

bodies in Kerala for suspected violation of the various provisions of the relevant Acts.

The Constitutional validity of the Chapter III-C of Reserve Bank of India Act, 1934 has been challenged and the matter is pending before the Supreme Court and is, therefore, *sub-judice*.

### Bank Frauds

\*58. SHRI BRAJA MOHAN MOHANTY:  
SHRI G. BHOOPATHY:

Will the Minister of FINANCE be pleased to state:

(a) the total number of bank frauds of all kinds brought to the notice of Government during 1984-85, 1985-86 and 1986-87 and total amount involved each year;

(b) whether bank frauds are on increase from year to year and if so, the reasons therefore;

(c) the number of cases in which the culprits have been found out and appropriate action taken against them and in how many cases the investigation is going on; and

(d) whether to eliminate frequent frauds in nationalised banks any managerial weakness has been located and if so, the steps taken to remove such weakness?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) and (b).

According to Reserve Bank of India, the information in respect of total number of cases of frauds in India, as reported by the 28 Public Sector Banks, and the amount involved therein for the years 1984, 1985, 1986 and 1987 (upto 31.3.87), irrespective of the dates of occurrence, is as given below:-

Year involved	No. of Frauds	Amount (Rs. in crores)
1984	2410	45.18
1985	2157	53.48
1986	1822	44.42
1987	480	9.05

(Data provisional)

The amounts involved as indicated above do not necessarily represent the actual losses which the banks may have to suffer ultimately since banks generally have some securities, insurance policies and make recoveries through civil suit etc.

(c) and (d). The number of delinquent employees against whom action has been taken for their involvement in cases of frauds, as reported by Public Sector Banks to the Reserve Bank of India, for the years 1984, 1985 and 1986, is as given below:-

	1984	1985	1986
(a) No. of employees convicted on charges of frauds	32	72	51
(b) No. of employees given major/minor penalties	481	713	613
(c) No. of employees out of (b) above dismissed/discharged/removed	221	264	25
(d) No. of employees against whom prosecution is pending in Court	525	554	57

1	2	3	4
(e) No. of employees against whom departmental proceedings are pending	1318	1172	1139

(Data provisional)

The Reserve Bank of India has further reported that by and large frauds have occurred not on account of any lacunae in the systems and procedures, but owing to non-observance of the prescribed procedures and other factors. The Reserve Bank of India has also reported that banks are taking steps to strengthen their control mechanisms, including the internal audit/inspection machinery, and to make them more effective so as to eliminate the scope for frauds and malpractices. Banks have also been taking a serious view of the irregularities committed by their employees and initiate action to inflict punishment befitting the seriousness of the irregularities committed by the delinquent employees. For preventing frauds, Banks have provided books of instructions indicating precautions/ checks which their staff should observe.

#### L. I. C. Policies

**\*59. SHRI AJOY BISWAS:  
SHRI SAIFUDDIN CHOWDHARY:**

Will the Minister of FINANCE be pleased to state:

(a) whether the terms of Life Insurance Corporation policies are heavily weighed against the policy holders who are poor;

(b) whether the Supreme Court had also made observations on the same lines; and

(c) if so, whether Government propose to make some changes in the terms of L.I.C. policies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY): (a) and (b). No, Sir, However, the Supreme Court in

the Judgement delivered on 22.1.1987, in the matter of Peerless General Finance and Investment Company Limited, has adverted to the existing provisions for forfeiture of premiums under some LIC policies if the policy holder commits default and does not pay any of the first three premiums. The Court observed that since it is the poorer class of policyholders that may ordinarily be expected to commit default, the forfeiture clause in practice operates against the poor. In this case before the Court, the Life Insurance Corporation was not a party to the proceedings. The LIC has filed a miscellaneous petition to the Supreme Court to explain LIC's practice and record in the specific areas and to seek expunction of remarks concerning L.I.C.

(c) In view of the reply to parts (a) and (b) of the question, this does not arise.

#### Rural Job Outlay

**\*60. SHRI BIMALKANTI GHOSH:** Will the Minister of FINANCE be pleased to state:

(a) whether the High-powered Economic Advisory Council has called for massive increase in outlay for rural job plans;

(b) whether the recommendations of the Council have been examined by Government; and

(c) if so, the outcome thereof?

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI) : (a) The Economic Advisory Council has not submitted any report calling for massive increase in outlay for rural job plans;