

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO 475

TO BE ANSWERED ON THE 20TH JULY, 2018 (FRIDAY)/ ASHADHA 29, 1940 (SAKA)

Frauds by Banks

**475. SHRI TEJ PRATAP SINGH YADAV:
SHRIMATI ANJU BALA:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of involvement of higher officials of Public Sector and Private Banks in financial frauds during the last four years;
- (b) whether Chief Managing Director and Executive Director of Bank of Maharashtra have been arrested in bank loan fraud case and if so, the details thereof;
- (c) whether such bank loan fraud cases resulting into huge increase in Non-Performing Assets of banks and if so, the details thereof during the said period;
- (d) whether there have been several instances of economic offender's of financial frauds fleeing the country and if so, the details thereof along with the details of offenders who fled from the country thereof during the above period; and
- (e) the measures taken by the Government for improvement of banking sector in the country?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI SHIV PRATAP SHUKLA)

(a): According to Central Bureau of Investigation (CBI), it has registered 28 cases [Regular Case (RC) + Preliminary Enquiry (PE)] relating to involvement of higher officials (of the level of General Manager or equivalent and above) of Public Sector and Private Banks in financial frauds during the period from 2014 to 2018 (upto 30.06.2018).

(b): The MD & CEO and one Executive Director of Bank of Maharashtra were arrested by State Economic Offences Wing, Pune, Maharashtra in connection with loan related issues of M/S D S Kulkarni Developers Limited on June 20, 2018. Besides, an Ex MD & CEO of the bank and one Zonal Manager of the bank were also arrested in the instant case. The above Officers have since been released on bail. RBI has stated that the bank had declared the company and its four directors as wilful defaulters on 27.03.2018 and the account has been red-flagged as on 08.06.2018.

(c): Asset Quality Review (AQR) was carried out in 2015 for clean and fully provisioned bank balance-sheets revealed high incidence of Non-Performing Assets (NPAs). Expected losses on stressed loans, not provided for earlier under flexibility given to restructured loans, were reclassified as NPAs and provided for. Public Sector Banks (PSBs) initiated cleaning up by recognising NPAs and provided for expected losses. Primarily as a result of AQR and subsequent transparent recognition, the gross NPAs of PSBs increased by Rs. 6,16,586 crore between March 2015 and March 2018 (provisional data), as per RBI data.

(d): The year wise details of accused persons involved in Banks Frauds who have fled from India as provided by CBI, is Annexed.

(e): The measures taken by the Government for improvement of banking sector in the country, are as follows:

- (i) For deterring economic offenders from evading the process of Indian law by remaining outside Indian jurisdiction, Government has introduced the Fugitive Economic Offenders Bill, 2018 to provide for attachment and confiscation fugitive economic offender's property and has advised PSBs to obtain certified copy of the passport of the promoters/directors and other authorised signatories of companies availing loan facilities of more than Rs. 50 crore.
- (ii) For enforcement of auditing standards and ensuring the quality of audits, Government has initiated establishment of National Financial Reporting Authority as an independent regulator.
- (iii) To put in place a transparent resolution mechanism, the IBC has been enacted, which has redefined the debtor-creditor relationship. To enable timebound resolution, RBI has been authorised under law to direct banks to refer cases to NCLT for resolution under IBC, and RBI has mandated reference of a number of high-value stressed assets to NCLT.
- (iv) To send a clear message that borrowers cannot wilfully default and continue to enjoy ownership of their assets, wilful defaulters and connected persons have been debarred from participating in the resolution process under the Insolvency and Bankruptcy Code (IBC).
- (v) Launch of Central Fraud Registry (CFR), a web based searchable database of frauds reported by the banks, containing data for the last 13 years has been made operational by RBI in January, 2016.
- (vi) To squarely address the issue of NPAs, stressed assets of banks have been transparently and realistically recognised as NPAs.
- (vii) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act has been amended to make it more effective. Further, six new Debts Recovery Tribunals have been established to expedite recovery.
- (viii) To ensure prudential lending, better customer service, enhanced credit availability and better governance, a comprehensive PSB Reforms Agenda has been approved by bank Boards.

PSBs have, inter-alia, committed to create Stressed Asset Management verticals for stringent recovery and ensure clean and effective post-sanction follow-up for large credit exposures through specialized monitoring agencies.

- (ix) The extant regulatory framework, inter-alia, also provides as follows:
 - a. RBI has issued a revised framework for resolution of stressed assets, which provides for time-bound resolution of high-value stressed accounts.
 - b. Banks have been advised to establish Recovery Cells, fixing of recovery targets and close monitoring of recovery performance.
 - c. The Board of Directors of the bank were advised to review slippages in asset classification in the borrowal accounts with outstanding Rs.5 crore and above and to review top 100 borrowal accounts of below Rs.5 crore in each category of NPA.
 - d. Banks were advised to put in place robust mechanism for early detection of signs of distress and to use such early warning signal to put in place an effective preventive asset quality management framework, including a transparent restructuring mechanism in case of viable accounts for preserving the economic value of such accounts.
- (x) RBI has set up the Central Repository of Information on Large Credits (CRILC) to collect, store and disseminate credit data to lenders. CRILC's main objective is two-fold – (i) early recognition of asset quality problems by reducing information asymmetry and (ii) to help banks to take informed credit decisions.

**ANNEXURE REFERRED IN REPLY TO PART (D) OF LOK SABHA UNSTARRED QUESTION NO.475
FOR ANSWER ON 20TH JULY 2018 REGARDING 'FRAUDS BY BANKS'**

Details of Bank fraud cases in which Indian Businessmen fled to other countries.

2014

Sl. NO.	Bank fraud Case No. (RCs & PEs), Date of Registration & Section of law.	Name & address of the Indian Businessmen who fled to other countries	Details of amount swindled by them from Bank	Present status of the case.
1	2	3	4	5
1	219 2014E0013-EO-I 24.07.2014	1. Surender Singh 2. Angad Singh 3. Harsahib Singh 4. Harleen Kaur	Rs.5.92 Crore (Approx)	Under Trial
2	RC 05/2014 -EOU.V Dt. 28.03.14	Vinay Mittal S/o Vipin Mittal	Rs 12.49 Crores (Approx)	Under Trial
3	RC 06/2014 -EOU.V Dt. 02.04.14	Vinay Mittal S/o Vipin Mittal	Rs 16 Crores Approx.	Under Trial
4	RC 09/2014 -EOU.V Dt. 28.08.14	Vinay Mittal S/o Vipin Mittal	Rs 4.47 Crores (Approx)	Under Trial
5	RC 13/2014 -EOU.V Dt. 17.11.14 .	Vinay Mittal S/o Vipin Mittal	Rs 4 Crore (Approx)	Under Trial
6	RC. 10./2014-EOU.VI Dt. 28.08.2014	Vinay Mittal S/o Vipin	Rs. 3.85 Crores (Approx)	Under Trial
7	RC07/E/2014-Kol 22/10/2014	Sh Pushpesh Baid, S/o Prem Prakash Baid	Rs. 19.86 Crores (Approx)	Under Trial
8	RCBD1/2014/E/0006- BS&FC/Delhi dated 19.02.2014,	1. Rajiv Goyal 2. Alka Goyal	Rs. 157 crores (Approx)	Under Trial
9	RC. 4/E/2014-BSFC/ MUM dt. 26.03.2014	Sh. Jatin Mehta	Rs. 4625.43 crores (Approx)	Under investigation due to pendency of LR's.

2015

Sl. No.	Bank fraud Case No. (RCs & PEs), Date of Registration & Section of law.	Name & address of the Indian Businessmen who fled to other countries	Details of amount swindled by them from Bank	Present status of the case.
1	RC AC1 2015 A0005 dated 16.12.2015	1. Shri Sunny Kalra 2. Smt. Aarti Kalra	Rs. 10.99 Crores (Approx)	Under Trial
2	RC AC1 2015 A0006 dated 16.12.2015	1. Shri Sanjay Kalra 2. Smt. Varsha Kalra	Rs.8.77 Crores (Approx)	Under Trial
3	RC BSM 2015 E 0006-AC- VI/SIT dated 29.07.2015	Shri Vijay Mallya	Rs. 1301.67 crores (Approx)	Under Trial
4	RC08/E/2015-Kol 30/09/2015	Sh Pushpesh Baid, S/o Prem Prakash Baid	Rs.3.78 crores (Approx)	Under Trial
5	RCBD1/2015/E/0005- BS&FC/Delhi dated 01.04.2015	1. Sudhir Kumar Kaura	Rs. 32.38 crores (Approx)	Under Trial

2016

Sl. No.	Bank fraud Case No. (RCs & PEs), Date of Registration & Section of law.	Name & address of the Indian Businessmen who fled to other countries	Details of amount swindled by them from Bank	Present status of the case.
1	RC BD 1 2016 E 0008 of CBI, BS&FC Delhi -AC-VI/SIT dated 12.08.2016	Shri Vijay Mallya, Devika	Rs.6203 Crores (Approx)	Under investigation.
2	RC 12/2016 – EOU.V Dt. 08.08.2016	Vinay Mittal S/o Vipin Mittal	Rs 3 Crore (Approx)	Under Trial
3	RC08/E/2016-Kol 02/09/2016	Sh Pushpesh Baid, S/o Prem Prakash Baid	Rs.11.07 Crores (Approx)	Under Investigation
4	RC09/E/2016-Kol 29/11/2016	Sh Pushpesh Baid, S/o Prem Prakash Baid	Rs. 7.34 Crores (Approx)	Under Trial
5	RC BSK 2016 E 0005-BS&FC/Kol Dated : 12.07.2016	Shri Nillesh Parrekh, Shri Umesh Parekh Shri Kamlesh Parekh	Rs.2672 Crore (Approx)	Under Investigation.

2017

Year	Bank fraud Case No. (RCs & PEs), Date of Registration & Section of Law	Name & address of the Indian Businessmen who fled to other countries	Details of amount swindled by them from Bank	Present status of the case
1	RCBD1/2017/E/0007-BS&FC/Delhi dated 25.10.2017,	1. Chetan Jayantilal Sandesara, 2. Nitin Jayantilal Sandesara, 3. Diptiben Chetankumar Sandesara,	Rs. 5383 crores (Approx)	Under investigation
2	RC 219 2017E0020-EO-I Dt.13.09.2017	1. Eklavya Garg	Rs. 3.58 Crores (Aprox)	Under Investigation
3	RC 219 2017E0022 –EO-I Dt.13.09.2017	1. Eklavya Garg	Rs. 9.25 Crores (Approx)	Under Investigation
4	RC 221/ 2017/ E0021/EOU-VII/ EO-III dated 16.11.2017	Sanjay Kumar Kalra S/o Late Madan Kalra	Rs. 6 crores (Approx)	Under investigation
5	RC 1/E/2018/BSFC/MUM 31.01.2018	Sh. Nirav Modi	Rs.6498.19 Crores (Approx)	Under Trial and further investigation is in progress.
6	RC 2/E/2018/BSFC/MUM 15.02.2018	Sh. Mehul Choksi	Rs.7080.86 Crores (Approx)	Under Trial and further investigation is in progress.

2018 (upto 30.06.2018)

Year	Bank fraud Case No. (RCs & PEs), Date of Registration & Section of Law	Name & address of the Indian Businessmen who fled to other countries	Details of amount swindled by them from Bank	Present status of the case
1	RC03/E/2018-Kol 04/05/2018	S/Shri Pushpesh Baid, S/o Prem Prakash Baid	Rs.3.75 Crores (Approx)	Under Investigation
2	RCBD1/2018/E/0003–BS&FC/ Delhi dated 22.02.2018	Sabhya Seth	Rs.389.85 crores (Approx)	Under Investigation
3	RCBD1/2018/E/0008–BS&FC/ Delhi dated 16.04.2018	1. Rajiv Goyal, 2. Alka Goyal	Rs. 621 crores (Approx)	Under Investigation
