

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:349  
ANSWERED ON:11.07.2014  
LOAN THROUGH FAKE DOCUMENTS  
Mahtab Shri Bhartruhari

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

- (a) whether the case of raising of loans from banks on the basis of fake documents are on rise;
- (b) if so, the details thereof along with the amount involved therein during each of the last three years and the current year, bank-wise;
- (c) whether the Government has conducted any enquiry during the said period;
- (d) if so, the details thereof along with the number of officials found involved in such cases during the said period; bank-wise and the action taken by the Government against such persons; and
- (e) the other corrective steps taken/being taken by the Government to keep a check on such cases in future?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b): Reserve Bank of India (RBI) has informed that Public Sector Banks report cases involving raising of loans on the basis of fake documents under the classification Cheating and Forgery, number of such cases along with amount involved therein for the last three calendar years and for the current year (upto March 15, 2013) is as under:

(Rs in lakhs)

| Sr. No. | Calendar Year | No. of frauds cases reported | Amount involved |
|---------|---------------|------------------------------|-----------------|
| 1.      | 2010          | 1651                         | 120204.28       |
| 2.      | 2011          | 1520                         | 217381.11       |
| 3.      | 2012          | 1352                         | 535934.02       |
| 4.      | 2013          | 230                          | 31476.06        |

(Till March 15th)

Bank wise detail in this regard is at Annex-I and total number of officials probed in this regard is at Annex-II.

(c) & (d) : Banks initiate/probe staff accountability and staff involvement in all the fraud cases and on completion of investigation, the commensurate punishment is awarded to the delinquent employees based on the seriousness of the wrongdoings as per Bank's disciplinary rules which includes censuring, administrative warning, suspension of the employees, reduction in scales of pay, monetary penalty and recovery of losses, Compulsory retirement, termination from service, dismissal with disqualification from future employment etc.

(e) Reserve Bank of India has issued detailed instructions vide Master Circular dated July, 02, 2012 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 Central Bureau of Investigation / Police / Serious Fraud Investigation Office, 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 advices in respect of borrowers who have defrauded the banks.
- (iii) In order to make third parties and professionals accountable, who have played a vital role verification of the property/document 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.

The Government has set up the Central Registry, as the nodal agency for maintaining records of registrations relating to securitization, reconstruction of financial assets and security interest created over properties on 31.03.2011 to minimize the frauds relating to multiple mortgaging of a property with different lenders.