

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5169  
ANSWERED ON:29.04.2005  
CHEQUE FRAUD  
Kharventhan Shri Salarapatty Kuppusamy

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

- (a) whether the Government is aware that `Cheque Fraud` is reported frequently in various parts of the country particularly in Tamil Nadu causing huge loss to the banks and the account holders;
- (b) if so, details thereof; and
- (c) the action taken by the Government to prevent the recurrence of such incidents and to punish the guilty ?

**Answer**

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

(a)&(b) Reserve Bank of India (RBI) has reported that in the cases of withdrawal of money through fake cheques/demand drafts in Public Sector Banks during the financial year 2002-03, 2003-04 and April 2004 to December 2004, an amount of Rs.1399.03 lakhs, Rs.477.19 lakhs and Rs.437.04 lakhs respectively was involved. In Tamil Nadu five cases of more than one lakh each involving a total amount of Rs.33.48 lakhs have been reported during the financial year 2003-04 and four such cases involving a total amount of Rs.424.33 lakhs have been reported during April-December, 2004.

(c) With a view to prevent recurrence of incidents of withdrawal of money through fake cheques/drafts, RBI has issued circulars to Banks from time to time cautioning them to be more careful in the transactions involving collection/realization of drafts. As fake and stolen cheques/demand drafts are encashed through fictitious bank accounts, RBI, with a view to plug loopholes, has issued detailed guidelines to banks in November 2004 on `Know Your Customer` norms. In the case of lost and stolen demand drafts, the concerned bank issues a caution advice to its branches and the branches of other banks functioning in the area. Banks also bring the matter to the notice of IBA with a request to circulate the information amongst the member banks regarding fake drafts/cheques. Strict action is taken as per rules against the employees whose involvement in the frauds is established.