

authorities like Income Tax, Customs, Excise, DRI, CBI, etc.; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Sir, no complaint/ information has been received by the Enforcement Directorate regarding siphoning of funds by ESSAR Group in the name of restructuring of the Group.

(b) The Enforcement Directorate is investigating an allegation against ESSAR Group of Companies to the effect that the Group had siphoned off funds by way of EPC Contracts entered between their flagship companies in India and their offshore entities. It is alleged that the group raises project finance in the Indian flagship companies through public issues, financial institutions and banks and then remits the said funds to their own offshore companies (shown as EPC Contractors).

(c) The Enforcement Directorate is investigating the allegations mentioned in (b) above.

(d) Does not arise.

Defrauding of Bank of India

2984. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned, "Cyberspace implicated in defrauding BOI", as reported in the Hindustan Times dated the 14th August, 2001;

(b) if so, whether an individual company in connivance with bank officials and other private parties have defrauded the BOI to the tune of crores of rupees;

(c) if so, the details thereof; and

(d) the steps taken by Government to check such bank frauds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) and (c) *MA. Cyberspace Ltd.* was sanctioned a lease Finance of Rs. 2.80 crore for acquiring computers, servers and other accessories by the Bank of India, Lease Finance Branch, Mumbai on February 27, 2001. On the request of the Lessee Company, the equipment lease finance of Rs. 2.80 crore was disbursed by the branch to the suppliers of the equipment, *MA. Inmac Computers Pvt. Ltd.* on March 14, 2001 against their invoices dated March 5, 2001 in the name of 'Bank of India A/C. Cyberspace Ltd., and Bank had obtained necessary stamped receipt. Post-disbursement visit/ inspection carried out by the bank on March 20, 2001 revealed that the equipment leased had not been installed at the premises of the lessee company. On written enquiry with the suppliers, it came to light that *W.s. Cyberspace Ltd.* had cancelled the order earlier placed with the suppliers and supplier refunded the amount of *MA. Kamal Infosys Ltd.* (a sister concern of *M£. Cyberspace Ltd.* identified by them) Bank of India has lodged complaint with CBI against the promoters of the Company and suppliers of goods.

(d) Bank have been advised to follow the laid down procedures and precautionary measures to guard against frauds. RBI has also issued a caution advice against *M/s. Cyberspace Ltd.* and its directors as well as *M£. Inmac Computers Pvt. Ltd.* to all commercial banks.

Separate Agency to Investigate Bank Frauds

2985. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether RBI has constituted a Committee on legal aspects of bank frauds which has suggested the creation of a separate bureau to investigate serious frauds;

(b) if so, the steps Government have taken propose to take on the further recommendations of the RBI to tackle bank frauds; and

(c) what other steps Government propose to take to tackle bank and financial frauds in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL), (a) to (c) Reserve Bank of