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MARKET STATS		26,150 ▼ -77.38	8,074 ▼ -5.85	28,970.00 ▼ -161.00	68.13 ▲ 0.30					

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Illegal remittances racket operating through Bank of Baroda minted Rs 6,000 crore?

By PTI | Updated: Dec 20, 2015, 01.01 PM IST [Post a Comment](#)

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NEW DELHI: The masterminds of illegal remittances racket operating through [Bank of Baroda](#) BSE 1.14% were allegedly charging Rs 1.35 for every dollar sent abroad from people who wanted to use their services.

The CBI investigation into over Rs 6,000 crore transfer (about \$100 crore) to Hong Kong and Dubai through BoB Ashok Vihar Branch has indicated that the master operators were charging this premium by offering their channel to send the money outwards, the agency's chargesheet alleged.

The CBI has filed its chargesheet which reveal that nearly \$100 crore were transferred from India to Hong Kong and Dubai using proper banking channel by evading the scrutiny of banking software which red flags every transaction above USD one lakh.

Sources said the agency has mentioned in its chargesheet that masterminds of the racket were allegedly distributing the fee of Rs 1.35 per USD among themselves with even the lowest rung of the gang (which were alleged account holders) made Rs 25-40 lakh in one year period from July 2014-July 2015.

"The lower rung of the gang was given 20-25 paisa per USD transferred and during the one-year period they have made about Rs 25-40 lakh by transferring funds through banking channels," an official said.

The sources said similarly the parties in Hong Kong and Dubai to whom the money was allegedly being transferred made over Rs 35-60 lakh in commission from the well-oiled machinery which was being run.

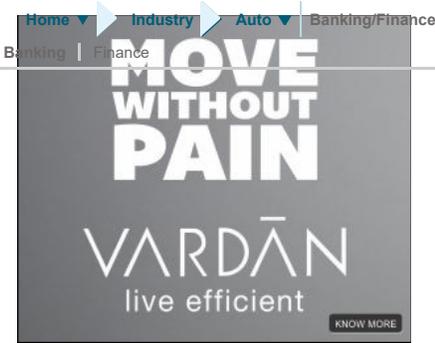
CBI had registered a case against 59 current account holders and unknown bank officials and private persons on a complaint from Bank of Baroda.

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It was alleged that the 50 current account holders and unknown bank officials conspired to send overseas remittances, mostly to Hong Kong, of Foreign Exchange worth approximately Rs 6000 crore in illegal and irregular manner in violation of established banking norms under the garb of payments towards suspected non-existent imports.

It was also alleged that the amount remitted in each transaction would be kept at less than \$100,000, CBI said.

A CBI officer said it is a mammoth investigation with large number of accounts from where money was allegedly transferred to accounts opened by remittance racket and from there it was transferred outwards to number of accounts.

"We are working hard to decipher the chains and sub-chains of the transfers to reach the people who were using the channel to transfer the money with each transaction being scrutinized as some transactions were genuine as well," the probe team said.

According to the sources, these racket members were sending such large number of remittances to facilitate underinvoicing and overinvoicing in the import and export bills.

While the importers were allegedly underinvoicing their products and sending payments in the form of these illicit channels those exporting products were allegedly using it for extracting duty drawback from the government, they said.

Giving details about the modus operandi of the officials, the CBI sources said the alleged irregularities took place broadly at three levels -- accounts were opened in fictitious names in contravention of KYC norms, the manipulations in the accounts to facilitate foreign exchange transfers and the source of money which was being transferred from multiple accounts to these accounts.

"The accounts were allegedly opened either in fictitious names or in the names of persons who were employed in different companies. Forged and fake identity papers like PAN cards, voter ID cards etc. were allegedly used for opening the accounts," CBI spokesperson had said.

Additional General Manager S K Garg and Jainish Dubey, who headed the foreign exchange division at the bank's Ashok Vihar Branch have also been charged under provisions of Prevention of Corruption Act even as probe to identify and nab the kingpin continues.

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