

Indian Bank's Association

No.CIR/RB/PS/571

11 July 2008

The Chief Executive of all the Member Banks

Dear Sir,

Caution against fictitious offers of remitting cheap funds Abroad - RBI Press Release dated 7 December 2007

The Reserve Bank of India in a communication to IBA forwarded a letter reiterating their earlier press release dated 7 December 2007 cautioning the public in general, not to fall prey to fictitious offers for release of cheap funds claimed to have been remitted by overseas entities to bank in India. The RBI also cautions that they should not make any remittance towards participating in such schemes/offers from unknown entities. A copy of the communication is enclosed for your ready reference.

The Reserve Bank of India has requested IBA to inform the member banks to give wide publicity to the Press Release through their branches and by placing the Press Release on their website.

In the light of the above backdrop, we request member banks to take appropriate steps to create customer awareness on the above matter.

Yours faithfully,

K Unnikrishnan
Deputy Chief Executive

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HSBC 

DBOD Leg No.

353/09.08.001/2008-09

July 07, 2008

The Chief Executive
Indian Banks' Association Centre 1, 6th Floor
World Trade Centre, Cuff Parade, Mumbai - 400 005

Dear Sir,

Caution against fictitious offers of remitting cheap funds from abroad- RBI Press Release dated 7 December 2007

We forward herewith a copy of the Press Release 2007-2008/770 dated 7 December 2007 issued by us.

2. We shall be glad if you will advise your member banks to give wide publicity to the Press Release through their branches and by placing the Press Release on their website.

Yours faithfully

(Subrata Das)
Deputy General Manager
Encls: As above

बैंकिंग परिचालन और विकास विभाग, केन्द्रीय कार्यालय, 12वीं मंजिल, केन्द्रीय कार्यालय भवन, शहीद भगतसिंह मार्ग, मुंबई 400001

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RESERVE BANK OF INDIA

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7 December 2007

RBI Cautions Public Against Fictitious Offers of Remitting Cheap Funds from Abroad

The Reserve Bank of India has advised members of public not to fall prey to fictitious offers for release of cheap funds claimed to have been remitted by overseas entities to banks in India/Reserve Bank of India. Members of public should also not make any remittance towards participation in such schemes/offers from unknown entities.

Describing the typical modality of such offers, the Reserve Bank of India stated that certain foreign entities/individuals, including Indian residents acting as representatives of such entities/individuals, make offers through letters/e-mails, etc., of huge money in foreign currency to resident individuals/entities (including schools/hospitals), on the pretext of helping them in their business/ventures in India. Once the contact is established, the offer is followed by a request seeking details of bank account of the individuals/Indian entity and asking some amount to be remitted to them as initial deposit/commission so that the offer money could be transferred, Likewise, references have been also received in the Reserve Bank in the recent past from individuals/authorised dealers seeking approvals clarifications for effecting remittances in foreign currency towards commission / fees for receiving prizes won in overseas lottery schemes etc,. It has also come to the notice of the Reserve Bank that certain overseas organisations have been advising individuals companies/trusts in India that huge sums of money for disbursement of loans in India at cheap rates has been kept in an account with the Reserve Bank and the funds would be released after approval from the Reserve Bank. To substantiate their claims, even copies of certificate/deposit receipts purported to have been issued by the Reserve Bank are produced by such operators.

The Reserve Bank of India has today clarified that remittance in any form towards participation in lottery schemes is prohibited under Foreign Exchange Management Act, 1999. Further, these restrictions are also applicable to remittances for participation in lottery-like schemes functioning under different names, such as money circulation scheme or remittances for the purpose of securing prize money/awards, etc. The Reserve Bank of India has further clarified that it does not maintain any account in the name of individuals/companies/trusts in India to hold funds for disbursement.

G. Raghuraj
Deputy General Manager

Press Release : 2007-2008/770

