

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:199
ANSWERED ON:05.12.2014
EMBEZZLEMENT OF FUNDS
Chavan Shri Harishchandra Deoram

Will the Minister of FINANCE be pleased to state:

- (a) whether incidents of embezzlement of funds in the public/private sector banks have been reported in the recent past;
- (b) if so, the details thereof including amount involved therein during the last three years and the current year, bank-wise;
- (c) whether the Government has conducted any inquiry in this regard, if so, the details and the outcome thereof;
- (d) whether bank officials have been found involved therein and if so, the details thereof along with the action taken against the erring officials/persons found involved therein, bank-wise; and
- (e) whether the banks have refunded the embezzled money to customers, if so, the details thereof and if not, the reasons therefor along with the remedial measures taken/being taken by the Government to protect the interest of the customers?

Answer

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a) to (e): A Statement is laid on the table of the House.

Statement as referred in reply to parts (a) to (e) of Lok Sabha Starred Question No. 199 for answer on 5th December, 2014 regarding Embezzlement of Funds tabled by Shri Harishchandra Chavan, Hon'ble Member, Lok Sabha.

Part (a) to (e): RBI maintains data for Public Sector Banks/Private Sector Banks under the category 'Frauds' which inter-alia includes cases of embezzlement of funds. Separate data for embezzlement is not maintained. Therefore information as reported by Public Sector Banks regarding cases of embezzlement of funds, amount involved, number of officials against whom action was taken, number of cases and amount where money was refunded to the customers is at Annex-I.

In all such cases of fraud, the bank undertakes an investigation and takes action including fixing of the staff accountability as per the applicable disciplinary rules.

The Banks compensate customers in cases of embezzlement of funds as per RBI's Master Circular dated 01.07.2014 on "Customer Service in Banks" and the Banks' Board approved policy.