

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5769
ANSWERED ON:03.05.2002
ACTION AGAINST BANK OFFICIALS
SAMUDRALA VENUGOPAL CHARY

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government are aware that many chairpersons of private sector banks siphoned off more than Rs. 500/- crores from the banks;
- (b) if so, the details of such banks since 1995;
- (c) whether there are allegations that the former chairperson of Bank of Rajasthan also siphoned off Rs.500/- crores from the bank;
- (d) if so, the facts thereof and the action the Government propose to take in this regard;
- (e) whether no action has so far been taken against him or to recover the money of the poor depositors; and
- (f) if so, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN)

(a)&(b): The information is being collected and will be laid on the Table of the House.

(c),(d),(e)&(f): Reserve Bank of India (RBI) has reported that a show-cause notice was issued to Shri N.M. Chordia the then Chief Executive Officer of the Bank of Rajasthan for violation of RBI guidelines/instructions by the Bank and a penalty of Rs.20 lakhs was imposed on the Bank on 3rd February, 1997. Shri Chordia resigned from the Bank on 24th June, 1997. During the course of inspection RBI found serious irregularities in the conduct of business by Bank of Rajasthan. Most of the irregularities had occurred in respect of certain borrowal accounts connected with Bangur Group. Both promoter and director of the bank belonging to this group were removed by RBI from the Board of Directors of the bank on 25th October, 1997. The matter relating to alleged siphoning of funds in the Bangur related accounts is currently under investigation of Central Bureau of Investigation (CBI).