

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2302
ANSWERED ON:23.07.2004
FRAUD BY DAEWOO MOTORS .
Koya Dr. P. Pookunhi

Will the Minister of FINANCE be pleased to state:

- (a) whether a major fraud in the Indian Corporate history was committed by Daewoo Motors India Ltd. And its parent company in Korea in which the Indian Banks have sunk over Rs.1,500 crores, has recently come to light;
- (b) if so, the details thereof alongwith the estimated amount involved therein;
- (c) the modus operandi of the company in siphoning off the creditors` money; and
- (d) the steps taken by the Government for recovery of the creditors money?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a), (b), (c) & (d) : Reserve Bank of India (RBI) has informed that no fraud in respect of Daewoo Motors India Limited has so far been reported to RBI by any of the commercial banks. However, State Bank of India and other member banks/financial institutions of the consortium have classified the account of Daewoo Motors as NPA and cases have been filed in Debts Recovery Tribunal at New Delhi and Mumbai. An investigation into the affairs of Daewoo Motors India Limited was ordered by the Ministry of Company Affairs under Section 235 of the Companies Act and an official of the Serious Fraud Investigation Office was appointed as Inspector. The examination of Inspection Report received in the Ministry of Company Affairs has been completed.