

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3701  
ANSWERED ON:11.12.2009  
SCAMS IN PRIVATE AND FOREIGN BANKS  
Swamygowda Shri N Cheluvarya Swamy

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

- (a) whether Government has taken any decision to introduce any special scheme to unearth the irregularities and scams in private and foreign banks;
- (b) if so , the salient features of the scheme; and
- (c) the time by which the said scheme is likely to be implemented?

**Answer**

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

(a), (b) &(c) Reserve Bank of India (RBI) monitors frauds of all Public Sector, Private Sector and Foreign Banks, Urban Co-operative Banks and Non-Banking Financial Companies. Banks have been advised by RBI to report fraud cases of Rs 1.00 lakh and above in the prescribed format. Private Sector and Foreign Banks have been advised to report fraud cases involving amounts of Rs.1.00 crore and above to the Director, Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, Government of India.

In certain cases, where large value frauds (Rs 1.00 crore and above) are detected, Special Scrutiny is undertaken to make in-depth analysis of the reasons and deficiencies in the bank's internal control system. Based on the findings, suitable remedial measures are suggested/ advised to the concerned banks. Recently banks have been advised by the RBI that whenever a bank detects a fraud in a borrowal account, it should share the information with other banks and co-ordinate with them for investigation, if the borrower is found to have availed finance from those banks.