

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5222
ANSWERED ON:27.08.2010
COMPLAINT AGAINST FOREIGN BANKS
Sudhakaran Shri K.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received complaints against Foreign Banks operating in India regarding purchasing of the debts and securities/assets at peanut price by making forged and fraudulent assignment agreements for evading Stamp Duty;
- (b) if so, the details thereof alongwith the names of banks booked under such fraudulent activities during the last three years; and
- (b) the action taken/proposed to be taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) to (c): The Reserve Bank of India (RBI) has received multiple complaints from a complainant against one of the foreign banks operating in India alleging that the bank had purchased Non-Performing Assets (NPAs) from a Public Sector Bank (PSB) at throw away prices and made fraudulent statement in the Assignment Agreement for the purpose of evading stamp duty. The complainant has, inter-alia, alleged that the foreign bank had cheated the Government exchequer by evading stamp duty by making deliberate and intentional false assertion in the Assignment Deed entered into with the PSB for purchasing NPAs from it. The complainant has also mentioned that in the Assignment Deed, the foreign bank had falsely recorded that it was a securitization and Asset Reconstruction Company (ARC) and had obtained a certificate/license for the same from RBI under Section 3 of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act.

Although no bank has been booked under such fraudulent activity during the last three years, RBI started to conduct a scrutiny in the matter.

In this regard, RBI has also informed that banks, Indian or Foreign, do not require registration as ARC as they themselves can take recourse to the SARFAESI Act.