

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO 3267

ANSWERED ON Monday, August 09, 2021/ Sravana 18, 1943 (Saka)

Central Vigilance Commission Directives

3267. SHRI SHANMUGA SUNDARAM K.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the Central Vigilance Commission directives to RBI and Banks to install a system which can detect chunks of small amounts transferred abroad from a single account to check fraudulent forex transactions;
- (b) if so, the steps taken by the Government to recover a sum of Rs.6100 crores transferred by a nationalized bank recently; and
- (c) whether the Public Sector Banks (PSBs) are adhering to the norms prescribed by Indian Banks Association regarding Know Your Customer (KYC) and Anti Money Laundering Guidelines?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (Dr. BHAGWAT KARAD)

(a): The Central Vigilance Commission (CVC) vide letter dated 16.10.2015 addressed to RBI had advised RBI to make systematic improvement like cumulating all the forex outward remittance transaction per customer per day to arrive at cut-off limit (say US \$ 100000/-) to avoid occurrence of such lapses.

(b): Central Bureau of Investigation (CBI) has registered Regular Case on 09.10.2015 on receipt of a complaint filed by the Ashok Vihar Branch, New Delhi of the Bank of Baroda alleging irregularities in remittance of foreign exchange to the tune of Rs. 6172 crores from newly opened accounts to Hong Kong. As part of its overall investigation, CBI has filed chargesheet against the AGM/ Branch Head & officer (Forex) of Bank of Baroda u/s 120-B, 420, 409 IPC and 13(2) r/w 13(1) (d) of PC Act, 1988 for acts of omission & commission. CBI has also sent Letters Rogatory (LRs) to UAE, Hong Kong & China.

(c): As informed by Indian Bank Association, The Know Your Customer (KYC) Norms and Anti – Money Laundering (AML) Standards are 'Guidance Notes' for Banks. The scope of the 'Guidance Notes' issued by IBA is applicable to all member Banks of IBA are voluntary and recommendatory in nature. The 'Guidance Notes' provide an indication to the member Banks of what the supervisors/ regulator may take into account while evaluating compliance with the AML/ KYC norms. Further, the Guidance Notes is an IBA document and the information contained therein is only for the guidance of the industry and to ease the understanding of the legal provisions.
