



**CHANDIGARH POLICE INDIA**

**Standing Operating Procedure**

**For**

**Investigation of Bank Fraud Cases**

## INTRODUCTION

In the recent past, the cases involving bank frauds have witnessed a spurt and the amount involved in these frauds has also multiplied over the years. On most occasions, the actual culprits and the conniving officials could not be brought to book due to improper investigation and inability of various departments and banks to furnish records expeditiously. The Hon'ble High Court of Punjab and Haryana has observed in CRM-M-37020-2020 titled as Gurwinder Singh Vs State of Punjab and others on 09.02.2021 as under:-

*"The number of Bank frauds in India is substantial and increasing with passage of time. The impact of fraud on the Banks and the economic cost of fraud can be huge in terms of likely disruption in the working of the markets, financial institutions and the payment system. Besides, Bank frauds, if not diligently prevented, promptly detected, properly investigated, vigilantly prosecuted and sternly punished, can have potentially debilitating effect on confidence in the banking system and may damage the integrity and stability of the economy..."*

*...As per annual report of Reserve Bank of India 2019-20, the total number of frauds involving Rs.1,00,000 and above reported by the banks and financial institutions shot up by 28% by volume and 159% by value during 2019-20 despite the RBI tightening the supervision and vigilance. While there were 6799 frauds involving Rs.71,543/- in 2018-19, the number of frauds jumped to 8707 involving Rs.1,85,655 crores in 2019-20. Public Sector Banks topped the list with 4413 cases involving Rs.1,48,400 crores while the Private Banks reports 3066 cases involving Rs.34,211 crores..."*

Banks frauds are increasing on a large scale due to granting of loans by entering into mortgage deeds on the basis of fraudulent revenue records which portray the land as free from all encumbrances. In most cases, the same piece of land is mortgaged to obtain loans from multiple banks using fake revenue records. Almost all such cases involve connivance of revenue officials, bank officials and firms involved in valuation/assessment on behalf of the concerned banks.

Investigation of such cases is different from other cases and requires specialized investigation involving collection of records and evidences from various departments and agencies. The records obtained are often complicated in nature and needs to be studied and analyzed to assess its evidentiary value. The procedures prevalent in various banks to process loan applications, records maintained in Tehsil office etc need to be studied in detail to fix responsibility of conniving officials.