

CAIIB Examination

Advanced Bank Management Module D Unit 32 : Fraud and Vigilance in Banks - Part 1



CAIIB 2024 Master Course

ABM + BFM + ABFM + BRBL



20+
Live Classes



400+
Concept Classes



150+
Chapter-wise Tests



20
Full-length Tests



Kuldeep Sir
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ABFM Expert



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Megha Mam
BRBL Expert



Kinshuk Sir
ABM Expert



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USE CODE **CAIIB75**

FRAUD

- **Section 17 of the Indian Contract Act, 1881** defines “Fraud” means and includes any of the following acts committed by a party to a contract:
 - the suggestion, as a fact, of that which **is not true**, by one who does not believe it to be true.
 - the **active concealment** of a fact by one having knowledge or belief of the fact.
 - a promise made without any intention of performing it.
 - any other act fitted to deceive.
 - any such act or omission as the **law specially declares to be fraudulent**.



FRAUD BY BANK EMPLOYEES

- The following cases where fraudulent intention is not suspected/proved at the time of detection will be treated as fraud and reported accordingly:
 - cases of cash shortages of more than **Rs.10,000** and
 - cases of cash shortages of more than **Rs.5,000** if detected by **management/auditor/inspecting officer** and **not reported** on the day of **occurrence** **by the persons handling cash.**



Concept Check

Q.

Which among the following is/are the correct statement(s) regarding the Fraud in Indian Banking System?

1. Section 17 of the Indian Contract Act, 1881 defines “Fraud” means.
2. The active concealment of a fact by one having knowledge or belief of the fact is considered as fraud.
3. The cases of cash shortages of more than Rs.2,000 if detected by management/auditor/inspecting officer and not reported on the day of occurrence by the persons handling cash are termed as fraud.

(Select the most appropriate answer from the option given below)

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) All of the above



Answer: Option A

*Thank
You!*

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