

Government of India
Ministry of Finance
Department of Revenue

LOK SABHA
UNSTARRED QUESTION NO.4200
TO BE ANSWERED ON MONDAY, MARCH 22, 2021
Chaitra 1, 1943 (Saka)

KIIFB Case

4200: ADV. ADOOR PRAKASH:
SHRI HIBI EDEN:
SHRI N.K. PREMACHANDRAN:

Will the Minister of Finance be pleased to state:

- (a) whether the Enforcement Directorate (ED)/ Central Investigating Agency have registered a case against the Kerala Infrastructure Investment Fund Board (KIIFB), an institution under the State Finance Department and if so, the details thereof along with the present status of the inquiry in the said case;
- (b) whether ED has summoned senior officials of Axis Bank and KIIFB CEO and others in connection with this case and if so, the details and outcomes thereof including the details of evidences;
- (c) whether it is true that KIIFB submitted application for collecting money from abroad and submitted the details regarding the collection of amount from abroad as masala bond and if so, the details thereof;
- (d) whether KIIFB required the permission of the Government for collecting money from abroad and if so, whether the Government issued permission to KIIFB for masala bond and if so, the details thereof and if not, the reasons therefor;
- (e) whether the Government is aware about the approval given by the Reserve Bank of India to KIIFB for launching masala bonds;
- (f) if so, whether there are any reports of irregularities between RBI and KIIFB and if so, the action taken by the Government in this regard along with the details of inquiry conducted into the role of private banks in this transaction; and
- (g) whether there is a delay in probing violations of Foreign Exchange Management Act in the financial transactions involving the board and if so, the details thereof including the dates on which the agency obtained information and took actions?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (g) No regular case/preliminary enquiry was registered by the CBI against Kerala Infrastructure Investment Fund Board (KIIFB). However, a case was registered and investigations were launched under the provisions of Foreign Exchange Management Act (FEMA) against KIIFB by the Directorate of Enforcement based on a compliant received in [March 2020](#).

On summoning, the officers from Axis Bank and KIIFB appeared, submitted some documents and their preliminary statements were recorded. The documents so submitted are under scrutiny.

Earlier, the Axis Bank had approached RBI on behalf of its constituent KIIFB, for issuance of Rupee denominated bonds (RDB). RBI had given “no objection” from the angle of FEMA 1999, for raising RDBs.
