

Government of India  
Ministry of Finance  
Department of Financial Services

LOK SABHA  
Unstarred Question No. 1440

To be answered on the 01<sup>st</sup> July, 2019 (Monday) / Ashadha 10, 1941 (Saka)

**Financial Frauds in PSBs**

1440. SHRI REBATI TRIPURA; SHRI MANOJ TIWARI; SHRI VIJAY KUMAR DUBEY:

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

- (a) whether the Government has any monitoring mechanism for financial frauds in public sector banks, if so, the details thereof including the nodal agency and its officers in Delhi;
- (b) if not, the reasons therefor and how a whistleblower may approach these authorities with disclosure of their names; and
- (c) the detailed list of banks top officials involved in financial frauds and the status of enquiries against them in the country during the last two years, State-wise including Delhi, Uttar Pradesh and North Eastern States?

*Answer*  
*The minister of Finance*  
*(Smt. Nirmala Sitharaman)*

**(a&b)** In terms of Reserve Bank of India's Master Directions on Frauds – Classification and Reporting by Commercial Banks and Select FIs dated 01.07.2016 (Updated as on 03.07.2017), Banks need to furnish Fraud Monitoring return (FMR) in individual fraud cases, irrespective of the amount involved, to RBI within three weeks from the date of detection. In addition to the FMR, banks are required to furnish a Flash Report (FR) for frauds involving amounts of Rs 50 million and above within a week of such frauds coming to the notice of the bank's head office. Further, banks are also required to furnish developments in the fraud case through the FMR Update Application.

In January 2016, Central Fraud Registry (CFR) has been operationalized at Reserve Bank of India (RBI) as searchable online central fraud data base for use by the banks in respect of frauds above Rs.1 lakh. The CFR contains critical aspects/ information, including modus operandi in respect of frauds as reported by the banks and select Financial Institutions (FIs). This data base is helpful to the banks not only during credit decisions but also to know about fraud in various areas of banking including cyber frauds, ATM/debit/ credit card and internet banking.

All the banks/select FIs have been given access rights through user ids and password. The CFR helps the banks and FIs in detecting frauds in their organisation based on the frauds reported by other banks/FIs in respect of any particular constituent of the bank. It is the primary responsibility of the banks/FIs to detect the fraud with or without using CFR and comply with RBI regulation with regard to classification and reporting of frauds. Government of India vide Gazette Notification No. 371/12/2002-AVD- III dated 21.04.2004 r/w Corrigendum dated 29.04.2004 notified the Public Interest Disclosure and Protection of Informers Resolution (PIDPI), 2004 which gave the powers to the Central Vigilance Commission to act on complaints from whistle-blowers. The PIDPI Resolution has, inter-alia, the following main provisions:

- (i) The Commission is authorised as the Designated Agency to receive written complaints or disclosure on any allegation of corruption or of misuse of office by any employee of the Central Government or of any corporation established by or under any Central Act, Government companies, societies or local authorities owned or controlled by the Central Government;

- (ii) Any public servant or a person including an NGO can make written disclosure to the designated agency except those referred in clauses (a) to (d) of Article 33 of Constitution;
- (iii) The Head of the Department / Organisation to keep the identity of informant secret if he comes to know about it;
- (iv) The designated agency on finding the allegation of misuse of office or corruption substantive, shall recommend appropriate action to the concerned Department or Organisation;
- (v) If the informant feels he is being victimised, he may make an application before the designated agency seeking redress in the matter. The designated agency may give suitable directions to the concerned public servant or the public authority;
- (vi) If on an application or on the basis of information gathered, the designated agency is of the opinion that the complainant or the witness need protection, it shall issue appropriate directions to the concerned Government authorities; and
- (vii) In the event of the identity of the informant being disclosed in spite of the designated agency's directions to the contrary, the designated agency is authorised to initiate appropriate action as per extant regulations against the person or agency making such disclosure.

Pursuant to the PIDPI Resolution, 2004, the Commission vide Office Order No. 33/5/2004 dated 17.05.2004 issued guidelines and Public Notice on the procedure to be followed for filing whistleblower complaints under the PIDPI Resolution, 2004.

Subsequent to the Resolution of 2004, the DoPT vide Notification No. 371/4/2013-AVD.III dated 14.08.2013 partially amended the PIDPI Resolution. The amendment, inter alia, authorised the Chief Vigilance Officer of the Ministries or Departments of Government of India to act as the designated Authority to receive written complaint or disclosure on any allegation of corruption or misuse of office by any employee of that Ministry or Department or of any corporation established by or under any Central Act, Government companies, societies or local authorities owned or controlled by the Central Government and falling under the jurisdiction of that Ministry or Department. The amendment also authorised the Central Vigilance Commission to supervise and monitor the complaints received by the designated authority.

**(c)** Bank-wise details of cases during the years viz., 2015, 2016 and 2017, where the Central Vigilance Commission tendered its advice for sanction for prosecution of Public Sector Banks(PSBs) officers/officials involved in corruption cases under the Prevention of Corruption Act 1988, is enclosed at Annexure.

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## Annexure

Bank-wise details of prosecution sanction cases under PC Act. 1988 issued during 2015, 2016, and 2017.

### 2015

S.No	Name of Bank	No. of cases
1.	Canara Bank	1
2.	Bank of India	1
3.	State Bank of India	3
4.	Indian Overseas Bank	1
5.	Oriental Bank of Commerce	1
6.	UCO Bank	1
7.	Union Bank	1
8.	United Bank of India	2
	<b>Total</b>	<b>11</b>

### 2016

S.No	Name of Bank	No. of cases
1.	Corporation Bank	2
2.	Punjab National Bank	2
3.	State Bank of India	1
4.	Indian Overseas Bank	1
5.	Oriental Bank of Commerce	1
6.	UCO Bank	1
7.	United Bank of India	1
	<b>Total</b>	<b>9</b>

### 2017

S.No	Name of Bank	No. of cases
1.	Central Bank of India	2
2.	Punjab National Bank	3
3.	Bank of India	1
4.	Bank of Maharashtra	1
5.	Andhra Bank	1
6.	United Bank of India	2
	<b>Total</b>	<b>10</b>