

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2969
ANSWERED ON:02.08.2002
BANK FRAUD QUESTION
ADHIR RANJAN CHOWDHURY

Will the Minister of FINANCE be pleased to state:

- (a) whether attention of the government has been drawn to the newsitem captioned `Rs.72 crore bank fraud` appearing in the `Hindustan Times` dated June 13, 2002;
- (b) if so, the details thereof; and
- (c) the action taken by the Government against cheaters?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a): Yes, Sir.

(b) & (c):- State Bank of India (SBI) have reported that they had extended various credit limits/facilities aggregating to Rs.68.10 crores as on March 1997 to Kothari Group of Companies which became irregular. It is alleged that the Group had submitted forged and fabricated power of attorneys to the bank for the purpose of creation of equitable mortgage and also inflated projections of sales/profits. The Bank has filed a case in the Debt Recovery Tribunal, Guwahati against the companies for an aggregate amount of Rs.93.92 crores. Bank has also lodged a complaint with Central Bureau of Investigation (CBI) who had registered a case and arrested the main accused Shri Motilal Kothari. He was later released on bail by the Hon'ble High Court, Guwahati. Bank has also taken departmental action against its officials connected with sanction, conduct and follow up of the advances in consultation with the Central Vigilance Commission and imposed appropriate penalties against them.