed instructions vide Master Circular dated July, 01, 2013 on "Frauds- Classification and Reporting" containing all the details/aspects relating to frauds. On receipt of fraud related reports from banks, various aspects related to the frauds are examined and concerned banks are advised to report the case to CBI/Police/SFIO; examine staff accountability; complete proceedings against the erring staff expeditiously; take steps to recover the amount involved in the fraud, claim insurance wherever applicable and streamline the system as also procedures so that frauds do not recur.

Reserve Bank of India as a part of its supervisory process also takes the following measures to prevent/reduce the incidence of frauds:

- (i) Sensitizes banks from time to time about common fraud prone areas through issuance of modus operandi circulars on various types of frauds and the measures to be taken by them.
- (ii) Issues caution advises in respect of borrowers who have defaulted the banks.

In the past considering various concerns arising out of bank's operations, including incidence of frauds, RBI has advised banks to:

- (a) Introduce a system of concurrent audit;
- (b) Review working of internal inspection and audit machinery in banks by the Audit Committee of the Board of Directors;
- (c) Constitute a Special Committee of the Board to exclusively monitor frauds of Rs.1 crore and above.
- (d) In order to make third parties and professionals accountable, who have played a vital role in credit sanction/disbursement or facilitated the perpetration of frauds, banks have been advised vide circular dated March 16, 2009 to report to Indian Bank's Association (IBA). IBA in turn will prepare caution lists of such parties for circulation among the banks.