

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
STARRED QUESTION NO. *90

TO BE ANSWERED ON FRIDAY, DECEMBER 4, 2015

AGRAHAYANA 13, 1937 (SAKA)

Alleged Transaction Irregularities in Banks

* 90. SHRI ANANDRAO ADSUL:
SHRI NAGAR RODMAL:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Enforcement Directorate/Central Bureau of Investigation has busted irregularities and violation of Prevention of Money Laundering Act, 2002/forex scam in the public and private sector banks in the country;
- (b) if so, the details thereof along with the total loss estimated during each of the last three years and the current year, bank and State-wise;
- (c) whether the Government has initiated any inquiry and taken action against the bank/staff involved in such transactions, and if so, the details thereof, bank and State-wise; and
- (d) whether the Government/Reserve Bank of India has taken steps to strengthen their mechanism to check and curb the activities of hawala transactions through banking channels in the country and if so, the details thereof?

ANSWER

FINANCE MINISTER
(SHRI ARUN JAITLEY)

(a) to (d) : A statement is laid on the Table of the House.

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Statement referred to in parts (a) to (d) of the Lok Sabha Starred Question No. *90 for answer on 04-12-2015 regarding "Alleged Transaction Irregularities in Banks" by Shri Anandrao Adsul and Shri Nagar Rodmal

(a) : Yes, Sir.

(b) : The Central Bureau of Investigation (CBI) has registered 06 cases in the matter during the last 3 years and current year. In 04 cases, charge sheets have been filed in the court and two cases are under investigation. The details of these cases are given in the **Annexure**. Besides this, on receipt of a complaint from Bank of Baroda and registration of FIR by CBI, the Directorate of Enforcement registered a case under Prevention of Money Laundering Act, 2002(PMLA). As per the complaint, foreign exchange equivalent to about Rs. 6000 crore was remitted by various persons through their newly opened 59 accounts of certain companies, in the garb of advance import remittances to certain companies abroad. In addition, similar case has also been registered by Directorate of Enforcement in respect of Oriental Bank of Commerce, subsequent to registering of FIR by Uttar Pradesh Police. In this case too, an amount of Rs. 380 crore was remitted to various companies based in Hong Kong using several fictitious companies during 2007-2011 and Rs. 100 crore was remitted from 2012 till 2014 using similar modus operandi.

(c) : Bank of Baroda has suspended Mr. Jaines Dubey, a scale 1 officer and Mr. S.K. Garg (AGM) of Bank of Baroda, Ashok Vihar Branch. The branch has also been de-categorized on 07.10.2015 for the purpose of undertaking Forex transactions. The branch and the other branches in the vicinity shall route such transactions through Intel. Business Branch, New Delhi.

(d) : The Reserve Bank of India(RBI) vide circular letter dated October 28, 2015 has issued instructions to all scheduled commercial banks highlighting the irregularities observed. All banks were advised in the letter to look into these aspects and conduct a thorough Internal Audit and place the report before Audit Committee of the Board of respective banks and to forward the findings to RBI so that further corrective action as required may be taken in this regard. Further, FIU-IND in consultation with RBI, has also issued in November, 2015 guidelines specifying Red Flag indicators for detection of suspicious transactions related to trade based money laundering.

Annexure

Sl. No	Case No., Date of Registration and Sections of Law	Allegations in brief	Names of the Banks involved	Amount of Estimated Loss	Present Status
1	RC.8/E/2012 dated 15.05.2012 U/Sec.120-B IPC r/w 420 & 511 IPC, Sec. 25(1)(2) of the Fertilizer (Control) Order 1985, Sec. 7(1)(a)(ii) of the Essential Commodities Act, 1955 and Sec. 13(2) r/w 13(1)(d) of PC Act 1988 and substantive offences thereof.	Both accused persons made illegal financial transaction through Bank account without any trade.	1. Axis Bank, Pursatvalkam Branch, Chennai. 2. Axis Bank, Vashi, Navi Mumbai.	Rs.60,50,000/-	Chargesheet filed in the ACMM court, Chennai. Matter referred to Enforcement Directorate, Chennai for taking action against 2 persons for their indulging in Money Laundering / Hawala transactions.
2	RC 24/2012 13.06.2012 U/s. 120-B r/w 420 IPC and Sec.13(2) r/w 13(1)(d) of PC Act, 1988	During the period 2007 - 2009, accused persons entered into a criminal conspiracy to cheat MMTC Ltd. in the matter of bullion trading. In pursuance of the said conspiracy the accused persons extended undue favour to the firm to the tune of Rs.18 crores by intentionally omitting to debit and recover the difference exchange rate from the firm, thereby causing a wrongful loss to MMTC Ltd.	Bank of India	18 crores loss to MMTC Ltd.	Chargesheet has been filed in the case. 1. Self Contained Note was sent to Enforcement Directorate to examine the prima facie FEMA violations by Bank of India in the bullion trade transactions of accused using MMTC Ltd. as a conduit and to take appropriate action. 2. A separate note has been sent to Bank of India

3	RC 25/E/2013 dt. 30.10.2013 U/Sec.120-B r/w 420, 379, 411, 427, 447 IPC, Sec.13(2) r/w 13(1)(d) of PC Act, Sec.21 r/w 4(1), 4(1)(A) and 23 of Mines and Minerals (Development and Regulation) Act, 1957, Sec.24 of Karnataka Forest Act, 1963.	Accused procured 105240 MT of Iron Ore from various suppliers and illegally transported 56496 MTs of iron ore without permit.	IDBI Bank, Bangalore.	-	to take appropriate action against the bank officials for various omissions and commissions in the transactions.
4	RC BSM 2014 E 0002 dated 08.03.2014 u/s 120-B r/w 201, 409, 420, 471/468 IPC & 13(2) r/w 13(1)(d) of PC Act 1988 and substantive offences thereof	Rs. 180.00 crores entrusted by INPT to accused Manager, Oriental Bank of Commerce, Malwani Malad Branch for creation of FDRs which was criminally misappropriated and transferred to private account.	1. ICICI Bank 2. ING Vysya Bank 3. ChinaTrust Commercial Bank	Rs. 180.00 Crores	Two Charge-sheets have been filed in the case on 26.06.2014 & 03.01.2015. ED, Mumbai & Surat are looking into the transactions from PMLA angle.
5	RCBD1/2015/E/0009-BS&FC/DLI, dated 09.10.15, U/s 120-B r/w 420 IPC and Sec. 13(2) r/w 13(1)(d) of PC Act, 1988.	The accused officials of Bank of Baroda, Ashok Vihar Branch, New Delhi by abusing their official position entered into a criminal conspiracy with 59 current account holders and in furtherance of the said conspiracy, the accused bank officials allowed overseas remittance of Foreign Exchange of	Bank of Baroda	13.75 Crores (As on date, it may be increased as the investigation is at initial stage)	Under Investigation

	<p>approximately Rs. 6,000 crores (revised figure 4681.56 crores) in illegal and highly irregular manner by violation of the established norms of the Bank.</p>	<p>UCCO Bank, Chennai</p>	<p>13,02,08,069 /-</p>	<p>Under Investigation.</p>
<p>6 RC 12/2015 30.03.15 U/s 120-B r/w 420 IPC 13(2) r/w 13(1)(d) of PC Act, 1988</p>	<p>Accused person in criminal conspiracy with bank officials in the matter of sanction of Temporary Over Draft limit of Rs.10 crores against the security lien of another account. Accused persons continued to allow over drafts over and above the approved limit without any authorisation of the competent authority.</p>			