

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:7259  
ANSWERED ON:13.05.2005  
EMBEZZLEMENT IN PSBS  
Jagannath Dr. M.

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

- (a) whether there has been alarming upsurge in the cases of embezzlement in the Public Sector Banks located across the country;
- (b) if so, whether the Government has conducted any study to assess the efficacy of the software packages being used by banks for account keeping and money transfers;
- (c) if so, the outcome thereof; and
- (d) the preventive measures being taken for incorporating security features in the software being used presently by banks to curb such frauds?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

- (a) Reserve Bank of India (RBI) has reported that the number of cases of embezzlement i.e. misappropriation and criminal breach of trust, reported by Public Sector Banks during the last three years i.e. 2002, 2003 & 2004 stood at 266, 409 and 377 respectively. The amount involved in these cases increased from Rs.84.04 crore during 2002 to Rs.161.57 crore during 2003, but the same has declined to Rs.70.00 crore during 2004. Hence, there has been a decline in the number of cases and amount involved in 2004, as compared to 2003.
- (b) No, Sir.
- (c) Does not arise.
- (d) RBI has brought out a publication on Information Systems Audit highlighting the necessary steps to be taken to examine the safety and security of all hardware and software systems installed in banks and forwarded it to all banks for necessary follow up.