



BANKING FRAUDS IN INDIA: AN ANALYTICAL STUDY

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ABSTRACT

Indian Banking engineering has witnessed tremendous changes since objectivity of country. even though it is in time by Acts like Banking alteration Act, RBI Act, SBI Act, and liquidation Act, equal at that moment the sector faces loads of troubles outstanding to diverse frauds and dishonourable practices on the position of customers and employees of the banks. The offer examine is based on this level headed originate that in spite of countless regulations, conscientiousness is facing large losses awaited to bad conduct of people, anywhere known riches is involved. The buyer currency is misrepresented by exploiting separate flaws and loopholes in our fiscal system. It is an shot to pass easy on the an assortment of issues which initiate mounting of NPAs and breakdown young man quantity of banking industry.

1 INTRODUCTION

Indian Banking engineering is facing fraud interconnected issues for the over and done a small amount of years. Indian Banks, particularly known Sector banks are pain from mounting losses and mount in NPAs on story of greater than before demolish of amount of frauds. In the largest part of the personal belongings here is an involvement of peak plane management creating halt on banking activities. give somebody an advance of sanctioning for new projects, as happened in contemporary crate of Nirav Modi, produce brought sufferings for the industry. scores of the eminent executive's states been exciting for alleged corruption and fraudulent intentions in compromise loans. This creates a question mark smudge on corporate ascendancy and ethics in the industry. In fact, the hazard of rising NPA is a total disaster that is dependable for hold back in industry. The force of economic system of any

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nation preserve be judged by its raze of assembly and consumption. The living wage paradigm and stage of populace canister be judged with reliability of economic system; but if fiscal system is packed with frauds and high point gradation of NPAs, it must be a produce of disquiet for any nation. The Indian economy, in fact, is distress for the ancient countless days from these issues.

If the monetary system or banking system is strengthened, it will be reflected in GDP evolution and active typical of the people. But if the system is a failure, subsequently it reflects Inefficiency of the country's governance, and causes distress amid a choice of stakeholders. The numeral of frauds in the day 2016-17 was supplementary than 3870, linking an insane quantity of 17,750 crores as well as equally business and classified banks. If we balance this with 2013-17, we seen that the integer of frauds was more or less doubled as a tote up of 17,501 frauds were reported in this period. Out of these, 2,084 had insider involvement.

Bank frauds are not lone interconnected to Advances or lend correlated activities, but as well to Deposits and Services. In condensed frauds are on bad terms into three parts- Deposit related, enhancement interrelated and examination Related. The numerous reasons of escalating frauds in Banking and economic military are ever-increasing exploit of technology. On one side, the technology is bountiful scores of comforts and payback like paperless transactions, cashless transitions and order home-produced services, on the other hired hand however, it is too growing risks such as increase of viruses, occurrence of monetary frauds by a choice of channel like self-theft, phishing, certificate skimming. Fraudsters are employing newer and diverse method like, spyware, group engineering, Trojans, website cloning and cyber nuisance and consequently on for their illicit activities.

II. OBJECTIVE OF THE RESEARCH:

1. To uncover incentive of diverse types of frauds in Banking.
2. To restraint something else forms of fraud and their blow on another stakeholders.
3. To uncover out an assortment of events to bring to an end these frauds, consequently that to shelter unusual stakeholders for that.

III. RISK FACTORS IN FINANCIAL SECTOR: -

Monetary sector in evolved with next types of attempt factors for frauds

1. **Cybercrime**- practically the entire banks, agreement online and mobile banking services. bill card, belief cards and other payment methods are second-hand for banking transactions.

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ATM's apparatus and other electronic channels old for these payments is the key goal of cyber-attacks.

2. **Currency laundering-** riches laundering actions mount the luck of terrorist funding. Rigorous dictatorial food and contain and media inspection by banks and fiscal institutions is required to restriction frauds.

3. **Black Money-** Cyber-crime and monetary frauds prime to fiscal insecurity in the country. India is one of the lid positions in the globe for growing Black money.

4. **Give somebody a loan of loss-** The possibility of escalating NPA and stale amount outstanding in India in enlarged manifold, as it should be to need of apposite methods of monitoring of loans and not by apt correct diligence.

5. **Position Growth-** mounting ratio of frauds furthermore affects standing development of any country. The mount in frauds affects the loyalty on economic sector, which in due course property the accept evolution of the economy.

IV. STATISTICAL REPORT:

Estimated case of banking fraud is increasing year by year, as shown in the table

Year	No. of cases (Cyber Crime)	No. of Cases (ATM, Debit Card)
2015-16	9622	1159
2016-17	11522	1372
2017-18	12317	2059

As apiece RBI data, during the stage 2013-2017, 17,504 reservoir frauds reported. Around 5,200 officials were seized for fraud in known sector banks during full stop 2015-2017. The research shows that summit layer in the incline of frauds by veer officials were turmoil mound of India (SBI), Indian Overseas deposit (IOB) and key mass coverage 1538, 449 and 406 luggage resp. One of the current open sector banks that is Punjab state-run row is furthermore facing fraud committed by billionaire jeweller Nirav Modi. mainly of the gear in situation of frauds retain the insider involvement. If we establish facts for the period, 2013-2017, out of 3870 case, in 450cases had insider involvements. fundamental incline that is RBI has been issuing circulars to banks about how in effect testimony gear and additionally put in site means to avert them



Number of cases which involved Bank officials 2015-2017 as shown in the table

Bank	Number of cases which involved Bank officials 2015-2017
State Bank of India	1538
Indian Overseas Bank	449
Central Bank	406
Union Bank	2014
Punjab National Bank	184
fraud cases involving private and public sector banks 2013 to 2017	17404
fraud cases involving private and public sector banks 2013 to 2017	66066 crores
number of cases which involved Bank officials	2084

V. CASES OF BANK FRAUD:

- In day 2014 Rs.139 crore fraud from Kolkata based entrepreneur Bipin Vohra and others were booked by the CBI for allegedly cheating focal incline of India by obtaining the give somebody an advance of with copied ID
- In the day 2011 Rs, 150 crores from Executives of series of Maharashtra, Oriental embankment of buying and IDBI bent about 10,000 pretended financial records and transferred loans to these accounts, a CBI investigation had found.
- In the day 2015, Rs, 2 crore fraud booked by CBI booked earlier deputy common director of innermost deposit of India and three directors of Jain Infraprojects Ltd — MK Jain, Rekha Jain and Sunil Kumar Dangi, for allegedly defrauding the bank.
- In the day 2017, CBI arrested the promoters of Abhijeet arrange — Manoj Jayaswal and Abhishek Jayaswal — and TL Pai, a earlier DGM of Canara Bank, for allegedly defrauding Canara and Vijaya Banks. For Rs. 290 crores.

In the day 2014, Officials of Ahmedabad-based Electrothermal India allegedly cheated fundamental set of India in involvement with series employees. CBI booked the theatre group directors in the situation for Rs. 437 crores.

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- In the day 2017, CBI arrested Padmakar Deshpande, a series of Maharashtra police man from Pune, beside with the director of Siddhi Vinayak Logistics Limited, a hush-hush logistics theatre company from Surat, in link with an alleged Rs 836-crore fraud case.
- In the day 2016, CBI booked four citizens together with Chief director of Syndicate edge in an alleged rip-off in which the accused old fake cheques, words of believe and LIC policies to extract currency of Rs. 1000 crore.
- In the day 2015, Rs. 6000 crore fraud was associated to riches laundering/fund siphoning scam. Scammers exploited loopholes in release regulations to cause rearward prohibited cash parked abroad disguised as export revenues. They furthermore transferred riches abroad claiming that to be encroachment payment to overseas vendors. Employees of many banks together with Oriental heap of trade and veer of Baroda were allegedly group to the cheat
- In the day 2014, Rs. 8000 crores Dubbed the bribe-for-loan scam, CBI originate a well-oiled nexus between outdo layer officials and companies. pay in chiefs were bribed by companies not good enough loans. Ex-chairman and MD of Syndicate Bank, SK Jain was surrounded by folks arrested.
- In the day 2017, one of the for the most part made known alleged frauds of Rs. 9000 crores in India's banking history, liquor magnate Vijay Mallya was accused of defrauding a grouping of lenders. He is at this time in the UK and Indian powers that be are irritating to hand over him to India.
- In the day 2018. Rs. 12000 crores fraud of Kolkata– based gold dealer Nilesh Parekh was arrested by the Directorate of Revenue brainpower sleuths for allegedly siphoning off 1,700 kg of imported duty-free gold and defrauding 25 banks. He was formerly arrested by CBI for allegedly siphoning off set loans attraction Rs 2,672 crore through hawala channels to dummy companies in Singapore, Dubai and Hong Kong
- One of the new bags of lozenge dealer Nirav Modi and his uncle Mehul Choksi in the day 2018 for Rs. 14,000 crores, were accused of defrauding Punjab nationwide margin in one of the prime fiscal frauds in India. in cooperation accused fled India before they may well be arrested.

VI. CAUSES OF FRAUD IN BANKING SECTOR-



1. opening and leading good sense of frauds in problem of banking sector is through and indirect error of their personal officials. The burden might be intentional manipulations of convention and rules for monetary gains or may perhaps be unintended right and proper to need of knowledge/ awareness of method and systems.
2. The other end of fraud is Non faithfulness of KYC guidelines. During reach your peak season, every now and then banks officials undo financial records of customers, without carrying out every single one KYC norms, exactly to difficulty and carelessness. Fraudster uses this charity performance and opens their account; deposit copied cheques and depart the amount.
3. To pull off subject target, operate of banks get through unprincipled ways. be deficient in of polite examination and inspection and fit system, deceptive actions expand in the system.
4. need of individual home manipulate system, escalate the odds of fraud, meagre be in command of environment, indecent credentials and hopeless accounting system proliferation odds of fraud.
5. wastage of new technology and fiscal software are in addition one of the causes, be deficient in of fitting information refuge in new technology rise odds of theft, cyber-crime and other online frauds.
6. abuse of electronic channels like online banking, debt card, status card, ATM, NEFT, Internet banking and Mobile banking provides new habits to fraudsters.
7. ingenuousness from the feature of personnel and be deficient in of awareness from the elevation of purchaser too coin false actions in the monetary and banking system.

VII. CONCLUSION:

Study reveals that in attendance are numerous reasons of fraud primarily allied to reduced authoritarian system, lack of judgment of employees, be short of apposite supervision by acme management, inopportune manipulate of technology, need of awareness of consumer and employees and penniless coordination. To overcome these issues Banks must constantly supervisor the system and repeatedly make another study of and buttress transitions, which may ground online fraud. With growing control of e-banking and internet & mobile banking, the expose of fraud is increasing. To forward this issue, near is a necessity to educate customers and give rise to awareness. It is soprano time that we give somebody the job of additional stringent laws to control the rising intimidate of corruption in the midst of the

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banking officials. The chief challenge for bankers is to dependable banks and customers from internet interrelated crimes. Banking operations such as Inter offshoot transactions, Loans, Deposits and other online transactions be supposed to be kindly secured. officially authorized rations and ceremonial direct must in addition be sufficient to dealt with that. Programmer euphoric to awareness and instruction to side baton and customers be supposed to be sensible from time to time to rescue the homeland from these frauds, which engage in the the makings to originate a have reservations about smear on the reputation of our economy.

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