

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:16  
ANSWERED ON:22.02.2013  
FRAUDULENT BANKING TRANSACTIONS  
Chaudhary Shri Arvind Kumar;Putul Kumari Smt.

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

- (a) whether any fraudulent banking transactions allegedly through hawala rackets have been unearthed by the Directorate of Revenue Intelligence in the country during the last three years;
- (b) if so, the details thereof including the amount involved therein, year-wise;
- (c) whether the Government has fixed any responsibility in this regard;
- (d) if so, the details thereof; and
- (e) the effective steps taken/being taken by the Government to check such transactions in the country?

**Answer**

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (e): A statement is placed on the Table of the House.

Statement in reply to Lok Sabha Starred Question No.16 for Answer on 22-02-2013:

(a)&(b): One case has been booked during last three years by Directorate of Revenue Intelligence against two Hawala Syndicates engaged in transferring illegal remittances towards payment of under invoiced import consignments, using banking channels in the name of front/bogus firms. The modus operandi adopted by the syndicates is by submitting bogus import proforma invoices in order to remit advance payments against imports to be made at a later date but no such imports were made by them. The amount involved in such illegal remittances was to the tune of Rs.325 crore. The action is being taken under the provision of Customs Act, 1962 and Foreign Exchange Management Act, 1999, etc.

(c)&(d): No involvement of any officer has come to light so far.

(e): The following steps have been /are being taken by the Government to check such fraudulent banking transactions in the country:-

(i) Reserve Bank of India issues master circulars on monitoring fraudulent banking transactions, classification and prevention of fraud and manner of dealing/conducting transactions in foreign exchange under various provisions of FEMA.

(ii) Financial Intelligence Unit (FIU-India) receives Suspicious Transaction Reports (STRs) from reporting entities including banking companies as per the Prevention of Money Laundering Act 2002 (PMLA). Standard Red Flag Indicators (RFIs) reported by banks are analyzed and disseminated to the relevant law enforcement and intelligence agencies for investigation and necessary action.

(iii) In respect of unauthorized transfer of funds involving persons resident outside India and persons resident in India, the Customs Department, banks and other law enforcement agencies report such violations to Enforcement Directorate (ED) for investigation under FEMA and PMLA. The ED takes appropriate action including adjudication, imposition of penalty and attachment/confiscation of the proceeds of crime as the case may be, under relevant provisions of FEMA and PMLA respectively.

(iv) The Income Tax Department brings income arising out of such fraudulent banking transactions also under the purview of Income Tax Act 1961. Further, penalty and other proceeding are initiated under provisions of Income Tax Act, 1961.