

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1369
ANSWERED ON:11.03.2005
FRAUD IN BANKS QUESTION
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that recently a fraud has been detected in some banks in Delhi where the Security Guards of the banks have stolen cheques from the cheque drop boxes and swindled money worth lakhs of rupees by getting the cheques cashed and the customers have thus been badly cheated;
- (b) if so, the names of the banks where the fraud has been committed;
- (c) whether the matter has been investigated;
- (d) if so, the action taken against the officials of the concerned banks who have failed to protect the interests of the customers;
- (e) whether the money has been recovered fully and credited in the accounts of the rightful customers by now and the guilty guards brought to book;
- (f) if so, the action taken by the Government in this regard;
- (g) whether the banks still want to continue with the illegal practice of cheque drop box system;
- (h) if so, the reasons therefor; and (i) the concrete action taken to ensure that the customers do not become victims of the system?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to
(i) : Reserve Bank of India (RBI) has reported that two instances have come to their notice where cheques were stolen from drop boxes provided at ATM's outside the branch premises and encashed fraudulently through some banks in Delhi. In one case, the security guard has stolen cheques from the drop box at IDBI Bank, Vivek Vihar, Delhi. The security guard managed to collect the instrument through Indian Overseas Bank, Preet Vihar Branch through his accomplice's accounts. In another incident, Bank of Punjab has reported a case of theft of cheques from their drop box kept at the gate of their Punjabi Bagh Branch, Delhi. Some of these stolen cheques were encashed through accounts opened at several banks in Delhi viz. Oriental Bank of Commerce, StandardChartered Bank, UCO Bank and Central Bank of India. The culprits involved in both cases have been arrested by the Police for investigation. The Banks have reported that there is no direct involvement of any bank official in the thefts. Bank of Punjab has recovered the entire amount whereas Indian Overseas Bank could not recover an amount of Rs.98,500/- which was withdrawn from the accounts opened by the fraudsters. The Regional Office of RBI at Delhi has advised all banks to strengthen their security systems and the monitoring of outsourced agencies engaged for collection of cheques and control systems obtaining in the bank. The Working Group on customer service in banks constituted by the Government in March 1975 had recommended introduction of cheque drop box facility in banks. The cheque drop box facility has been introduced by banks for the convenience of the customers and it is in addition to the regular counters for collection. RBI has also advised banks that the cheque drop box facility and the facility for acknowledgement of the cheques at the regular collection counters of branches should be available to the customers and no branch should refuse to give an acknowledgement if the customer tenders the cheque at the counters. Indian Banks' Association, at the instance of RBI, has advised banks to make absolutely fool-proof arrangements for accounting of the number of instruments each time the box is opened so that there are no disputes in this regard and the customers' interest is not compromised.