

### Banks Frauds

1288. SHRI JANG BAHADUR SINGH PATEL : Will the Minister of FINANCE be pleased to state :

(a) whether the attention of the Government has been drawn to the newsitems captioned "7.6 crore ki dhokadhari mein paanch bank afson samet aat bandi" and "Rs. 33 crore scam in PNB" appearing in the Dainik Jagaran and Times of India dated 14 and 15 September, 1996 respectively;

(b) if so, the details thereof;

(c) the details of the norms laid down for grant of credit facilities by bank officials; and

(d) the number of such other cases recorded in the public and private sector banks, bank-wise and branch-wise, and the action taken against the persons found guilty?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) Yes, Sir.

(b) Reserve Bank of India (RBI) have reported that during the course of inspection of Marve Road Malad (West), Mumbai branch of Punjab National Bank, it had come across irregularities/violation of terms of sanction in respect of term loans aggregating to Rs. 10.88 crores to Sajawat Group of Builders for various housing projects. The bank has filed suits for recovery of its dues in December, 1995 and January, 1996. The CBI has registered a case in June, 1996 against the then Regional Manager and the Branch Manager of Punjab National Bank and others.

RBI have also reported that a fraud case involving M/s. Mohan Agro Mills Ltd. and M/s. Ganga Plywood Ind. Co. Pvt. Ltd. was reported by Allahabad Bank in their Lajpatnagar branch in February 1996 involving a sum of Rs. 6.39 crores and US \$ 170,400. CBI have registered a regular case against 3 Branch Managers, Regional Manager and AGM of Allahabad Bank and others in June, 1996.

(c) and (d). Banks have formulated detailed policies and procedures for sanction and disbursement of various types of credit facilities to different categories of borrowers keeping in view the broad guidelines issued by RBI. The various functionaries dealing with credit portfolio are required to follow the laid down systems and procedures while sanctioning loans and advances and other non-funded facilities and to ensure that credit decisions are taken and recovery effected in a prudential manner. The RBI has emphasised the importance of ensuring that various functionaries exercise their discretionary powers vested in them with diligence. Departmental proceedings/vigilance proceedings are instituted in cases where the prescribed procedures are not followed by the officials based on mala fide intentions revealed against the employee.

The number of cases of frauds (bank-wise) reported by various public sector banks to the RBI during the years 1993, 1994, 1995 and 1996 (upto March) and the amount involved therein and the action taken against the delinquent employees of public sector banks for frauds during the years 1993, 1994, 1995 and 1996 (upto March) are given in the Statement I and II enclosed.

Information readily available relating to total number of frauds reported to RBI by private sector banks during 1993, 1994, 1995 and 1996 (upto June) is given below:

Year	No. of frauds	Amount involved (Rs. in crores)
1993	223	8.61
1994	215	4.54
1995	182	14.51
1996 (upto June)	127	10.83

Information relating to action taken against delinquent employees of private sector banks is not maintained by RBI.

### STATEMENT-I

Statement showing bank-wise number of frauds detected in public sector banks and the amount involved therein during the years 1993, 1994, 1995 and 1996 (upto March)

(Rupees in lakhs)

S.No.	Name of the Bank	Number of Frauds				Amount involved			
		1993	1994	1995	1996 (upto Mar.)	1993	1994	1995	1996 (upto Mar.)
1	2	3	4	5	6	7	8	9	10
1.	State Bank of India	597	616	554	101	773.44	2010.97	789.99	1274.79
		0.2			0.2	25.08			54.38
2.	State Bank of Bikaner and Jaipur	36	21	18	03	536.63	11.06	194.45	9.09
3.	State Bank of Hyderabad	28	23	40	01	97.11	63.55	157.59	0.20

1	2	3	4	5	6	7	8	9	10
4.	State Bank of Indore	20	26	09	02	161.63	1169.39	19.63	0.24
5.	State Bank of Mysore	28	37	38	04	7.51	252.95	22.87	2.79
6.	State Bank of Patiala	26	30	33	02	222.61	100.05	610.11	4.42
7.	State Bank of Saurashtra	07	12	09	02	16.17	17.98	106.26	12.90
8.	State Bank of Travancore	20	25	22	08	32.49	70.22	126.21	57.75
9.	Allahabad Bank	33	39	48	14	45.14	2343.58	105.32	121.19
10.	Andhra Bank	66	25	41	07	2130.92	131.00	523.80	4.80
11.	Bank of Baroda	139	159	114	23	568.46	2905.71	1151.74	120.49
		12*	15*	10*		35.54	528.63	52.85	
							+U.Sh.		
							9844000		
12.	Bank of India	168	215	156	48	725.19	728.62	496.82	122.30
		16*	11*	04*	01*	4249.29	988.51	8.84	4.65
13.	Bank of Maharashtra	22	50	31	08	404.65	465.11	1891.65	43.73
14.	Canara Bank	259	217	167	49	801.13	1402.21	1953.01	43.11
15.	Central Bank of India	85	130	73	38	3234.72	347.46	188.64	19.50
16.	Corporation Bank	31	38	23	07	42.24	38.28	86.13	4.16
17.	Dena Bank	20	22	14	06	159.65	1049.62	140.04	18.42
18.	Indian Bank	41	60	37	14	638.24	286.26	83.08	34.23
19.	Indian Overseas Bank	75	71	43	10	143.54	356.97	326.92	5.39
20.	New Bank of India	29	-	-	-	69.72	-	-	-
21.	Oriental Bank of Commerce	22	14	12	04	102.97	230.88	630.80	1.94
22.	Punjab National Bank	88	118	56	27	3224.29	2003.36	212.70	191.05
23.	Punjab and Sind Bank	21	17	17	04	654.21	163.26	74.38	14.11
24.	Syndicate Bank	139	103	109	22	174.10	1371.80	782.43	22.68
25.	Union Bank of India	61	39	59	18	756.54	336.54	251.71	131.53
26.	United Bank of India	50	43	40	09	11459.66	171.09	41.21	23.80
27.	UCO Bank	35	58	74	08	183.46	416.89	374.17	26.84
		4*				165.27			
28.	Vijaya Bank	33	32	39	12	190.83	45.93	147.77	2.19
Total		2213	2266	1890	454	32032.43	20007.88	11551.12	2372.67
							+U.Sh.		
							9844000		

(Data Provisional)

## STATEMENT-II

Statement showing Bank-wise action taken against the delinquent employees of Public Sector Banks for frauds during the years 1993, 1994, 1995 and 1996 (Upto March)

Name of the Bank	2				3				4			
	1993	1994	1995	1996	1993	1994	1995	1996	1993	1994	1995	1996
State Bank of India	24	28	16	03	164	219	199	48	58	68	49	07
State Bank of Bikaner & Jaipur	-	-	01	-	20	18	33	01	05	03	-	-
State Bank of Hyderabad	15	04	-	-	33	25	18	03	09	04	04	01
State Bank of Indore	-	-	-	-	-	12	01	02	-	01	-	01
State Bank of Mysore	-	-	01	01	16	13	10	03	05	04	04	-
State Bank of Patiala	-	-	-	-	09	12	06	04	03	06	04	02
State Bank of Saurashtra	-	-	-	-	01	08	09	04	01	02	-	-
State Bank of Travancore	-	-	-	-	06	32	16	02	01	07	04	-
Allahabad Bank	-	-	-	-	29	32	35	02	06	08	03	-
Andhra Bank	02	07	05	-	20	28	27	12	03	05	08	05
Bank of Baroda	-	-	-	-	13	15	23	08	06	02	03	02
Bank of India	-	01	-	-	11	38	37	06	07	18	21	05
Bank of Maharashtra	-	-	-	-	13	13	30	01	08	07	12	-
Canara Bank	05	-	-	-	88	85	96	26	26	27	30	08
Central Bank of India	-	01	-	-	67	81	58	27	42	44	23	09
Corporation Bank	05	-	03	-	05	04	17	05	04	04	06	03
Dena Bank	-	-	-	-	27	30	27	09	07	07	05	03
Indian Bank	01	-	-	01	64	121	71	28	08	08	04	-
Indian Overseas Bank	03	02	02	-	47	73	82	09	13	23	13	05
Oriental Bank of Commerce	-	-	-	-	01	08	04	-	03	04	02	-
Punjab National Bank	01	03	01	-	91	221	169	64	22	54	29	10
Punjab & Sind Bank	-	-	03	-	10	37	26	09	05	09	05	04
Syndicate Bank	-	-	01	-	55	29	50	20	42	19	36	10
Union Bank of India	-	-	-	-	26	36	28	02	14	11	10	-
United Bank of India	-	-	-	-	-	16	32	02	-	02	10	-
UCO Bank	01	02	-	-	30	28	39	08	11	11	12	03
Vijaya Bank	-	02	-	-	28	14	17	02	03	02	04	-
<b>Total</b>	<b>57</b>	<b>50</b>	<b>33</b>	<b>05</b>	<b>874</b>	<b>1248</b>	<b>1160</b>	<b>307</b>	<b>312</b>	<b>360</b>	<b>301</b>	<b>78</b>

\*Data Provisional

\*Upto March 1996