

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:425  
ANSWERED ON:02.09.2011  
IRREGULARITIES IN FOREX DERIVATIVES TRADE  
Singh Shri Yashvir

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

- (a) the details of the commercial banks penalised by Reserve Bank of India (RBI) for contravention of various instructions relating to derivative products;
- (b) whether serious irregularities have taken place in forex derivatives trade in the country, if so, the details thereof for the last three and current year;
- (c) whether the spread of rumours of rupee likely to appreciate by 35 for a US dollar had caused import/export companies to buy forex derivative instruments from the public/private and foreign sector banks;
- (d) if so, the details alongwith the consequences thereof;
- (e) whether the Government proposes to inquire into the forex derivatives trade during these years; and
- (f) if so, the details thereof and if not, the reasons therefor?

**Answer**

THE FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.425 FOR 2ND SEPTEMBER, 2011 REGARDING IRREGULARITIES IN FOREX DERIVATIVES TRADE TABLED BY SHRI YASHVIR SINGH

(a)&(b): The Reserve Bank of India had imposed penalties on 19 commercial banks on April 26, 2011, for contravention of various instructions issued by the Reserve Bank of India in respect of derivatives. These penalties were imposed by RBI in exercise of powers vested under the provisions of the Banking Regulation Act, 1949. The details of penalties imposed and banks involved are given in the Press Release issued by RBI on 26th April, 2011 and is available on RBI's website at [www.rbi.org.in](http://www.rbi.org.in).

(c) &(d): RBI has informed that it is not aware of any rumours being spread of rupee appreciation.

(e) to (f): As informed in reply to parts (a) and (b) above, the banking sector regulator, that is, RBI, has taken action against the banks involved for violation of the instructions of RBI. Further, in the light of experience gained in implementation of the Comprehensive Guidelines on Derivatives over the last four years, guidelines were modified and issued vide RBI Circular dated August 2, 2011. The circular is available on the website of the RBI ([www.rbi.org.in](http://www.rbi.org.in)).