

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:330
ANSWERED ON:27.04.2012
ELECTRONIC FUND TRANSFER
Abdulrahman Shri ;Bhoi Shri Sanjay

Will the Minister of FINANCE be pleased to state:

- (a) whether cases of cheque/draft frauds are reported to be on the rise in the country;
- (b) if so, the details ; thereof for the last three years and the current year and the reasons therefor alongwith the number of such cases lying with the various courts for the said period;
- (c) whether the Government has directed the banks to popularize electronic fund transfer to reduce such frauds;
- (d) if so, the details thereof; and
- (e) the other corrective steps taken/being taken by the Government/RBI to keep a check on such frauds?

Answer

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (e): A statement is laid on the table of the House.

Statement as referred in reply to part (a) to (e) of Lok Sabha Starred Question No. 330 for reply on 27.4.2012, regarding `Electronic Fund Transfer`.

(a)&(b): No Sir, as per data number of cases of cheque/draft frauds over the past three years has shown a declining trend. As reported by the Banks to the Reserve Bank of India (RBI), data on cheque/draft frauds and number of cases lying with various courts during the calendar year 2009, 2010, 2011 and 2012(upto March 31) is as annexed.

(c)&(d): in order to popularize Electronic Fund Transfer (EBT) and to reduce transactions by Cheque/drafts, the Government had issued circulars on 11th August and 11th October, 2011 advising all Public Sector Banks(PSBs), Financial Institutions(FIs) and Public Sector Insurance Companies(PSICs) that w.e.f. 1st September, 2011 except for petty cash, they should deal with disbursal/payments only through direct credit to accounts. The Government has also decided that all institutions, corporate or otherwise which take any loan or in whose equity any financial institution has invested, shall ensure to make payment and receive ali payments electronically.

Department of Expenditure on 31.3.2012 has issued instructions to the effect that w.e.f 1st April, 2012 all Ministries/Departments in Government of India will make all payments above Rs. 25,000/- electronically to private parties and all payments towards settlement of retirement/terminal benefits to Government employees will be by electronically signed payment advice.

RBI, as a part of its Financial Inclusion initiative, has encouraged the Central/State Governments to disburse social security payments through the banking channel leveraging Electronic Benefit Transfer (EBT) for financial intermediation.

(e): In order to eliminate the instances of frauds in respect of the instruments cleared through cheque transactions system, RBI has prescribed certain benchmarks towards achieving standardisation of cheques issued by banks across the country called `CTS-2010 Standards`. These include provision of mandatory minimum security features on cheque forms like quality of paper, watermark, bank`s logo in invisible ink, void pantograph, etc, and standardisation of field placements on cheques. In addition, certain desirable features are also being suggested which could be implemented by banks based on their need and risk perception. The homogeneity in security features is expected to act as a deterrent against cheque frauds. Therefore, all banks providing cheque facilities to their customers have been advised to issue only `CTS-2010` Standard cheques not later than April 1, 2012 on priority basis in Northern and Southern Region which will be part of the Northern and Southern CTS Grids respectively and across the country by September 30, 2012 through a time bound action plan.