

Life Insurance Corporation of India and the General Insurance Corporation of India that necessary action has been initiated against the persons involved in fraudulent insurance claims detected during the years 1994 and 1995.

(b) Does not arise.

(c) Eight cases have been referred to the Central Bureau of Investigation.

(d) Whenever instances of fraudulent insurance claims come to light, investigations are carried out by the concerned departments in consultation with Vigilance Departments of respective companies/Corporations and necessary action is initiated. Regular audit is conducted by Internal Audit Departments to check occurrence of such frauds. CBI is informed when outside parties are involved. If any connivance of insurance employees is noticed, disciplinary proceedings are initiated. The vigilance activity of the Insurance Corporations/Companies are monitored at the Board level of the Corporations/Companies as well as at Ministry's level also. These measures help to a large extent, in preventing corrupt practices in the Insurance Companies/Corporations.

[English]

#### Frauds in Canara Bank

48. SHRI JANG BAHADUR SINGH PATEL : Will the Minister of FINANCE be pleased to state

(a) whether the attention of the Government has been drawn to the newsitem captioned "Bedi brothers find lakhs missing from bank account" appearing in the *Times of India* dated December 21, 1996;

(b) if so, whether five cheques amounting to Rs. 9 lakh were cashed by someone from Canara Bank's Rajouri Garden Branch, New Delhi;

(c) if so, the manner in which five cheques were cashed one after the other on forged signatures and the bank authorities failed to check the fraud;

(d) whether any departmental enquiry or police complaints have been made by the bank authorities;

(e) if so, the details thereof; and

(f) if not, the reasons therefor ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) and (b) Yes, Sir.

(c) to (f) Canara Bank has reported that the five cheques were from the cheque book issued to the account holder and the signatures appearing in the cheques appear to tally with the specimen signature lodged with the bank. All the five cheques were paid across the counter in good faith without any negligence on the part of the bank. The bank has reported that even though statements of account were regularly made available to the account holders, the alleged fraud was brought to the notice of the bank only when the bank pointed out that in one subsequent cheque the seal of the account holder was not affixed. The internal

investigations conducted by the bank did not reveal any staff involvement. The bank has also reported that it got the signatures examined by a hand writing expert who confirmed pictorial similarity in these signautres i.e., forgery in the signature cannot be detected by a layman without scientific analysis/aid of magnifying lens.

Since the party had filed a police complaint and FIR has already been registered, the banks has not filed a separate police complaint in the matter.

#### Foreign Exchange Regulation Act

49. SHRI G.A. CHARAN REDDY :  
SHRI SUDHIR GIRI :

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to replace Foreign Exchange Regulation Act (FERA) with a comprehensive, progressive legislation covering all aspects of money laundering in view of liberalisation;

(b) if so, the details thereof; and

(c) the time by which the new legislation is likely to be brought forward ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c) Major changes in FERA were carried out *vide* Foreign Exchange Regulation (Amendment) Act, 1993 (29 of 1993). However, a comprehensive review of FERA is currently being undertaken and further changes, if necessary, may also be considered.

With regard to legislation on money laundering, a Bill may be moved in Parliament in the ensuing Budget session.

#### IDBI Loan to GSECL

50. SHRI SATYAJITSINH DULIPSINH GAEKWAD :  
SHRIMATI BHAVNABEN DEVRAJBHAI CHIKHALIA :

Will the Minister of FINANCE be pleased to state:

(a) whether Gujarat State Electricity Company Limited has sought a loan of Rs. 600 crores from Industrial Development Bank of India for the two power projects;

(b) if so, the details thereof; and

(c) the decision taken thereon ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (c). The Industrial Development Bank of India (IDBI) has reported that Gujarat State Electricity Corporation Limited (GSEC) has approached it for a term loan for setting up two coal based power plants. IDBI is examining the proposal.

#### Small Scale Industries

51. SHRI AYYANNA PATRUDU : Will the Minister of INDUSTRY be pleased to state: