

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2828  
ANSWERED ON:07.02.2014  
CHEATING CASES IN PSBS  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the number of cheating and fraud cases reported in Public Sector Banks (PSBs) during the last three years and the current year, bank and State/UT-wise;
- (b) the estimated amount involved in such cases;
- (c) the number of the bank employees found involved in such cases during the said period and the action taken against them, bank-wise;
- (d) whether the Government/Reserve Bank of India (RBI) has laid down any guidelines in this regard;and;
- (e) if so, the details thereof along with the other steps being taken by the PSBs to prevent such frauds?

**Answer**

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

(a) & (b) As per the information received from Reserve Bank of India (RBI), details of the fraud cases reported by Public Sector Banks during the last three years and current year, bank-wise and state/UT-wise and details of the amount involved in the frauds are given in Annex-I.

(c) As per the information received from RBI, details of the bank employees found involved in fraud cases reported by Public Sector Banks during the last three years and current year, bank-wise is given in Annex-II.

(d)&(e) RBI has issued the Master Circular RBI.DBS.FrMC.BC.Na1/ 23.04.001/ 2012-13 dated July 01, 2013 on `Frauds-Classification and reporting` containing all the details/aspects relating to frauds. The same is also available on the website of RBI i.e. [www.rbi.org.in](http://www.rbi.org.in). As per these instructions, on receipt of fraud reports, various aspects related to the frauds are examined including 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.