

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:3912  
ANSWERED ON:22.08.2003  
FAKE BANK DRAFTS  
MANIBHAI RAMJIBHAI CHAUDHARY

**Will the Minister of FINANCE be pleased to state:**

- (a) whether several cases relating to causing loss to the public sector banks through bogus bank drafts have been reported in the country;
- (b) if so, the details thereof during the last one year, value-wise and bank-wise;
- (c) whether the Government are contemplating to take any concrete step to check such cases; and
- (d) if so, the details thereof and if not, the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a): Yes, Sir.

(b): The details of cases of fraudulent collection/ realization of cheques/demand drafts etc. during the period April, 2002 to March, 2003 as reported by public sector banks to Reserve Bank of India are given at Annexure.

(c) & (d): The Reserve Bank of India has issued detailed instructions to banks advising safeguards against perpetration of frauds through fake/forged demand drafts. The safeguards inter-alia include treating bank drafts as security items to be held in joint custody and balanced daily and verified periodically, printing drafts on sensitive paper, use of protectograph machines, pinpoint typewriters or protective cheque writers while issuing demand drafts, scrutinizing carefully the signatures of drawing officials and in case of doubt contacting the issuing branch by fax/telex/telegram and ensuring extra caution by passing officials where drafts of large amount are paid in cash. Banks have also been advised to introduce a system of sending facsimile copy of the draft issued to the drawee branch/bank. Banks have also been advised to review the existing systems and procedures and ensure adequate safeguards to prevent such type of frauds.

Annexure

STATEMENT SHOWING DETAILS OF CASES OF FRAUDULENT COLLECTION/REALIZATION OF CHEQUES/DEMAND DRAFTS ETC. DURING THE PERIOD APRIL, 2002 TO MARCH, 2003 AS REPORTED BY PUBLIC SECTOR BANKS RESERVE BANK OF INDIA.

(Rs. In lakhs)

Name of the Bank No. of frauds Amount involved

State Bank of India 44 102.28

(Overseas branches) 00 0.00

State Bank of Bk. 02 3.36  
& Jaipur

State Bank of Hyderabad 05 31.27

State Bank of Indore 03 4.25

State Bank of Mysore 00 0.00

State Bank of Patiala 00 0.00

State Bank of Saurashtra 01 0.47

State Bank of Travancore 00 0.00

Allahabad Bank 05 42.48

Andhra Bank 00 0.00

Bank of Baroda 64 204.67

(Overseas branches) 01 12.90

Bank of India 17 396.52

(Overseas branches) 00 0.00

Bank of Maharashtra 00 0.00

Canara Bank 56 138.70

Central Bank of India 29 137.80

Corporation Bank 12 19.07

Dena Bank 04 21.11

Indian Bank 04 4.76

Indian Overseas Bank 10 14.90

Oriental Bank of Commerce 04 14.98

Punjab National Bank 18 84.54

Punjab & Sind Bank 05 64.16

Syndicate Bank 31 20.19

Union Bank of India 08 10.87

United Bank of India 12 5.25

UCO Bank 14 57.82

Vijaya Bank 05 6.68