

[28 November, 2000]

RAJYA SABHA

(b) if so, the steps being taken to strengthen the existing anti-economic crime machinery as also the legal frame work to **control** the money laundering activities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Sir, No such note has come to the notice of the Government.

(b) Does not arise.

**Frauds in SBI at Chirag Ali Lane Branch, Hyderabad**

898. SHRI R.P. GOENKA: Will the Minister of FINANCE be pleased to state:

(a) whether recently some cases of fraudulent diversion of money from the fixed deposits and other accounts of customers, including that of an internationally renowned scientist, by a senior staff member who is reportedly an ace cyber criminal, at the State Bank of India, Chirag Ali Lane Branch, Hyderabad, have been reported;

(b) if so, the value of these transactions and the *modus operandi* adopted for such frauds at the said Branch and action taken to restore money to the genuine account holders; and

(c) the steps initiated to check such cyber crimes and also to restore customer confidence in the banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) State Bank of India (SBI) has reported that Shri S.N. Bharadwaj, Assistant Manager (System) while working at Chirag Ali Lane Branch, Hyderabad had siphoned off Rs. 55.48 lacs in respect of cheques tendered by various parties for credit of Employee Provident Fund (EPF) account. Shri Bharadwaj was attending to passing and releasing clearing cheques through Gateway Clearing System. The cheques relating to EPF challans were lodged in clearing by credit called System Suspense Account as they could not be credited to drafts account until drafts are issued on Gateway Clearing System. Shri Bharadwaj used to amend the account in respect of EPF credit by inserting his current account number in place of system suspense account and siphoning off the funds, the concerned official prior to his posting at Chirag Ali Lane Branch had fraudulently encashed proceeds of two Short Term Deposit Receipts (STDRs) belonging to

Shri A.P.J. Abdul Kalam amounting to Rs. 1,96,325.45 by forging the latter's signature. The bank has restored the money to Shri A.P.J. Abdul Kalam along with overdue interest thereon. Bank is seeking legal opinion for repaying disputed amount to EPFalso.

The *modus operandi* employed in the above cases reveal that they are not cyber crimes but frauds on account of the employee misusing the powers and responsibility vested in him by the bank. However, suitable instructions have been issued to all Circle's/branches of SBI for safeguarding against perpetration of similar frauds in future.

#### **Counterfeit currency racket in NE Region**

899. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) the findings of the Technical Committee constituted by Government to probe the counterfeit currency racket in the country specially in the North-Eastern Region; and

(b) the measures taken up by Government to check the circulation of high quality fake notes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAM ACHANDRAN): (a) Ministry of Finance had set up a High Level Technical Committee of Experts in the note printing field with representatives from Department of Economic Affairs, Reserve Bank of India, Ministry of Home Affairs and National Security Council Secretariat for examining the whole gamut of the problem caused by the circulation of fake currency notes, which has been reported upon in the newspapers in the recent past. The Committee's report is awaited.

(b) The following steps have been taken to check the circulation of high quality fake notes;

#### *Steps taken by the Ministry of Finance*

(i) A six-member Fact Finding Committee had been set up under the convenorship of General Manager, RBI, comprising experts on note-printing/currency paper, etc., for examining fake notes seized in the past in order to enable the Government to take remedial action *vis-a-vis* printing and security features.