



LEGISLATIVE ASSEMBLY  
NATIONAL CAPITAL TERRITORY OF DELHI

COMMITTEE ON PETITIONS

TWENTY FIFTH REPORT OF THE SIXTH ASSEMBLY

SUBJECT: ALLEGED IRREGULARITIES IN DELHI NAGRIK SEHKARI  
BANK LTD.

PRESENTED ON 03<sup>RD</sup> DECEMBER, 2019  
ADOPTED ON 3<sup>RD</sup> DECEMBER, 2019

**Legislative Assembly, Old Secretariat, Delhi – 110054**

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**DELHI LEGISLATIVE ASSEMBLY**  
**COMMITTEE ON PETITIONS**  
**(2019-2020)**

**COMPOSITION OF THE COMMITTEE**

<b>1. Sh. Saurabh Bhardwaj</b>	<b>CHAIRMAN</b>
2. Sh. Pankaj Pushkar	MEMBER
3. Sh. Akhilesh Pati Tripathi	MEMBER
4. Ms. Bhavna Gaur	MEMBER
5. Ms. Bandana Kumari	MEMBER
6. Ch. Fateh Singh	MEMBER
7. Sh. Girish Soni	MEMBER
8. Sh. Raju Dhingan	MEMBER
9. Sh. Shri Dutt Sharma	MEMBER

**Assembly Secretariat:**

1. Sh. C.Velmurugan	Secretary
2. Sh. SadanandSah	Deputy Secretary
3. Sh. Manjeet Singh	Deputy Secretary

## **PREFACE**

1. I, the Chairman, Committee on Petitions, having been authorized by the Committee to present on their behalf, this Report on the petition received from Sh. Anil Kumar Gaur, r/o A-31/6, Main Road Maujpur, Delhi-110053, countersigned and presented by Sh. Sukhbir Dalal, Hon'ble MLA and referred to the Committee on Petitions on 31.08.2017 by the Hon'ble Speaker, Delhi Legislative Assembly. The Petition alleged large scale corruption in the functioning of Delhi Nagrik Sehkari Bank Ltd. Another Petition of similar nature was referred to the Committee dated 05.01.2018 countersigned by Hon'ble MLA Sh. Shri Dutt Sharma.  
As the petitions were related to the same Delhi Nagrik Sehkari Bank Ltd. under the same Department of Cooperatives, a consolidated report is being drafted.
2. The Committee considered and adopted an interim report at their sitting held on 17.01.2018.
3. The present report is based on the observations / recommendations of the Committee in its meetings held on 10.05.2018, 18.05.2018, 26.07.2018, 30.07.2018, 03.08.2018, 21.08.2018, 30.08.2018, 11.09.2018, 14.09.2018, 11.10.2018, 06.12.2018, 15.02.2019, 06.03.2019, 25.03.2019, 12.04.2019, 26.04.2019, 24.06.2019, 19.08.2019, 22.08.2019, 30.08.2019, 23.09.2019, 22.10.2019, 11.11.2019 and 29.11.2019.
4. The observations/recommendations of the Committee on the aforesaid matter have been included in the Report.
5. I would like to thank all the Members of the Committee for their continued guidance.

6. The Committee places on record the profound appreciation for the valuable assistance rendered by Sh. Sadanand Sah, Deputy Secretary, Sh. Manjeet Singh, Deputy Secretary, Sh. Subhash Ranjan, Section Officer, Ms. Chichanbeni A Kithan, Fellow, Delhi Assembly Research Centre (DARC) and other staff of Delhi Assembly Secretariat in preparation of the report.



Date: 30.11.2019

Place: Delhi

SAURABH BHARDWAJ  
CHAIRMAN  
COMMITTEE ON PETITION

## **INTRODUCTION**

1. Sh. Anil Kumar Gaur, r/o A-31/6, Main Road Maujpur, Delhi-110053 filed a petition alleging irregularities in the functioning of Delhi Nagrik Sehkari Bank Ltd (henceforth DNSB Ltd.). The Petition was countersigned and presented to the Hon'ble Speaker, Delhi Legislative Assembly by Shri Dutt Sharma, Hon'ble MLA and referred to the Committee on Petitions on 05.01.2018.
  
2. In the Petition, the Petitioner had alleged the following:
  - i. Misuse of bank money and malpractices in conducting the election for the Managing Committee of DNSB Ltd. on 03.12.2017.
  - ii. The Ex-Chairman, Ex-Vice Chairman, Ex-Director and CEO of the DNSB Ltd. were involved in filing up 40 posts of Clerk-cum-Cashier, Field Inspector, Junior Clerk, Peon, and Drivers as well as the promotion of 62 employees without following proper procedure or seniority list.
  - iii. Financial irregularities and excessive expenditure on the distribution of Diwali gifts during the period 2010-2013 in DNSB Ltd.
  - iv. Bulk Members were enrolled in DNSB Ltd during the period 2011-2014 in violation of Rule 25 of DCS Rules of 2007.
  - v. Sh. Jitender Gupta was promoted from the position of Senior Manager to CEO of DNSB Ltd. despite the fact that his integrity has been questioned in a loan case for which inquiry was conducted u/s 62 of DCS Act, 2003 by Sh. Sanjay Sharma, Inquiry Officer.
  - vi. Employees were terminated/ discharged from the service of DNSB Ltd. without following the Service Rules of the bank, namely, Sh. Upender Garg, CEO, Sh. Narender Singh, Ex-Adl.CEO, Sh. Naresh Mittal, Ex- Sr. Manager, Sh. Anil Goyal, Sr. Manager, Sh. D.K.Sharma, Ex-Manager, Sh. Ajay Vats, Ex-Supervisor, Sh. Amit Bhardwaj, Ex-Supervisor, Sh. Yogesh Gupta, Ex-Jr. Clerk, Sh. Umang Kumar Sharma, Ex-Daftari, Sh. Sunil Kumar, Ex-Manager,

- Sh. Setu Bhan, Ex-Clerk-cum-Cashier, Sh. Jagtar, Ex-Supervisor, Sh. Ajay Sharma, Ex-Clerk-cum-Cashier
- vii. Surrender/Cessation of Sh. Atul Bhardwaj from Vice-Chairmanship, who is a duly elected chairman/member of the managing committee of the bank, without following the provisions of the DCS Act and Rules and show cause notice issued to three other Directors namely Sh. Jagdev Singh Hooda, Sh. Raj Kumar Sharma and Smt. Sarla Bhardwaj.
- viii. Installation of new computers and software systems, servers in the bank through vendors known to the CEO and Chairman of the DNSB Ltd. without inviting open tenders.
- ix. Audit observations regarding malpractice in the bank for the year ending 31.03.2016 and recommendations of RBI for inquiry thereof.
- a) Loans were issued against fake ITRs
  - b) Loans issued on bogus fabricated property papers
  - c) Loans disbursed on wrong information
  - d) Loan, OD/CC limits were provided on the basis of wrong information
  - e) Miscellaneous

## **PROCEEDINGS**

1. In order to ascertain the facts and to investigate the allegations levelled in the said Petitions, the Committee on Petitions conducted its meetings on 10.05.2018, 18.05.2018, 26.07.2018, 30.07.2018, 03.08.2018, 21.08.2018, 30.08.2018, 11.09.2018, 14.09.2018, 11.10.2018, 06.12.2018, 15.02.2019, 06.03.2019, 25.03.2019, 12.04.2019, 26.04.2019, 24.06.2019, 19.08.2019, 22.08.2019, 30.08.2019, 23.09.2019, 22.10.2019, 11.11.2019 and 29.11.2019. The matter was comprehensively deliberated with the Registrar of Co-operative Societies (henceforth RCS), whose reports and findings were considered in the said meetings of the Committee on Petitions.
  
2. Prior to the said meetings, an interim report on the proceedings of the matter pertaining to DNSB Ltd. was prepared and submitted on 15.01.2018 to the Hon'ble Speaker, Delhi Legislative Assembly and adopted by the House on 17.01.2018. In the interim report, the following recommendations were made (reproduced):-
  - i. The Chief Secretary of GNCTD should initiate criminal proceedings against Mr. Shurbir Singh and Mr. JB Singh for their acts of commission and omission to help and aid the corrupt.
  - ii. The Chief Secretary of GNCTD should submit action taken report to the House through Hon'ble Speaker, based on the recommendations and findings of the Committee within a month of the adoption of this Report by the Legislative Assembly.
  - iii. Privilege proceedings should be initiated against Mr. Shurbir Singh and Mr. JB Singh for their multiple acts of contempt of privilege of House Committee of Assembly of Delhi.
  - iv. Prima-facie, the elections of the Managing Committee of DNSB dated 03.12.2017, were conducted in violation of Clause 3 of Schedule II of DCS. The Chief Secretary of GNCTD should initiate the process to get this examined and decide within a month of the adoption of this Report by the Legislative Assembly. The decision on the legality of the said election should be reported to the House

through Hon'ble Speaker, based on the Committee findings within a period of six weeks of the adoption of this Report by the Legislative Assembly.

3. However, despite the recommendations of the House Committee of Assembly of Delhi, no concrete steps have been taken to initiate action against those found guilty. Further, Sh. JB Singh, Secretary-cum-Registrar of Cooperative Societies has challenged the constitutional validity of the Interim Report of the Committee on Petitions dated 17.01.2018 vide WP (C) No. 2353/2018 dated 20.03.2018.
4. On the basis of the aforesaid allegations, the Committee proceedings were primarily aimed at finding answers to the following questions:

**Allegation 1:**

- i. Has there been any violation under the Delhi Cooperative Societies Act (Henceforth DCS Act), 2003 in the conduct of the election for the Managing Committee of DNSB Ltd. on 03.12.2017?
- ii. To what extent has the bank suffered a loss due to the misuse of money during the election?
- iii. Who are the officials responsible for the malpractices committed during the election?
- iv. What actions were taken by the RCS on the alleged misconduct during the election?

**Allegation 2:**

- i. What action was taken against those officials involved in the appointment of 40 illegal appointments and promotion of 62 employees?
- ii. Who are the members who were illegally appointed and promoted? Whether their services have been terminated or demoted?
- iii. Are they still employees of the Bank who are illegally appointed and promoted?

**Allegation 3:**

- i. Whether there have been any financial irregularities and excessive expenditure on the distribution of Diwali gifts during the period 2010-2013 in DNSB Ltd?
- ii. What is the extent of the loss incurred and who are the officials involved?
- iii. Has any action been taken to recover the loss incurred to the bank?
- iv. Has any action been taken against those found to be involved in the act?

**Allegation 4:**

- i. What action has been taken against those officials involved in the enrolment of illegal members?
- ii. What is the procedure to be followed in selecting members of the Bank?
- iii. Are there still members of the Bank who are in violation of Rule 25 of DCS Rules 2017?

**Allegation 5:**

- i. What is the procedure for the appointment of the CEO? What are the qualifications/ experience required for the CEO? Whether Sh. Jitender was eligible for the post of CEO?
- ii. Why was Sh. Jitender Gupta promoted to the position of CEO of DNSB Ltd. despite pending charges against him?
- iii. How many other officials were senior to him in the Bank prior to his appointment as CEO?
- iv. Whether the procedure as prescribed in the Service Rule of the Bank/ DCS Act has been followed in the appointment of Mr. Jitender Singh as CEO DNSB Ltd?
- v. Whether Sh. Jitender Gupta was appointed as regular CEO or adhoc?
- vi. What were the findings against Sh. Jitender Singh in the inquiry conducted u/s 62 of DCS Act, 2003 by Sh. Sanjay Sharma, Inquiry Officer, and other such inspections/ inquiries?
- vii. What action has been taken against Sh. Jitender Gupta after the findings of malpractices committed by him?

**Allegation 6:**

- i. What is the procedure to be followed in terminating an employee of the Bank?
- ii. Whether the Service Rules of the Bank or other relevant procedures followed in terminating the services of 13 employees?
- iii. Whether a reasonable opportunity was afforded to the employees before terminating their services?
- iv. Whether the Staff Review Committee of the Bank has the powers to undertake inquiries of nature that can form the basis of disciplinary action against the employees?

**Allegation 7:**

- i. On what basis was Sh. Atul Bhardwaj dismissed from the post of Vice-Chairman?
- ii. Whether the CEO of the bank has the authority to dismiss the elected Vice-Chairman?

**Allegation 8:**

- i. Whether proper procedure was followed in the alleged purchases of new computers, software systems, and servers in the bank, etc were followed by the CEO and the Chairman of the DNSB Ltd?

**Allegation 9:**

- i. What were the findings of the statutory audit of the bank conducted for the period 2015-2016?
- ii. Was any action taken on the findings of the audit report for the period 2015-16?
- iii. Who is the competent authority to take appropriate actions against the perpetrators of malpractices in the bank?

5. Upon receiving the petition, the Committee forwarded the said petition to the Secretary-cum-Registrar Cooperative Societies on 25.04.2018, with the request to furnish para-wise comments within seven days for the perusal of the Committee. It was further requested to attend the Committee Meeting to be held on 10.05.2018.
  
6. Accordingly, Sh. J.B. Singh, the Secretary-cum-Registrar Cooperative Societies in a written communication dated 08.05.2018, replied that the matter pertaining to *“the validity of the elections held on 03.12.2017 is currently pending adjudication before the Hon’ble High Court in WP (C) No.282/2018 wherein identical prayer has been made before the Hon’ble High Court of Delhi. Therefore, the said petition of Sh. Anil Kumar Gaur is barred by the Rules of Procedure and Conduct of Business of Legislative Assembly of NCT of Delhi, Rule 201 (iii) (a) and (b) which categorically postulate that the Committee on Petitions is precluded to entertain petitions, subject matter of which falls within the cognizance of Competent Court of law/Tribunal/Commission or with respect of which a remedy is provided under the relevant Law/Rules/Regulations. Rule 204 (iv) and Rule 204(vi) precludes the Committee on Petitions to take cognizance of any matter, which are either barred by Rule 201 or are currently sub-judice before a competent court of law.”*

In the same letter, Sh. J.B.Singh, Secretary-cum-Registrar Cooperative Societies, also referred to the Interim Report of the Committee on Petitions dated 17.01.2018 whose constitutional validity has been challenged inter alia before the Hon’ble High Court of Delhi in *WPC No. 2353/2018* in light of the aforesaid *Writ Petition (C) No. 280/2018* sub-judice before the Court.

In view of the above, it was conveyed that the Committee on Petitions has no jurisdiction to take cognizance of the said petition and that the proceedings of the said petition may be deferred till the final determination on the same is made by the Hon’ble High Court of Delhi.

7. In this regard, the Committee in a written communication dated 09.05.2018 informed Sh. JB Singh, Secretary-cum-Registrar of Cooperative Societies that the said petition has been referred by Hon'ble Speaker to the Committee as per Rules of Procedure and Conduct of Business in the Legislative Assembly of NCT of Delhi which includes a proviso as provided under Rule 204.

Besides, *“there are many other issues in the Petition of Mr. Anil Kumar Gaur in Para no-1 to 11 and Para no-13-19 which are not the part of WP (C) No.282/2018 and which included very serious allegations about misappropriation of public money and connivance of RCS office and that the WP (C) 2353/2018, pending before Hon'ble HC of Delhi, does not provide any exemption of the Secretary-cum-Registrar to appear before the Committee.”*

Therefore, the Committee in the same letter sought a para-wise reply and all related information on the said matter, with the direction to appear before the Committee in its meeting scheduled on 10.05.2018.

8. Subsequently, in the meeting dated 11.10.2018, Sh. Jaidev Sarangi & Sh. Virender Kumar, Secretary and Registrar of Cooperative Societies respectively gave assurances to the Committee that action will be initiated in the cases where irregularities have been found/ proved/ established in the inquiries/ investigation/ reports and to reprimand the defaulting officers.
9. In this regard, the Committee in the meeting dated 06.12.2018, expressed displeasure that no action has been initiated thus far on the findings of the Inquiry conducted under section 118 of the DCS Act.

Therefore, the Committee requested the RCS to provide the action taken report, along with, information on the following issues latest by 26.12.2018:

- a) Illegal appointments of bank employees in violation of extant procedure/rules benefitting relatives of the Ex- Directors.

b) Sh. Jitender Gupta, CEO, DNSB who has been found guilty of violations by his acts of omissions and commissions in inquiries conducted by the RCS office.

10. Accordingly, the RCS sent the Action Taken Report vide letter dated 26.12.2018, wherein, it was reported that on the basis of the findings of the Inquiry report, Sh. Jitender Gupta, CEO, DNSB Ltd., has been issued a show-cause notice u/s 121 (2) read with Rule 159, for various lapses specified by Sh. Sanjay Sharma in his inquiry report u/s 62 of DCS Act and Sh. M.C. Jha in his inquiry u/s 66 (1).

11. Based on the Action Taken Report and the findings of the Inquiry reports submitted by RCS, the Committee in a written communication dated 03.01.2019 brought to the attention of the RBI that Sh. Jitender Gupta, the CEO of DNSB has been found guilty of corruption in multiple cases in a number of independent inspection/inquiries/audits conducted U/s 61, 62 and 66(1) of the DCS Act 2003 by the RCS.

However, despite the findings indicting him of serious charges and the fact that one-third of the Board of Directors of the bank had demanded his immediate suspension, he was promoted from Sr. Manager to the designation of CEO of the bank by its Board of Directors. Therefore, the Committee requested the RBI, being the competent authority, to look into the matter and take appropriate action against Sh. Jitender Gupta.

In this regard, since no communication was received from the RBI, the Committee dated 21.02.2019 sent a reminder with a request to clarify as to who is the competent authority to take action against Sh. Jitender Gupta, CEO, DNSB Ltd.

12. The RBI vide letter dated 18.02.2019 replied that the Cooperative banks function under dual regulation administered by RCS and RBI. As such management is under the jurisdiction of RCS whereas areas related to banking are regulated by RBI. In this matter, therefore, RBI does not have any regulatory or legal authority to remove or to take action against the

CEO of a cooperative bank. **It was further informed that under the DCS Act, 2003, the RCS has the power to pass an order for the suspension of the committee (Board of Directors) of a cooperative bank and appoint an administrator, in consultation with RBI.** However, this action stipulates supersession of an entire Board of Directors and not the removal of an employee of the bank.

13. In this regard, the Committee in a written communication dated 02.07.2019, drew the attention of the RCS towards the reply received from the RBI and informed that it is within the powers of the RCS to take appropriate actions against the CEO of the Bank under relevant provisions of the DCS Act, 2003. Further, attention was drawn towards *“the bye-laws of the Bank- a copy of which is available with the RBI- which contains a provision empowering the Bank’s Board of Directors to take disciplinary action against the CEO.”*

The Committee, therefore, expressed displeasure that no action has been taken in this regard and further sought an ATR from RCS by 11.07.2019.

14. The RCS, in the status report dated 20.09.2019, stated that the judgment passed by Hon’ble High Court of Gujarat in special civil application no. 1436 of 1990 titled Ashok Bhai D Naik vs. Reserve Bank of India is similar to that of the present matter and therefore can be referred to for further actions.

In the judgement, the Court in para 12 discussed the provisions of the Banking Regulations Act, 1949 and passed that *“in view of the provisions under the 1949 act the powers under section 20, 36, 36 AA, 36 AB (as applicable pursuant to introduction of Section 56 by act 23, 1965) the RBI is supposed to exercise its vide powers and take prompt actions, more so when serious irregularities come to its notice and/ or are brought to its notice. In such cases, quick and timely action is supposed to be and required to be taken, which ought to be preventive rather being curative and corrective. Such vide powers are not conferred only for “keeping a watch”.*

Further in para 15, the Court remarked that *“in light of the material on record and having regard to the facts of the present case and the statutory provisions as well as the various affidavits, we are of the view that in facts of the case RBI could have and ought to have been taking steps to-*

- *Remove the Chairman/ Managing Director/CEO, from office; or*
- *Restrain Chairman/ Managing Director/CEO from acting as such and from taking part in management; or*
- *And appoint a suitable person in place of Chairman/Managing Director/CEO; or*
- *And or appoint additional Director; or”*

In light of the above judgement and the relevant provisions of the DCS Act, 2003, the RCS argued that *“while the management of a Cooperative Society is entrusted to the Committee of the Cooperative Society, the role of the Government as contemplated under the act was limited to giving directions for framing of service rules and such services rules were to be framed and approved by the managing committee of the society”*.

Therefore, it was argued that the said communication from RBI dated 19.06.2019 was not in consonance with the *“factual position particularly in the context of statutory powers available with the RBI under the provisions of Banking Regulations Act, 1949 and as further observed by the Hon’ble High Court, the case needs to be further referred back to RBI for reconsideration of the same.”*

15. The Committee, therefore, in the meeting dated 23.09.2019 requested the RCS to clarify with the RBI with regard to their specific roles and responsibilities in the aforesaid matter.

16. Sh. Anil Kumar Guar submitted another petition to the Committee whereby reference was made to the complaints raised by a member of DNSB Ltd., Sh. Dinesh Sharma and one-third members of the present Board of Directors, namely, Sh. Atul Bhardwaj (Vice-Chairman), Sh. Jagdev Singh Hooda (Director), Sh. Rajkumar Sharma (Director) and Smt. Sarla Bhardwaj (Director). In the complaint, the complainants have accused the Registrar Cooperative Society of inaction despite repeated complaints raised by them and drew attention to the

continued high-handedness of Sh. Jitender Gupta CEO, DNSB in the functioning of the DNSB Ltd.

17. On examining the various allegations leveled against Mr. Jitender Gupta, CEO of DNSB Ltd., the Committee requested Sh. Jitender Gupta to appear before the Committee in the meeting with all relevant original files and documents related to the case conveyed to him in the meeting dated 26.04.2019.

However, it was observed that Sh. Jitender Gupta could not present himself before the Committee on several occasions citing one reason or the other. The attempts of Sh. Jitender Gupta CEO to evade the proceedings of the Committee Meetings have been captured in the tabular form as below:

<b>Sl. No.</b>	<b>The date on which Sh. Jitender Gupta was requested to attend the Committee meetings</b>	<b>Reply by Sh. Jitender</b>	<b>Remarks</b>
1	18.04.2019 for the Committee meeting on 26.04.2019	Unable to attend the said meeting due to ill health vide letter dated 25.04.2019	In this regard, the Committee wrote vide letter dated 26.04.2019 to the Secretary, Department of Health and Family Welfare for medical examination of Sh. Jitender Gupta on 27.04.2019 Accordingly, Dr. Alka Aggarwal, Medical Superintendent reported to the Committee that on medical examination of Sh. Jitender Gupta, it was found that due to "Burst Perianal abscess with active pus discharge from Burst wound and was not in the condition to attend the meeting"
2	13.06.2019 for the Committee meeting on 24.06.2019	Authorized Sh. H.R. Kapil, Sr. Manager to attend the Committee	Sh. Jitender wrote to RCS vide letter dated 19.06.2019 seeking case reference on the basis of which relevant original documents are sought. In this regard, RCS replied that the case has already been conveyed to Sh. Jitender Gupta vide letter dated 14.06.2019. However, for convenience sake, the various complaints/ issues against the CEO,

		vide 21.06.2019	Management Committee of DNSB Ltd on the basis of which documents were sought was sent once again to Sh. Jitender Gupta, CEO, DNSB. Vide letter dated 20.06.2019 Sh. Jitender Gupta vide letter dated 21.06.2019, sought the following information: a) Copy of the Petition received by the Committee b) Copy of the Constitution of the Committee, scope, and powers towards Cooperative Banks c) Whether original records of sub-judice matters can be presented before the Committee In this regard, the RCS vide letter dated 21.06.2019 pointed out that the information requested was evasive and irrelevant and further directed Sh. Jitender Gupta to attend the said meeting on 24.06.2019
3	14.08.2019 for the Committee meeting on 19.08.2019	Had to attend a pre-fixed meeting and authorized H.R.Kapil, Senior Manager to attend the Committee	
4	04.11.2019 to attend the Committee meeting on 11.11.2019	Had to attend an outstation marriage of a near one	
5	22.11.2019 to attend the Committee meeting on 29.11.2019	Suffering from viral fever	

18. Further, Sh. Jitender Gupta, CEO, DNSB submitted a written reply on 14.08.2019 and 19.08.2019, wherein he reported that in view of the Writ

Petition (C) No. 7921/2016 titled “Anil Kumar Gaur Vs. Reserve Bank of India &Ors.”, filed by Sh. Anil Kumar Gaur, pending before the Hon’ble High Court of Delhi, the present proceedings of the Committee may be kept in abeyance in order to avoid the multiplicity of the proceedings and conflicting findings against the ongoing legal proceedings.

19. Furthermore, Sh. Jitender Gupta, CEO, DNSB, without prior permission of the Committee, authorized Sh. H.R. Kapil, Senior Manager, and Sh. Banshi Lal Sharma, Clerk of Delhi NagrikSehkari Bank Ltd., to attend the Committee meeting dated 19.08.2019, who kept sitting at the MLA Lounge-1 with ulterior motives and witnessed all the meeting proceedings for more than 2.30 hours without introducing themselves to the Committee. This was noted as a wilful attempt of breach of privileges.

20. Therefore, the Committee noted that the actions of Sh. Jitender Gupta, CEO of DNSB was interference in the proceedings of the House and questioned the authority of the Hon’ble Speaker, Delhi Legislative Assembly. Accordingly, Privilege proceedings were requested against the following to the Hon’ble Speaker, Delhi Legislative Assembly, dated 11.09.2019 to be forwarded to the Committee on privileges for further examination.

- i. Sh. Jitender Gupta, CEO, Delhi Nagrik Sehkari Bank Ltd.
- ii. Sh. H.R. Kapil, Senior Manager and
- iii. Banshi Lal Sharma, Clerk of Delhi Nagrik Sehkari Bank Ltd.,

21. Further, during the meeting deliberation dated 22.10.2019, Sh. Anil Kumar Gaur submitted another allegation wherein it was alleged that Sh. Jitender Gupta owns property/plot which is beyond his known source of income. It was alleged that Sh. Jitender Gupta owns properties/investments in the following locations:

- i. 81 Maulana Azad, C.H.B.S Ltd. Pitampura, Delhi-34, which is around 158.86 Sq. Mtr.
- ii. 303 KLJ Tower Netaji Subhash Palace Pitampura, Delhi-34.

- iii. C-86 Pushpanjali Enclave Pitampura, Delhi.
- iv. Investment in Grand Venezia Commercial Tower Pvt. Ltd.
- v. Investment in URB India Bearing Factory and Trade Private Ltd.

22. In this regard, the Committee asked numerous questions to Sh. Jitender Gupta in which he was providing a contradictory deposition, clearly with intentions to mislead the Committee. Further, Sh. Jitender Gupta assured the Committee that he will provide written submissions about the aforesaid properties and investments.

23. Accordingly, the Committee requested Sh. Jitender Gupta vide meeting notice dated 01.11.2019 to submit all information related to the aforesaid allegation against him as assured during the meeting proceeding dated 22.10.2019.

Sh. Jitender Gupta submitted his replies on 29.10.2019.

24. The Committee examined the information submitted by Sh. Jitender Gupta and took a serious view of the fact that the replies did not address the queries for which assurance was given in the meeting dated 22.10.2019.

The Committee further noted the absence of Sh. Jitender Gupta in the meeting dated 11.11.2019, without a valid reason, a clear breach of privilege.

Therefore, the Committee vide letter dated 14.11.2019, once again requested Sh. Jitender Gupta to submit all required information before the next meeting to be held on 19.11.2019.

25. During the meeting deliberations dated 11.11.2019, the Committee observed that in a number of alleged cases of corruption against the Cooperative Societies and Banks, inquiries conducted under relevant provision of DCS Act by the order of RCS and action taken thereof have been stayed by the Court of Financial Commissioner without giving due

opportunity to the RCS, as prescribed in 116 (2) of DCS Act. The Committee further observed that in many cases Court of Financial Commissioner has stayed inquiries/ inspections and did not vacate stays for a long time causing a travesty of Justice.

26. In this regard, the Committee in a written communication dated 14.11.2019 and 22.11.2019 requested Sh. Ramesh Singh, Standing Counsel, GNCTD, to suggest appropriate mechanism under which GNCTD can file an appeal against the order of Financial Commissioner, Delhi, to safeguard the public interest and to further clarify on the following question:

- i. Whether the department of Cooperative Societies can file an appeal against the order of Financial Commissioner staying the order passed by Registrar Cooperative Societies?
- ii. The Officer of which department can file an appeal against the Order of Financial Commissioner staying the order passed by RCS?
- iii. If not, who can file an appeal in the Hon'ble High Court on behalf of GNCTD in such cases?

Similarly, the same queries were also forwarded to the Principal Secretary, Department of Law, Justice and Legislative Affairs vide letter dated 22.11.2019. The reply of which is awaited.

27. The Committee vide meeting notice dated 23.11.2019, informed the RCS that the Committee has decided to conclude the matter and table a report before the Delhi Legislative Assembly in view of the forthcoming Delhi Legislative Assembly Session to be commenced on 02.12.2019. Therefore, the RCS was requested to provide comments in the ongoing matter on the alleged irregularities in DNSB Ltd in the upcoming meeting dated 29.11.2019 and further directed them to treat this as the final opportunity for the department.

28. In the meeting dated 29.11.2019, the Committee noted with displeasure that Sh. Jitender Gupta did not attend the meeting despite prior information.

The Committee further observed in the same meeting that Sh. Jitender Gupta is a public servant and is covered under the Prevention of Corruption Act. His property is much beyond his known sources of income and he must be prosecuted. In this regard, the Committee requested the RCS to follow up with the RBI on the matter of termination of Sh. Jitender Gupta from the position of the CEO of DNSB Ltd.

29. Based on the aforesaid meeting proceedings and the findings of Inquiry reports, the Committee prepared a questionnaire and requested the RCS to submit a point-wise reply.

Accordingly, the RCS has initiated a number of actions under the provisions of the DCS Act, 2003, with regard to the irregularities found in the functioning of DNSB Ltd. Accordingly, the date of ATRs submitted before the Committee for further examination in its meetings is placed on record as under:

<b>Sl.No.</b>	<b>The date on which ATR submitted by RCS</b>	<b>Date of Meeting</b>
1	14.02.2019	15.02.2019
2	06.03.2019	06.03.2019
3	03.04.2019	03.04.2019
4	25.04.2019	26.04.2019
5	19.08.2019	19.08.2019
6	29.08.2019	30.08.2019
7	20.09.2019	
8	23.09.2019	23.09.2019
9	11.11.2019	11.11.2019
10	21.11.2019	19.11.2019

Further, the point-wise replies submitted by the RCS are summarised below:-

**I. What action has been initiated by the Registrar Co-operative Societies in regard to the discrepancies/ fraud found in the process of election of Board of Members held on 03.12.2017?**

The election held on 03.12.2017 to elect the Board Members of the Delhi Nagrik Sehkari Bank Ltd. was initially challenged in the Hon'ble High Court in WP (C) No. 282/2018 titled Satyabir Singh Vs RCS &Ors., which was unconditionally withdrawn by the Petitioner on 14.12.2018. The said election was also challenged in the Arbitration Proceedings bearing No. 2846/AR/ARB/2017-18 titled Dinesh Kumar Sharma Vs DNSB Ltd &Ors., wherein, Sh. M.C.Jha, Arbitrator passed an award dated 04.03.2019 and held that there was a clear cut violation of Schedule-II, Rule-3 of DCS Rules 2007 and the elections held are liable to be declared null and void.

Subsequently, the execution in Form-31 seeking the execution of Arbitration case no. 2846/AR/ARB/2017-18 dated 04.03.2019 was filed by the claimants. **Accordingly, the Assistant Collector Gr.1 passed an order dated 07.03.2019 that the Managing Committee of DNSB Ltd. which was elected on 03.12.2017 ceased to exist anymore as the election by which it was elected has been declared null and void.**

Thereafter, RCS vide order dated 07.03.2019 issued directions u/s 138 of DCS Act 2003 that Sh. B.S. Thakur, Deputy Registrar, Banking was put in charge of the administration as a stop-gap arrangement till the appointment of the Administrator is approved by the competent authority. Further, it was stated that the CEO and other Bank staff would report to Sh. B.S.Thakur as per the powers vested upon him by the provisions of the DCS Act 2003. On taking charge, Sh. B. S. Thakur informed the General Manager, Officer-in-Charge, Department of Cooperative Bank Supervision, RBI about the same. Along with, all branches of the bank were also informed vide circular dated 08.03.2019.

Meanwhile, the bank filed an Appeal in DCT vide appeal case No.24/2019 titled Sh. Sandeep ShaukeenVs RCS &Ors., and the DCT vide order dated 11.03.2019

stayed Arbitration Award dated 04.03.2019. The RCS office, therefore, filed an application u/s 151 of the code of civil procedure 1908 on 12.03.2019 to DCT seeking an early hearing and to adjudicate upon the said order to clarify the ambiguous situation by passing appropriate orders.

In the meantime, the Vice Chairman and three other directors of the bank submitted a letter to the RCS on 25.03.2019 requesting to cancel the Board meeting of Delhi NagrikSehkari Bank Ltd. to be held on 27.03.2019. Accordingly, the RCS office issued a letter dated 27.03.2019 to the CEO that any such act on the part of the erstwhile board members to conduct a board meeting of the bank is in contravention of the order dated 07.03.2019 issued by the RCS and directed to withhold the meeting until the matter is finally clarified by the Hon'ble DCT.

**The Hon'ble DCT vide order dated 08.05.2019 while held that the Arbitration Award dated 04.03.2019 remains stayed and clarified that the Board of Directors / MC of the Bank retains all its powers which can be exercised as per provisions of DCS Act and Rules and By-Laws of the Bank and consequently order dated 07.03.2019 passed by the RCS cannot operate. The case was last taken up on 05.08.2019 in DCT and no further date has been fixed.**

In this regard, the Court of Delhi Cooperative Tribunal acted as a bottleneck in delivering Justice.

**II. The Committee on Petition submitted an Interim Report on 17.01.2018 with some recommendations and time-bound actions by the department. What is the status of action taken by your department on Interim Report?**

With respect to the above-referred recommendation it is submitted that the election held on 03.12.2017 to elect the Board Members of the DNSB Ltd. was initially challenged in the Hon'ble High Court in WP (C) No. 282/2018 titled Satyabir Singh Vs RCS &Ors., which was unconditionally withdrawn by the Petitioner on 14.12.2018. The said election was also challenged in the Arbitration Proceedings bearing No. 2846/AR/ARB/2017-18 titled Dinesh Kumar Sharma Vs DNSB Ltd &Ors., wherein, Sh. M.C.Jha, Arbitrator passed an award dated

04.03.2019 and held that there was a clear cut violation of Schedule-II, Rule-3 of DCS Rules 2007 and the elections held are liable to be declared null and void.

Subsequently, the execution in Form-31 seeking the execution of Arbitration case no. 2846/AR/ARB/2017-18 dated 04.03.2019 was filed by the claimants. Accordingly, the Assistant Collector Gr.1 passed an order dated 07.03.2019 that the Managing Committee of DNSB Ltd. which was elected on 03.12.2017 ceased to exist anymore as the election by which it was elected has been declared null and void.

Thereafter, RCS vide order dated 07.03.2019 issued directions u/s 138 of DCS Act 2003 that Sh. B.S. Thakur, Deputy Registrar, Banking was put in charge of the administration as a stop-gap arrangement till the appointment of the Administrator is approved by the competent authority. Further, it was stated that the CEO and other Bank staff would report to Sh. B.S.Thakur as per the powers vested upon him by the provisions of the DCS Act 2003. On taking charge, Sh. B. S. Thakur informed the General Manager, Officer-in-Charge, Department of Cooperative Bank Supervision, RBI about the same. Along with all branches of the bank was also informed vide circular dated 08.03.2019.

Meanwhile, the bank filed an Appeal in DCT vide appeal case No.24/2019 titled Sh. Sandeep Shaukeen Vs RCS &Ors., and the DCT vide order dated 11.03.2019 stayed Arbitration Award dated 04.03.2019. The RCS office, therefore, filed an application u/s 151 of the code of civil procedure 1908 on 12.03.2019 to DCT seeking an early hearing and to adjudicate upon the said order to clarify the ambiguous situation by passing appropriate orders.

In the meantime, the Vice Chairman and three other Directors submitted a letter to the RCS on 25.03.2019 requesting to cancel the Board meeting of Delhi NagrikSehkari Bank Ltd. to be held on 27.03.2019. the RCS office issued a letter dated 27.03.2019 to the CEO that any such act on the part of the erstwhile board members to conduct a board meeting of the bank is in contravention of the order dated 07.03.2019 issued by the RCS and directed to withhold the meeting until the matter is finally clarified by the Hon'ble DCT.

The Hon'ble DCT vide order dated 08.05.2019 while held that the Arbitration Award dated 04.03.2019 remains stayed and clarified that the Board of Directors / MC of the Bank retains all its powers which can be exercised as per provisions of DCS Act and Rules and By-Laws of the Bank and consequently order dated 07.03.2019 passed by the RCS cannot operate. The case was last taken up on 05.08.2019 in DCT and no further date has been fixed.

### **III. Explain in detail the action taken against the persons, who became bulk members of the Bank by violating Rule 25 of DCS Rules 2007.**

The Secy-cum-RCS vide letter dated 29.08.2018 issued directions u/s 138 of DCS Act 2003 to the Chairman/CEO of DNSB Ltd. to provide information regarding the members enrolled in violation of Rule 25 of DCS Rule 2007 as asked to vide letter dated 08.08.2018. The CEO of the bank vide letter dated 07.09.2018 however contested the import of their letter dated 15.11.2017 and reiterated that only information was given vide letter dated 15.11.2017 and nothing was proposed and further assured to furnish the required information. The bank submitted another reply dated 04.10.2018 stating that the information sought dates back to the year 2011-2014 which involves verification of voluminous records and sought some more time to submit the information.

In this regard, a letter was issued on 08.10.2018 to the Chairman and CEO of DNSB Ltd. to inform that a meeting will be held on 09.10.2018 in the RCS office about the action taken in the cases of members enrolled in violation of Rules 25 of DCS Rule 2007. Thereafter, the RCS office issued a letter dated 10.10.2018 to the Bank to comply with the directions issued u/s 138 of DCS Act 2003 and to provide detailed information about the members enrolled in violation of Rule 25 of DCS Rule 2007. On 12.10.2018, the CEO of the bank replied furnishing certain information about the members enrolled from 01.01.2011 to 31.07.2014 and the procedure followed by the bank for enrolment of the members.

This office also issued a letter dated 29.10.2018 to Sh. Anil Kumar Gaur for a meeting with the RCS on 30.10.2018 to discuss on the same. Accordingly, the matter was discussed with him and this office issued a letter dated 14.11.2018 to the Chairman of the bank with the directions to inquire into each enrolment case relating to the period 2011-2014 as to whether any violation has happened in

enrolment of members, for which a Proforma was also sent. As no information was submitted by the bank reminder letter was issued on 05.12.2018. In reply, the Senior Manager vide letter dated 06.12.2018 requested to give some more time to furnish the information. As the bank failed to provide the requisite information another letter was issued to the Bank on 03.01.2019 for the said purposes.

Finally, the Senior Manager of the Bank submitted a reply dated 08.01.2019 along with a DVD with the date of members enrolled between 2011-14, which did not include the information of the Nangloi branch as the branch was under seal by the MCD. On preliminary checking, it was found that the data provided contained many deficiencies, therefore vide letter dated 14.02.2019 of the DRCS, the bank was directed to rectify the deficiencies.

Subsequently, a complaint dated 12.02.2019 was received from 04 directors of the bank informing about illegal retrospective enrolment of members in violation of Rule 25 of DCS Rule 2007. Upon considering the complaint and facts & circumstances of the case, the RCS approved to issue order dated 14.02.2019 for the conduct of inspection of the Bank u/s 61 of DCS Act 2003 by appointing Sh. Gulshan Ahuja, Asstt. Registrar as the Inspection Officer (IO) in the said matter. Thereafter, the RCS vide order dated 14.02.2019 also issued directions u/s 138 of DCS Act 2003 to stop the enrolment of new members with immediate effect till the inspection proceedings are completed by the IO. Sh. Gulshan Ahuja, ARCS. Thereafter, Sh. Gulshan Ahuja, ARCS was deployed in the Office of the Chief Electoral Officer for Lok Sabha Election 2019.

After completion of the election process, he joined back to duties on 17.06.2019. However, in anticipation of his relieving after the proposed completion of the election process on 26.05.2019; he issued notice on 23.05.2019 to all concerned for a hearing in the matter on 10.06.2019. The matter was heard on 02.07.2019, 12.07.2019 and finally **on 26.07.2019 when the bank informed the I.O that it has challenged the inspection order dated 14.02.2019 before the Financial Court (FC) of Delhi and the same has been stayed vide order dated 25.07.2019 vide the same order. FC has also stayed the other order of RCS issued dated 14.02.2019 stopping enrolment of new members with immediate effect and till the completion of inspection proceedings.**

**IV. Give a detailed report on the actions which have been taken by the Registrar Co-operative Societies against the Officers / Officials who were involved in the recruitment scam/ fraud.**

Sh. Anil Kumar Gaur member of DNSB Ltd. served a legal notice regarding 40 illegal appointments and the promotion of 62 employees made by the Managing Committee of the DNSB Ltd.

Further, the Hon'ble High Court issued directions to RCS vide order dated 27.11.2012 in WPC 7398/12 titled Anil Kumar Gaur Vs RCS & others to take appropriate action as per DCS Act and Rules. In this matter, an inspection of the bank was conducted u/s 61 of DCS Act 2003 by Sh. Gulshan Ahuja, ARCS. Upon receipt and consideration of the Inspection report, RCS issued orders for the conduct of inquiry u/s 62 of DCS Act 2003. The matter was thereafter considered in the court of RCS u/s 66 of DCS Act by issuing a show-cause notice to the bank. The RCS further issued an order dated 17.04.2017 u/s 66 (2) of the DCS Act 2003 levying a compensation of a collective amount of Rs. 05 lakhs to be equally shared by the then members of Board for period 2011-14 who were found responsible for 40 illegal appointments and 62 promotions. The bank thereafter terminated the services of these 40 employees and demoted 62 employees. The members of the Board of Directors of the Bank who were imposed penalty challenged the order dated 17.0.2017 issued by the RCS in DCT. **The matter is presently sub-judice in the court of DCT.**

**V. How many complaints have been received against Shri Jitender Gupta (now acting CEO) in Registrar Co-operative Societies to date? What action has been taken by your department in each complaint? Give this report in a Tabular Form giving details of each complaint and mentioning the action taken.**

<b>Sl. No.</b>	<b>Complaints</b>	<b>Action Taken by RCS</b>
1	The AGM of Reserve Bank of India vide letter dated 30.05.2018 forwarded the complaint of Sh. Anil Kumar Gaur dated 18.05.2018 against Sh. Jitender Gupta,	In this matter, DNSB Ltd. was issued a letter dated 14.06.2018 to provide comments. In reply, the chairman of the DNSB vide reply dated 01.08.2018 replied that Sh. Jitender

<p>Senior Manager who has been allowed to officiate as the CEO of the DNSB, whose integrity has been questioned in a loan case for which inquiry was conducted u/s 62 of DCS Act, 2003 by Sh. Sanjay Sharma, I.O.</p>	<p>Gupta is sincere and honest and was hence entrusted with the responsibility of officiating CEO. It was further informed via a letter dated 19.11.2018 that since there is no inquiry pending against Sh. Jitender Singh, the Managing Committee via a letter dated 14.12.2018 has regularized the officiating CEO Sh. Jitender Gupta as the CEO of DNSB.</p> <p>The Registrar of Co-operative Societies via a letter dated 05.10.2018 informed the RBI about the allegations regarding the eligibility of Sh. Jitender Gupta for the post of CEO of the Bank. The AGM of RBI via a letter dated 08.11.2018, informed that the draft guidelines of proper management of Urban Co-operative Banks have not been finalized and the appointment of Sh. Jitender Gupta as CEO was done prior to the issuance of guidelines of RBI. Further, the RBI via a letter dated 15.01.2019, informed that the appointment and removal of CEO in a uni-state cooperative bank is not under RBI's domain and secondly the criteria mandated under RBI for the appointment of CEO is applicable only to the multi-state cooperative bank.</p>
<p>2 Dinesh Kumar Sharma submitted a representation dated 29.04.2019 to the RCS office about malafide and revengeful action of Sh. Jitender Gupta, CEO against the bank staff with the prayer to suspend the CEO.</p>	<p>The RCS office forwarded the representation to the Chairman of DNSB vide letter dated 10.06.2019 to get a para-wise reply and the reply is still awaited.</p>
<p>3 On the complaint of Sh. Sunil Kumar dated 11.04.2019, the Section Officer of National Commission for Scheduled Caste, forwarded letter Case No. 1485/30/6/2019-1513 dated 11.04.2019 to RCS. In the complaint, it was mentioned that Sh. Sunil Kumar was a permanent employee of</p>	<p>The CEO of DNSB vide letter date 08.05.2019 forwarded the copy of the reply submitted directly to the National Commission for Scheduled Caste wherein para 7 of the reply reveals that the nature of inquiry conducted by the staff review committee was administrative in nature and thus no opportunity was granted</p>

<p>DNSB since 1989. However, on account of caste discrimination by the high caste officials of the bank, he was terminated from service via a letter dated 05.04.2019 by the CEO Sh. Jitender Gupta.</p> <p>The Commission directed to submit the facts and information on the action taken regarding the allegations within 15 days.</p>	<p>to the complainant. It stated that the complainant was not terminated on account of merely a general complaint, but was done in accordance with the law and as per the Banking Rules applicable in the management of the Respondent. However, no specific rules, bye-laws of the bank or the provision of DCS Act and Rules clarifying the basis of termination of Sh. Sunil Kumar has been made in the reply. The Commission directed the DNSB to provide the following information vide letter dated 13.06.2019:-</p> <ol style="list-style-type: none"> <li>i. Did the Bank follow its Service Rules while terminating the services of Sh. Sunil Kumar?</li> <li>ii. Whether reasonable opportunity was afforded to the employee before terminating the services of Sh. Sunil Kumar.</li> <li>iii. Did Sh. Sunil Kumar filed an appeal before the Chairman of the Bank and if so what decision was taken.</li> <li>iv. Whether the Staff Review Committee of the bank has the powers to undertake inquiries of nature which can form the basis of disciplinary action against the employees. If so, a copy of the relevant order/guidelines/resolutions of the Board may also be provided along with the reply.</li> </ol> <p>However, since no reply was submitted by the bank, the Commission dated 28.06.2019 summoned the RCS and the CEO of DNSB for hearing on 23.06.2019. Based on the minutes of the hearing, the Commission advised the RCS to review the Staff Service Rules of DNSB and other Cooperative Banks in accordance with the principles of natural justice and provision</p>
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		<p>for proper inquiry procedure to be prescribed in the Rules.</p> <p>Accordingly, directives for amendment of the Service Rules are issued and compliance report to be submitted before 23.09.2019 before the next hearing on 24.09.2019.</p>
4	<p>Sh. Anil Kumar Gaur submitted a complaint dated 13.10.2016 regarding misappropriation of funds committed by the Managing Committee of DNSB between the period 2010 to 2013 while distributing gifts during Diwali</p>	<p>Consequent upon a complaint made by Sh. Deepak Sharma and other respondents dated 17.10.2018 as to the irregularity in the appointment of Sh. Gulshan Ahuja as an inspection officer and on account that neither any notice nor opportunity were given to the persons against whom the complaint has been made, the hearing in the matter was held on 15.10.2018. However, the complaint was rejected dated 24.01.2019.</p> <p>Meanwhile, it was realized that the issues raised by both Sh. Deepak Sharma and Sh. Anil Kumar Gaur inter-alia challenged the findings of the inquiry conducted u/s 66(1) of DCS Act, 2003 vide order dated 06.02.2019 pursuant to which the present proceedings u/s 66(2) have been initiated, were common and hence will be dealt under a common order henceforth.</p> <p>It was observed that there has been excessive expenditure incurred with regard to the distribution of Diwali gifts during the period 2010 to 2013 and the distribution of the gift items has also been proven to be anomalous causing substantial pecuniary loss to the society and hence the same needs to be specified and recovered.</p> <p>Since the inquiry report u/s 66(1) of DCS Act 2003 was accepted by the RCS and proceeding u/s 66(2) of the Act initiated thereafter can be proceeded only on the findings of the inquiry u/s 66 (1) of the Act, the only option left to comply with the mandate of the Act was to recover the loss incurred by the society and get</p>

		<p>the specific determination of lapses and extent of individual liability of various bank officials including the then CEO, Asst. CEO and also of the Ex-Members of the Board of Directors during the relevant period; done by conducting a further inquiry for the purpose u/s 66 (1) of the DCS Act, 2003. According Sh. M C Jha, Joint Director (Retd.), Railway Board was appointed as the inquiry officer via a letter dated 14.02.2019.</p> <p>The Inquiry Officer submitted his report dated 16.04.2019.</p> <p>Except for Sh. KK Mittal and Sh. Vishwanath Sharma both Ex-Directors and the complainant Sh. Anil Kumar Gaur, the additional submissions have been filed by all other parties and an additional report was granted to Sh. Vishwanath Sharma to submit by 24.09.2019.</p>
5	<p>The AGM RBI vide letter dated 29.11.2016 forwarded the letter of the administrator of DNSB Ltd. Dated 10.11.2016 to take appropriate action on the report on the audit conducted for the year ending 31.03.2016 which reflected irregularities in the working of the bank.</p>	<p>Reply to this para may be referred to point no. 6 reply in the subsequent para.</p>
6.	<p>A complaint dated 19.07.2019 by Sh. Atul Bhardwaj, Vice Chairman, and three other Directors, namely Sh. Jagdev Singh Hooda, Sh. Raj Kumar Sharma and Smt. Sarla Bhardwaj for denial of permission of holding the Annual General Meeting (AGM) of DNSB Ltd.</p> <p>It is stated in the complaint that the present CEO Sh. Jitender Gupta is facing inquiry u/s 118 (1) &amp; (6) of the DCS Act, 2003 which is a criminal offense punishable up to 7 years and fine pertaining to misappropriation of funds of the bank. The inspection u/s 61 of the DCS Act, 2003 is</p>	<p>The complaint was sent to the Chairman of DNSB vide letter dated 31.07.2019. The bank replied vide letter dated 06.08.2019 which was found to be vague and evasive.</p> <p>The RBI vide letter dated 16.09.2019 clarified that no specific restrictions have been imposed by RBI on DNSB Ltd. For convening of GBM/AGM.</p> <p>Vide letter dated 27.07.2018 the Bank was directed to refrain from taking any major financial/ policy decisions till further orders. Thereafter the bank filed a revision petition before the FC Court case no. 191/2019 and the FC Court vide order dated 25.07.2019 has</p>

<p>also pending before Sh. Gulshan Ahuja, Inspection Officer regarding illegal enrolment of members in the bank.</p> <p>That the CEO Shri Jitender Gupta and the rest of the Management passed a resolution for purchase of more than 1.25 crores of banking software, hardware, note counting/ sorting machines in the meeting dated 13.05.2019.</p> <p>That CEO and the Managing Committee may misuse the platform of the AGM with the help of unverified members/voters and may pass any resolution to fulfill their malafide desires to stop them from raising their voice</p>	<p>stayed the operation of order/letter dated 27.07.2019 till the next date of hearing on 01.10.2019.</p>
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**VI. Furnish a copy of the audit report conducted in reference to the corruption/fraud/ discrepancies prevalent in the Delhi Nagrik Sehkari Bank.**

The audit report for the year ending 31.03.2016, inter-alia took note of a complaint by Sh. Anil Kumar Gaur, who has alleged against the officials, Management and Board of Directors of the DNSB Ltd.

The auditor in his report for the financial year 2015-16 has informed that in the meeting dated 26.05.2016, with the DNSB Ltd., the matter was discussed at length and the bank provided them with a photocopy of the complaint to give observation/ comments on the same.

The audit further informed that the Bank CEO was requested to provide comments on the allegations/ points/ issue raised in the complaint so as to keep these comments in consideration while examining and verifying the facts before offering their comments on such points in the audit report. However, the CEO of the bank did not respond to their request until the time of submission of the report.

**VII. What action has been taken in the case of Delhi Nagrik Sehkari Bank on the basis of complaints which were received from its four Directors?**

The Vice-chairman and three other Directors of DNSB Ltd. submitted a complaint dated 10.10.2018 that the CEO, DNSB Ltd. has refused to share the minutes of the meeting of Board of Directors. Accordingly, vide letter dated 19.11.2018, the Registrar Cooperative Societies directed to the Chairman of DNSB to provide the same.

On 27.11.2018, the officiating CEO, making reference to the TAFCUB meeting held in RBI that there is no need to provide copies of minutes of the Board Meetings to the Directors as the first agenda item of every Board meeting is confirmation of minutes of the previous board meeting where the CEO reads out the minutes of the previous meeting and the same is signed at the end of the first agenda item. Apart from the above, these four Directors have represented against the illegal termination of employees as well as illegal enrolment of new members by the Bank.

The petitions of the complainants were referred to RBI vide letter dated 05.03.2019 for consultation before initiating action u/s 37 of DCS Act 2003 for superseding the management of Delhi Nagrik Sehkari Bank Ltd. The RBI vide letter dated 24.06.2019 informed RCS that, if the inquiries conducted by the RCS revealed certain violations of the provisions of DCS Act & Rules were made by the present MC of DNSB, the RBI has no objection to the issuing of Show Cause Notice to the DNSB u/s 37 (1) of the Act ibid giving opportunity to state its objections as to why the Managing Committee of the bank should not be superseded. Accordingly, a show-cause notice dated 27.06.2019 was issued to the bank and the matter was fixed for hearing on 08.07.2019.

Meanwhile, it was informed by the bank that **the show-cause notice has been stayed vide order dated 04.07.2019 passed by the Hon'ble Court of Financial Commissioner in case no 164/2019 and the next date of hearing was supposed to be on 21.11.2019.** However, some of the Directors filed a case at the Hon'ble High Court in WP (C) 9686/2019 Jagdev Singh Hooda&Ors. Vs RCS &Ors and

vide order dated 06.09.2019, stayed the proceedings of FC Court. Now the next date of hearing in the Hon'ble High Court is 24.10.2019.

The CEO of DNSB Ltd. issued a letter dated 04.04.2019 to Sh. Atul Bhardwaj, Vice Chairman stating that he is ceased to be the vice-chairman of the Bank's Board due to his alleged admission in the DCT on several occasions about handing over the charge to Sh. B.S. Thakur, DR (Banking)/ Administrator on 08.03.2019. To this effect, the RCS office vide letter dated 21.05.2019 seeking clarification from the CEO as to the reasons for the issuance of surrender/cessation of Vice Chairman of DNSB Ltd. Sh. Atul Bhardwaj who was duly elected chairman/member of the managing committee of the bank vide results of the election declared by Returning Officer on 11.12.2017. A reply was received from the CEO vide letter dated 24.05.2019 which failed to justify the grounds taken for the same. Accordingly, the operation of the letter dated 04.04.2019 was directed to be kept in abeyance till further orders and the next order hearing was fixed before the RCS on 08.07.2019 and was adjourned to 26.07.2019 for submission of certain clarification by the Bank and a further rejoinder by Sh. Atul Bhardwaj. **However vide letter dated 29.07.2019, the bank informed that the Court of Hon'ble Financial Commissioner vide order dated 25.07.2019 in case no. 192/2019 stayed the operation of the order issued on 21.06.2019.** The RCS has filed a reply and the next date of hearing is on 01.10.2019.

**VIII. What are the findings of the Inquiry conducted against Sh. Jitender Gupta, now acting CEO, and what action has been taken against him for the charges which have been found proved in the Inquiry Report.?**

Based upon the report of Inquiry Officer Sh. Sanjay Kumar Sharma appointed under section 66(2) of DCS Act, 2003 wherein Shri Jitender Gupta was indicted, notice vide order No. 6248-6254 dated 24/09/2019 under section 118 (1), (3), (5) was issued to Shri Jitender Gupta. However, Sh. Jitender Gupta filed a revision petition No. 256/2019 u/s 116 of DCS Act, 2003 against the order dated 24/09/2019 passed by RCS and the FC court vide order dated 04/10/2019 issued an ex-parte stay order and listed the matter for 07/11/2019. Due to lawyers' strike,

the matter was not heard by the FC on 07/11/2019 and is now listed for hearing on 29/11/2019.

Further, the Reserve Bank of India has been requested to take immediate steps to remove Sh. Jitender Gupta, CEO of the bank and appoint any suitable person in his place vide this office letter dated 30/10/2019. Their response in this regard is awaited. Reminder letter no. 413 dated 20/11/2019 issued with the request to consider the issue submitted vide this office letter dated 30/10/2019 on its merits and communicate reply/directions/orders as deemed fit to this office as early as possible.

**IX. Please provide the action taken on the report of RBI given in 2013 on the complaint of Shri. Rajender Singh Yadav and Vijay Dev (Ex-Directors of DNSB)?**

In this matter, inspection u/s 61 of DCS Act 2003 was conducted by Sh. S.P. Marwah and thereafter Sh. P.C. Jain conducted inquiry u/s 62 of DCS Act 2003. Further, Sh. Pankaj Kumar conducted inquiry u/s 66 (1) of DCS Act 2003 who submitted his report stating that the quantum of loss is to be assessed for specifying the involvement of the Board members and any other staff of the bank (Lajpat Nagar Branch, Badarpur Branch and Karawal Nagar Branch).

In the proceedings related to the complaint made by Sh. Sadan Singh Yadav dated 16.07.2015, the RCS after inquiry, issued order dated 10.07.2017 u/s 66 (2) of DCS Act 2003 directing that a committee headed by DR (Banking), AR (Recovery) and M.D. of Delhi State Cooperative Bank Ltd. will examine the NPA of Lajpat Nagar, Badarpur and Karawal Nagar Branches and submit a report. Accordingly, this committee submitted its report on 31.05.2018.

During the proceedings Sh. Anil Kumar Gaur referred to the inquiry u/s 66 (1), conducted by Sh. Pankaj Kumar and stated that since the present proceedings also cover the subject matter of the inquiry conducted by Sh. Pankaj Kumar, as such an inquiry report may also be clubbed with the present proceedings.

Furthermore, Sh. R S Yadav and Sh. Vijay Dev again during the proceedings held on 26.08.2019 submitted that the inquiry u/s 66 (1) conducted by Sh. Pankaj Kumar into the matters related to loans advanced by the bank during the period 2008-2011 in Lajpat Nagar and Meethapur branches and the present proceedings also cover the matter in respect of fake loans and that both the proceedings may be combined. Therefore, on 07.01.2019, it was ordered that the present proceedings would be deemed to have subsumed under the inquiry conducted by Sh. Pankaj Kumar u/s 66 (1) of DCS Act.

**X. What action has been taken to recover the losses (approx. 25 crores) incurred due to corruption/ illegal loans sanctioned as mentioned in the report of Deputy Registrar Banking/ MD Delhi State Co-operative Bank/ A R Recovery dated 31.05.2018?**

Sh. Sadan Singh Yadav made a representation dated 16.07.2015 raising issues of financial/administrative mismanagement and irregularities in the DNSB Ltd. i.e.

- a) Rising trend of NPA.
- b) Dereliction of duties on the part of the board of directors.
- c) 80% loans on fake documents and fraud going on Lajpat Nagar, Badarpur and Karawal Nagar Branch and
- d) Rampant violation of code of conduct prescribed by RBI and misutilization of members fund.

Sh. Sadan Singh Yadav and 56 others filed a Writ Petition before the High Court bearing No. 7398/2015 wherein the Hon'ble Delhi High Court directed this office vide order dated 05.08.2015 to take appropriate action. Subsequently, a reply was sought from the Bank dated 12.08.2015 but was found to be unsatisfactory. Therefore, Sh. P.C. Jain, Spl. Secretary (GAD) was appointed as inquiry officer u/s 62 of the DCS Act, 2003 who submitted his report on 08.10.2015 and on the basis of which a show-cause notice was issued to the Ex-Chairman and Directors of the Bank u/s 66 (2) of the DCS Act, 2003.

During the course of hearing, considering the submissions filed by the Bank, the respondents as well as Sh. Anil Kumar Gaur, who was representing the complainant, an order dated 10.07.2017 was passed by the then RCS Sh. Shurbir Singh, on the following points:-

1. Violation of Territorial norms by financing M/s Simca Hotels and Resorts for its assets outside Delhi. (M/s Simbal Builders, Sh. Amarjeet Singh and Sh. Udaijeet Singh.
2. Loans to R.R. Training Company
3. Loan to M/s Aggarwal Sales Corp. turning into NPA
4. Rising Trend of NPA
5. Eight Car Loans amounting to Rs. 32.25 lacs sanctioned from Lajpat Nagar Branch on forged documents.

Vide the said order all the members of the loan sub-committee and the member of the Board of Directors were penalized for violating territorial norms in contravention to section 2 (b) of the DCS Act, 2003 and thus was imposed with a penalty of Rs. 50,000/- each.

Further, a three member committee headed by the DRCS (Banking), Assistant Registrar (Recovery) and CEO of Delhi State Cooperative Bank was constituted to examine the NPA's of Lajpat Nagar, Badarpur and Karwal Nagar branch of the Bank for the period mentioned in the inquiry report dated 18.10.2015 given u/s 62 of the DCS Act, 2003. The said committee submitted its report dated 31.05.2018 for further action u/s 66 (2) of the DCS Act, 2003.

In the report, the three member committee unanimously arrived at a conclusion that an amount of Rs. 16.62 crores is the NPA and an interest of Rs. 9.50 crore (total amount 26.5 crores) is recoverable on these NPA accounts from the 3 branches of DNSB Ltd. namely, Lajpat Nagar, Badarpur and Karawal Nagar, during the period from 25.09.2008 to 25.09.2014 up to date 31.03.2017 as per audited accounts of the bank available. The details of the NPA and interest thereon as directed by the RCS in its order dated 10.07.2017 is as under:

<b>Sl.No.</b>	<b>BRANCH</b>	<b>NPA</b>	<b>INTEREST</b>
1	Lajpat Nagar	113143233.70	77886317.00
2	Badarpur	9505587.00	4584862.00
3	Karawal Nagar	43529526.00	12580633.00
<b>TOTAL</b>		<b>166178346.70</b>	<b>95051812.00</b>

The three member committee further concluded that “since the category of an NPAs loan is variable because regularisation of NPAs account at any stage cannot be ruled out absolutely. The success in this regard depends upon the follow up action taken by the bank to recover the loans but in certain cases in which the loan was granted in a cavalier fashion the probability of recovery becomes very low. Therefore, the loans mentioned above are being considered non-recoverable and hence loss to the bank.”

On 19.09.2019, Sh. Vishwanath Sharma, Ex-Director, who came to attend the RCS proceeding had to leave urgently citing ill health and hence the proceedings were adjourned to 25.09.2019 giving him along with other respondents an opportunity to submit their response. The matter is fixed for argument on the said application on 25.09.2019.

**XI. Answer the following in Yes / No**

**a. Has any corruption been uncovered in the functioning of Delhi Nagrik Sehkari Bank since 01.01.2011?**

Yes. The various complaints received since 2011 on the subject were required to be processed and considered in various quasi-judicial proceedings. Regarding the recruitment scam, the order has already been passed on 10.07.2017. On the complaint made against Sh. Rajesh Sharma & others proceedings u/s 121 (2) of DCS Act 2003 read with Rule 159 of DCS Rules 2007 are being held in the court of RCS and the case is kept for orders. In the matter of Diwali gift scam being held in the court of RCS has been kept for the order. In the matter of complaint of S.S. Yadav, quasi-judicial proceedings are underway in the court of RCS. In the matter of complaint against Sh. Jitender Gupta, CEO necessary orders are awaited.

**b. Are there reports of the loan (s) disbursed/sanctioned on fake/fraudulent property paper (s) since 01.01.2011?**

Yes. The audit report for the period 2015-2016 revealed on test check that some ITRs do not appear to be genuine which is further substantiated in the inquiry conducted by Sh. Sanjay Sharma u/s 62 of DCS Act 2003 on the complaint dated 24.05.2016 of Sh. Anil Kumar Gaur. The Audit Report also revealed grant of property loan against forged and fake documents in 5 cases and further similar possibilities on other loan cases pertaining to different years also cannot be ruled out.

Further, Sh. M.C. Jha was appointed as Inquiry Officer u/s 66(1) to enquire into various irregularities committed by the CEO/BOD and other officials of the bank in extending loans on forged and fabricated documents. He has submitted his report on 23/07/2019 establishing the allegations. Now a Show-cause Notice has been issued vide this office Notice No. 6347-6385 dated 08/11/2019 u/s 66(2) of the DCS Act, 2003 against the CEO and other bank officials of various branches and was fixed for hearing on 20/11/2019 before RCS and is now fixed for submission of replies by the notices for 02/12/2019. 04 notices have submitted their replies.

M/s O. Aggarwal & Company, C.A. has been appointed vide this office letter No. 342-343 dated 07/11/2019 to check and verify the genuineness of 717 ITR's/Challans from the Income Tax Dept. A letter No. 345 dated 07/11/2019 has also been sent to the Sub-Registrar IV-A (Shahdara Seemapuri) to provide the details of properties/instruments registered wherein allegations have been made that the bank has extended loans on fake property papers. His report is awaited. The matter has further been followed through a D.O. Letter to Deputy Commissioner, Shahdara.

**c) Are there still members in the Bank who are in violation of Rule 25 of DCS Rules 2017?**

Yes. Sh. Sanjay Sharma was appointed u/s 66(1) to enquire into various irregularities committed in the Karawal Nagar branch in enrolment of members and financial embezzlement against Sh. Rajesh Sharma and other officials. He has submitted his report on 09/10/2019 establishing the allegations. Now a Show-cause Notice has been issued vide this office Notice No. 6386-6391 dated 08/11/2019 u/s 66(2) of the DCS Act, 2003 against the CEO and other bank officials of various branches and is fixed for hearing on 22/11/2019 before RCS.

Vide order dated 21.10.2019 of RCS, proceedings u/s 41 (3) of DCS Act. 2003, for the cessation of membership of 6165 members, where clear violations of enrolment of membership have been noticed, have been initiated. The Addl. RCS will conduct proceedings twice a week on Wednesday and Friday covering 200 members per day. The 200 notices for first hearing fixed on 30.10.2019 has already been issued. 800 notices in this regard have already been issued & the

members who appeared were heard. Further, a fact-finding inquiry has been entrusted to the Joint Registrar to examine the cases of remaining memberships. (More detailed action taken may be referred to the reply of point 3)

**d) Are current Board Members of Delhi Nagrik Sehkari Bank related to previous Board Members who were found guilty of corruption?**

Yes.

## OBSERVATIONS

**Allegation 1: Misuse of bank money and malpractices in conducting the election for the Managing Committee of Delhi Nagrik Sehkari Bank (DNSB) Ltd., on 03.12.2017.**

It has been established by the Committee on Petitions vide report dated 15.01.2018 (recommendation no.4) which inter alia observed that *“Prima-facie, the elections of the Managing Committee of DNSB dated 03.12.2017, were conducted in violation of Clause 3 of Schedule II of DCS. The Chief Secretary of GNCTD should initiate the process to get this examined and decide within a month of the adoption of this Report by the Legislative Assembly. The decision on the legality of the said election should be reported to the House through Hon’ble Speaker, based on the Committee within a period of six weeks of the adoption of this Report by the Legislative Assembly.”*

In this regard, Sh. JB Singh, Secretary-cum-Registrar Cooperative Societies challenged the constitutional validity of the Interim Report of the Committee on Petitions dated 17.01.2018 vide WP (C) No. 2353/2018 dated 20.03.2018.

Following the proceedings of the Committee, the RCS, Delhi appointed an Arbitrator Sh. MC Jha to look into the matter. Accordingly, Shri MC Jha, Arbitrator, in the Arbitration case No. 2846/AR/ARB/2017, passed an Award vide order No. 2846/AR/ARB/2017-18 dated 04.03.2019 whereby the Elections held on 03.12.2017 of Delhi NagrikSehkari Bank Ltd. were declared as NULL & VOID.

In view of the aforesaid Award, the Registrar of Cooperative Societies, NCT of Delhi, vide his Order F. No. AR(BKG)/RCS/2019/1082-1098 dated 07.03.2019 appointed an Administrator u/s 138 of DCS Act, 2003 to look after the overall Administration of Delhi NagrikSehkari Bank Ltd. The Order issued by RCS is as under:

*“Shri B.S. Thakur, Deputy Registrar (Banking) is hereby ordered to look after the overall Administration of Delhi NagrikSehkari Bank ltd, the cooperative*

*society as a stop-gap arrangement till the proposal of appointment of Administrator is approved by the competent authority”.*

In terms of aforesaid Order dated 07.03.2019 of RCS; Shri B.S. Thakur joined the Bank as an Administrator and took over the charge of the Administrator w.e.f. 08.03.2019 (F.N.). A Circular No. 476 dated 08.03.2019 to this effect was also issued by the Bank for information of all Branches & Head offices.

However, the Bank Management filed an Appeal on 11/03/2019 bearing No.24/2019 with DCT challenging the Award passed by the Arbitrator vide order No. 2846/AR/ARB/2017-18 dated 04.03.2019 whereby the Elections held on 03.12.2017 of Delhi NagrikSehkari Bank Ltd. were declared as NULL & VOID.

**The Hon’ble DCT vide order dated 08.05.2019 while held that the Arbitration Award dated 04.03.2019 remains stayed and clarified that the Board of Directors / MC of the Bank retains all its powers which can be exercised as per provisions of DCS Act and Rules and By-Laws of the Bank and consequently order dated 07.03.2019 passed by the RCS cannot operate. The case was last taken up on 05.08.2019 in DCT and no further date has been fixed.**

#### **RBI Directions to RCS on the above matter**

It has been given to understand that RBI agreed with the RCS, Delhi to appoint an Administrator under Section 37 of the DCS Act, 2003. However, before taking any action by the RCS, the Management of DNSB Ltd. approached the Hon’ble Court of Financial Commissioner and managed to take stay on the Show Cause Notice issued by RCS. **The Court of Financial Commissioner acted with undue haste and without jurisdiction in staying the orders of RCS.**

**Allegation 2: Ex-Chairman, Ex-Vice Chairman, Ex-Director and CEO of the DNSB Ltd. were involved in filing up 40 posts of Clerk-cum-Cashier, Field Inspector, Junior Clerk, Peon, and Drivers as well as the promotion of 62 employees without following proper procedure or seniority list.**

Inspection under section 61 and subsequent inquiry under section 62 of the DCS Act 2003 was conducted regarding irregularities in filling up 40 posts of Clerk-

cum-Cashier, Field Inspector, Junior Clerk, Peon and Drivers and promotion of 62 employees of the Delhi NagrikSehkari Bank Ltd.

On the basis of the inquiry report under section 62 of the DCS Act wherein it was found that the entire process of making 40 appointments by way of direct recruitment and promotion was fraught with a number of procedural irregularities, inconsistencies and lacked in propriety and transparency.

Subsequently, a proceeding was initiated by RCS against the bank by issuing a show-cause notice U/s 66 (2) of DCS Act 2003 on 23.06.2015 to Ex-Chairman, Ex-Vice Chairman, Ex-Director and CEO of Delhi Nagrik Sehkari Bank Ltd. The Registrar of Cooperative Societies passed an order dated 17.04.2017 to dispose of the above show cause notice. The operative part of the order is as under:

*“The appointment process followed for the appointment of 40 staff in the bank whose case being considered in this matter are found to be in violation of the various provisions of DCS Act 2003 and Rules 2007. Further, the continuation of the said 40 employees in the bank is looked by the Board/ Administrator of the bank and the banking division of the RCS office as per the Act, Rules, and By-Laws concerned and take decisions accordingly regarding the continuation of these employees”.*

**Allegation 3: Financial irregularities and excessive expenditure on the distribution of Diwali gifts during the period 2010-2013 in Delhi Nagrik Sehkari Bank Ltd.**

The office of the RCS vide letter dated 20.04.2017 appointed Sh. Gulshan Ahuja as the Inspection officer to conduct an inquiry upon the complaint of Sh. Anil Kumar Gaur against the managing committee of Delhi Nagrik Sehkari Bank for misappropriation of bank money in the period 2010 to 2013. The inquiry report of Sh. Gulshan Ahuja concluded that the available records of the bank prove that the issues raised by the complainant alleging large scale siphoning of money is true and based on facts.

The report further states that during the year 2014, Diwali Gifts/Sweets were distributed, and a sum of Rs.2,74,560/- was paid in cash to 352 employees @ Rs.780/employee. Further, in the year 2013, a sum of Rs.9,36,000/-was spent on a similar purpose for 1200 boxes of dry fruit and 1250 boxes of sweets. The report

further noted that there appears no justification for buying 1250 boxes of sweets and dry fruits in 2013 because in the year 2014 mere 352 cash payment was given to all the 352 employees. Moreover, no details of the distribution of sweets and dry fruits are available on the record of the bank. In addition to this, in the year 2012, two very costly items of silverware were procured for a sum of Rs.1,09,025/- of which no stock entry or record to whom these costly items were gifted is available with the bank.

The Bank has stated that Sh. Jitender Gupta, Asst. CEO, Head of Purchase Committee procured the Silver items, and those silver items were distributed by the then Chairman of the bank for which no documents or records are available with the bank. It proves that the then Chairman of the Bank and Sh. Jitender Gupta was responsible for the pilferage of the costly silverware. Moreover, if the total amount spent in this regard in the year 2014 was Rs 2,74,560/- then there is no tenable justification for spending Rs10,33,275 in the year 2012.

Similarly, in the years 2011 and 2010, an amount of Rs.7,18,750/- and Rs.5,45,975/- was spent respectively to buy 875 packets of sweets in each year. Again this amount prima facie appears to be on a very higher side if compared with the amount spent in the year 2014. The entire process prima-facie indicates that the number of sweet/dry fruit boxes purchased for Diwali was exaggerated to siphon off the bank money. From the available record, it appears that there was a huge misappropriation of Bank money, which was done in a conspiracy between the members of the Management Committee and Sh. Jitender Gupta, Asst. CEO. The Inspection Officer concluded his report with the remark that the then Board of Directors pilfered the assets of the Bank in conspiracy with Sh. Jitender Gupta, ACEO, Head of Purchase Committee and the Bank has been put to pecuniary loss.

In this regard, the Committee recommends registration of a criminal case against Sh. Jitender Gupta and his dismissal from the said bank.

**Allegation 4: Bulk Members were enrolled during the period 2011-2014 in violation of Rule 25 of DCS Rules of 2007.**

The Committee has taken cognizance of the issue of the illegal enrolment of members in violation of Rule 25 of the DCS Rules, 2007 and other irregularities and gave a detailed report on 17/01/18.

It is also pertinent to mention that one-third of the Board of Directors of the present management has made a complaint on 12.02.2019 regarding the same and the RCS ordered direction u/s 138 of the DCS Act, 2003 for inspection u/s 61 of the DCS Act, regarding the illegal enrolment of members.

The RCS found substance in their complaint and issued an order dated 14/02/19 to stop enrolment of members and initiated inspection u/s 61 of the DCS Act, 2003 regarding the illegal enrolment of members.

The procedure to be followed by Bank to enroll new members is as under:-

- i. The application is to be approved by the Management Committee / Board.
- ii. Information to be sent in person or by registered post.
- iii. Membership fee and the number of qualifying shares to be deposited within 14 days.
- iv. The amount should be deposited by Demand Draft/Banker's Cheque/Pay Order only
- v. If the amount is not deposited within the stipulated period, the resolution of the committee approving the membership of the person concerned shall become void and inoperative.

It has been observed that the Managing Committee of Delhi Nagrik Sehkari Bank Ltd. has enrolled new members in open and gross violation of Rule 25 of DCS Rules, 2007. The procedure as stated above has not been followed by the said Bank. They have not sent any information to the respective members, amount of Membership Fee and qualifying shares was deposited in CASH instead of Demand Draft/Banker's Cheque/Pay Order and even after 14 days of approval of the membership without obtaining the fresh sanction of the Management Committee.

Despite, the court of Hon'ble Financial Commissioner has granted ex-parte ad-interim stay on the date of mentioning itself i.e. 25/06/19 on the order of the RCS dated 14/02/19.

Presently, the proceedings U/s 41(3) of DCS Act, 2003 vide order dated 21.10.2019 of RCS, for the cessation of membership of 6165 members, where clear violations of enrolment of membership have been noticed, is initiated. The Addl. RCS will conduct proceedings twice a week on Wednesday and Friday covering 200 members per day. The 200 notices for first hearing fixed on 30.10.2019 has already been issued. So far, 800 notices in this regard have already been issued & the members who appeared were heard. Further, a fact-finding inquiry has been entrusted to the Joint Registrar to examine the cases of remaining memberships. (More detailed action taken may be referred to the reply of point 3).

In this regard, the Committee recommends that membership of the bank should be verified and illegal/ irregular members should be cleaned up so that free and fair elections can be conducted to uphold the true spirit of the Cooperative.

**Allegation 5: Sh. Jitender Singh was promoted from the position of Senior Manager to CEO of Delhi Nagrik Sehkari Bank Ltd. despite the fact that his integrity has been questioned in a loan case for which inquiry was conducted u/s 62 of DCS Act, 2003 by Sh. Sanjay Sharma, I.O.**

1. The present CEO, Sh. Jitender Gupta is held liable for illegal purchase of silver items for distribution as Diwali Gifts in connivance with Ex-Chairman Late Sh. Jai Bhagwan in the inquiry report u/s 66 of the DCS Act, 2003 of Sh. M.C. Jha.

2. In the matter of inquiry-based on the audit reports and NPAs of loan accounts, duly conducted by Sh. Sanjay Kumar Sharma u/s 62 of the DCS Act, 2003, also concluded in its findings that **the present CEO, Sh. Jitender Gupta, being the Audit In-charge of the bank has misused his position and caused loss to the bank of several crores of rupees by flouting all the laws, rules, bye-laws in concealing the disbursement of loans on fake property papers/fake ITRs, etc. Moreover, the report in its findings also concluded that the present CEO, Sh. Jitender Gupta also got sanctioned a loan of Rs 10 Lacs to his real sister-in-law, namely Smt. Shashi Gupta on fake property papers.**

3. On the basis of the above reports u/s 62 and 66 of the DCS Act, 2003 an inquiry u/s 118 of the DCS Act, 2003 is also pending before the court of RCS which is a matter of criminal cognizable offence punishable up to 7 years and fine for misappropriation of bank funds and said inquiry is completed and the order has been reserved.

4. One-third Board of directors vide letter dated 16.11.2018 has made a complaint to the RCS for suspension of the present CEO Sh. Jitender Gupta for his involvement in the various irregularities in the bank.

With regard to the above, the RCS has requested the Reserve Bank of India to take immediate steps to remove Sh. Jitender Gupta, CEO of the bank and appoint any suitable person in his place vide this office letter dated 30/10/2019. Their response in this regard is awaited. Reminder letter no. 413 dated 20/11/2019 was also issued in this regard with the request to consider the issue on its merits and communicate reply/directions/orders as deemed fit to the RCS at the earliest.

**Allegation 6: Employees were terminated/ discharged from the service of the bank without following the Service Rules of the bank.**

In this regard, no concrete actions have been initiated by the RCS.

**Allegation 7: Surrender/Cessation of Sh. Atul Bhardwaj from Vice-Chairmanship, who is a duly elected chairman/member of the managing committee of the bank, without following the provisions of the DCS Act and Rules and show cause notice, issued to three other Directors namely Sh. Jagdev Singh Hooda, Sh. Raj Kumar Sharma and Smt. Sarla Bhardwaj.**

Sh. Atul Bhardwaj, Vice-Chairman was removed illegally from his post vide letter dated 04.04.19 issued by the present CEO, Sh. Jitender Gupta.

It is pertinent to mention that three directors of the bank namely, Sh. Jagdev Singh Hooda, Sh. Rajkumar Sharma and Smt. Sarla Bhardwaj vide a written complaint dated 15.04.2019 brought to the attention of the RCS to look into the illegal removal of Sh. Atul Bhardwaj from the post of Vice-Chairmanship.

Accordingly, Vide order dated 21.06.2019, the RCS stayed the letter issued by the CEO, Sh. Jitender Gupta. However, the DNSB Ltd. filed a petition to the

Court of Financial Commissioner vide No. 190/2009, who granted an ex-parte ad-interim stay on the date of mentioning itself i.e. 25/06/19 on the order of the RCS dated 21/06/19. The working of the Court of Financial Commissioner is under suspicion.

**Allegation 8: Installation of new computers and software systems, servers in the bank through vendors known to the CEO and Chairman of the DNSB Ltd. without inviting open tenders.**

In this regard, no concrete actions have been initiated by the RCS.

**Allegation 9: Audit observations regarding malpractice in the bank for the year ending 31.03.2016.**

The Registrar Cooperative Societies, GNCTD appointed Sh. Sanjay Kumar Sharma as an Inquiry officer U/s 62 of the DCS Act, 2003, in the case of Delhi NagrikSehkari Bank Ltd. on the audit report conducted for the year ending 31.03.2016. In the Audit Report reference of a complaint dated 24.05.2016 lodged by Sh. Anil Kumar Gaur on malpractices in the bank was referred to.

Further, on the basis of the Inquiry report U/s 62 of the DCS Act, 2003, Sh. Mahesh Chandra Jha, Joint Director (Retd.), Railway Board, was appointed as the Inquiry officer to conduct Inquiry U/s 66 (1) of the DCS Act, 2003 on the complaint of Sh. Anil Kumar Gaur, vide office order dated 16.10.2019 and subsequent corrigendum dated 22.10.2019.

The findings of the inquiry U/s 62 and 66 (1) has been given as under:

**a) Loan on fake ITR**

*It was alleged that “there is a mafia raj in the bank who takes a contract to arrange a loan from the bank. They take help from Directors of the bank and prepare forged ITR and other documents. Bank Directors have looted the bank on a large scale in this way. When interest rate was low in other banks, the bank gave a loan on higher rates which have not been recovered/ returned. Bank itself examined ITRs of 72 people and 58 were found forged. ITRs have been filed by the same person, tax deposited in the same bank. The complainant further informed of a man named Surendra who prepares papers and Directors Sh. Deepal Sharma and Sh. Jai Bhagwan takes part therein. However, to date, no*

*action is taken. Fake ITRs were submitted in all branches but branches like Meethapur, Karawal Nagar, Lajpat Nagar, Shahdara & Janakpuri were prominent. No investigation has progressed in the criminal cases which were held reluctantly by the bank”*

## **Findings**

The Auditor in his report ascertained that 629 loan cases against 717 fake ITRs fall during the year from 2006-07 to 2015-16 and concluded that *“it is evident DNSB Ltd. management was in full view of malpractices going on in routine working of the bank for the last many years but did not seem to have acted appropriately in right earnest to strengthen checks and balances in the day to day working of the bank so as to check malpractices brought out to their notice by various complainants.*

*The involvement of the officials and officers at the branch level, directly involved in the processing, appraisal, verification, and scrutiny of the documents, loan committee including CEO at HQ level and finally Board of Directors present while granting loans to members on the fake ITRS cannot be ruled out. Such lapses were clearly a deliberate attempt and do not leave an iota of doubt that there was a connivance with the whole set of officials at HQ and Board of Directors who did not attempt to take corrective measure, despite complaints received from time to time and remained silent, an act which is not expected from Directors rather the master circular of the RBI clearly outlines dos and don'ts for them, which has been overlooked in the present case. They, therefore, cannot absolve themselves from any of the charges leveled by the complainant herein.*

*It was only the persuasion of the complainant who forced the then CEO to file a police complaint. Unfortunately, a simple complaint was lodged and not followed vigorously which ended up with no serious investigation by the police till now. No charge sheet filed yet by the Police”*

In this regard, Sh. MC Jha reiterated that *“the Inquiry Officer U/s 62 of the Delhi Cooperative Societies Act, 2003 has observed the involvement of entire officials and officers at branch level while granting a loan on fake ITRs cannot be ruled out. The bank in its reply has not thrown any light on this point hence I agree with the report of the IO (Sh. Sanjay Sharma)”*

### **b) Loans on Bogus fabricated property papers**

It was alleged that *“a large number of fake/fabricated property papers were used to get a loan. Many of the property papers did not bear the signature of the Sub Registrar, the signature of the buyer and the seller. Despite these lapses, the loan was granted. Even loans were given on the power of the attorney which violate RBI loan guidelines. However, it has been further alleged that the main concern was commission in granting a loan and not its security and return to the bank.”*

In this regard, Sh. MC Jha reiterated that *“The IO U/s 62 has observed that the bank management has failed to follow loan guidelines and to protect the interest of the bank. The bank in its reply dated 06.12.2018 has informed that out of 59 loans, 28 borrowers have repaid their full loan, 3 borrowers have started repaying, still 28 loanees have not come forward to make payments which are a gross loss to the bank. However, no proof of settled accounts has been produced before the IO hence the view expressed by IO U/s 62 is correct.”*

### **Findings**

On examining the issue, the auditor reported that *“a mere look at the collateral security documents was enough to prove the allegation of the complainant at least in the cases where the audit has clearly found the document invalid. Even the bank itself agreed and filed a complaint against the culprits but it was eyewash as the complaint is yet to be converted into an FIR. The failure of the bank to file an individual FIR in each case has not been explained during the hearing. Further, no concrete efforts could be shown which justifies the delay in action on the part of the management except filing a case in the court to register an FIR in these cases.”*

The auditor was of the view that a clear manifestation of a deliberate attempt on the part of the officials responsible who are protracting the issue to keep the culprits of the bank and its members, scot-free to save some people for their vested interest.

He further suggested that an exhaustive audit is required immediately at least of the cases listed by the complainant that may beget a startling revelation of such conspiracy by the loanee members, officials, and bank management.

Many criminal cases need to be filed in the individual loan cases where such discrepancies found in the collateral security documents immediately against the loanee members, officials involved and bank management, at least in the five cases mentioned by the audit report.

Besides, departmental inquiries against official and bank management are initiated immediately, who have been involved and caused loss of crores of rupees unscrupulously, which has not been recommended/ ordered by the present administrator, a clear lapse on his part.

### **c) Loans disbursed on wrong information**

*It was alleged that “there was a number of people who were stated to have been in government service. However, they were not working. The complainant has provided a list of 23 cases wherein he has alleged that loans have been advanced on the basis of wrong information. As per the list, the loan amount of Rs. 53.50 lakh is stated to have been given to 13 nos. of A/C holders who are relatives to Mr. Pradeep Shukla & family members, this has also been reported by the bank authorities in their police complaint registered at Janakpuri Branch of DNSB Ltd. dated 07.12.2015.”*

### **Findings**

The Inquiry report states that *“it has been observed despite having a system of verification and scrutiny of loan and membership application, loans have been disbursed based on wrong information which underlines negligence and lapse of the entire team of officials and management at all levels. There may be direct involvement of some officials who did not verify details submitted by the member at the time of membership or at the time of scrutiny of loan papers. Their gross negligence has caused financial loss to the bank and its members.*

*During hearing it has been reported that directors of the bank were also involved in making membership by submitting wrong information, fake affidavit and fake payslips, etc. therefore, suitable disciplinary action should be taken against them and also pecuniary losses to the bank should be recovered. Further, criminal cases should be registered against officers and directors of the bank”*

In this regard, Sh. MC Jha reiterated that *“The IO U/s 62 has observed that loans were disbursed without proper verification of members at the time of membership or at the time of scrutiny of loan papers. The bank has stated that the disciplinary action has been taken against the staff. It clearly shows the negligence, carelessness and lapses and the bank had to suffer a lot. Hence, I agree with the findings of the IO.”*

**d) Loan, OD/CC limits on the basis of wrong information**

It was alleged that *“an OD done in case of Dana Pani restaurant in the Tri Nagar branch was wrong and no Dana Pani restaurant was found at the notified address.”*

**Findings**

The Inquiry revealed that *“despite knowing all facts and report of the investigation team of senior officers of the bank, nothing substantial has been brought to the notice of the undersigned in terms of statement and documentary evidence except a few complaints filed in the police station, EOW who have returned the same with a view that case wise FIR has to be lodged for proper investigation in the complaint.”*

The Committee also noted that thereafter, following separate FIRs were lodged:

<b>Sl.No.</b>	<b>FIR No. date &amp; PS</b>
1	498/2013 dated 08.12.2013 u/s 420/406/34 IPC PS Amar Colony
2	499/2013 dated 08.12.2013 u/s 420/406/34 IPC PS Amar Colony
3	1113/2014 dated 05.12.2014 u/s 420/468/471 IPC PS Amar Colony
4	1114/2014 dated 05.12.2014 u/s 420/468/471 IPC PS Amar Colony
5	1115/2014 dated 05.12.2014 u/s 420/468/471 IPC PS Amar Colony
6	32/2018 dated 18.01.2018 u/s 420/406/34 IPC PS Amar Colony
7	33/2018 dated 18.01.2018 u/s 420/406/34 IPC PS Amar Colony
8	34/2018 dated 18.01.2018 u/s 420/406/34 IPC PS Amar Colony
9	35/2018 dated 18.01.2018 u/s 420/406/34 IPC PS Amar Colony
10	36/2018 dated 18.01.2018 u/s 420/406/34 IPC PS Amar Colony

Further details, submitted to the Committee, of complaints which were converted to FIRs:

Sl.No.	Complaints received from	Converted to FIR
1	34 Complaints from PS Karawal Nagar	FIR No. 129/18 dated 05.06.18 u/s 420/406/467/468/471/120B IPC PS EOW
2	05 Complaints of PS M S Park	FIR No. 131/18 dated 05.06.18 u/s 420/406/467/468/471/120B IPC PS EOW
3	03 Complaints of PS Janakpuri	FIR No. 131/18 dated 05.06.18 u/s 420/406/467/468/471/120B IPC PS EOW
4	12 Complaints of PS Janakpuri	These were sent to Registrar Cooperative Societies, Delhi for further necessary action

Unfortunately, neither management nor CEO nor RCS has resorted to concrete action against the accused officials, nor investigation has also been put on fast track/ concluded in a time-bound manner, on the other hand, delayed without any justified reasons when all records, evidence are with the bank itself. No criminal action has been initiated against those loanees who have in connivance with the official, looted the bank and are still scot-free. The entire monitoring system, internal audit, etc., has collapsed and bulldozed by the greed of its officials and management who turned a blind eye even the complaints made to them by the whistleblower members of the bank.

Therefore, the auditor observed *“all officials of the Karawal Nagar Branch who were involved in scrutinizing application along with complete documentation and verification of the physical asset / address of the business etc, loan committee who recommended those loan/ CC/ OD application to the head-quarter and to the Board of Directors of the bank, guilty of negligence, dereliction of duty and of the conspiracy with the applicants who took money of the bank and did not returned the same.”*

In this regard, Sh. MC Jha reiterated that *“The IO during the course of an inquiry under section 62 has mentioned the case of Dana Pani in which case he has*

*further revealed that there were 6 other cases where OD was generated without verification. The bank in its reply has submitted that Dana Pani has cleared the dues. Out of 6 other loans, 5 have been cleared. As no documents have been produced hence I can't come to the conclusion but one thing is very clear that lapses were there and bank has taken their action after receipt of the complaint. The IO U/s 62 has observed that the loans were disbursed without proper verification of members at the time of membership or the time of scrutiny of loan papers. The bank has stated that disciplinary action has been taken against the staff. It clearly shows the negligence, carelessness and lapses and the bank had to suffer a lot. Hence, I agree with the findings of the IO."*

**e) Miscellaneous**

Along with the above findings, the Inquiry report also revealed other findings which are summarized as under:

**Loans to Smt. Sashi Gupta**

*"Smt. Sashi Gupta is the sister in law of Shri Jitendra Gupta the then ACEO. She has sanctioned a loan of Rs. 10 lakhs vide loan A/C No. 75298. She submitted the property papers owned by Smt Anita Gupta w/o Sh. Jitender Gupta. It was found that the conveyance deed of the house submitted by the borrower as security was in the name of Smt. Anita Gupta but later Smt. Anita Gupta by the registered gift deed in her name. The Gift deed was not deposited along with the conveyance deed. The whole episode is the story of negligence; and the casual approach of the official. The management can't escape from responsibility. The whole responsibility lies on the staff as well as the management."*

**Role of Sh. Jitender Gupta in the entire Audit System**

In this regard, Sh. MC Jha reiterated that *"Sh. Jitendra Gupta was assigned the duty of getting the audit of the Bank conducted by Auditor. There has been a significant loss to Bank in a form of NPA to the extent of more than 25%. As per the reply of the CEO, Shri Jitendra Gupta the NPA has increased to 38.48% up to Sep'2018 which shows the inefficiency of the Bank.*

*The work of the audit department was assigned to Shri Jitendra Gupta and he can't escape from his responsibilities. Auditor has observed that the bank has a poor internal audit control system due to negligent, carelessness, approach at the branch level prevailed all over the bank. Thus, loans sanctioned were beyond their repaying capacity. The internal audit could have played an important role to identify such lapses leading to bad loans, submission to fake property papers and wrong information.*

*During the inquiry, Shri Jitendra Gupta failed to submit any concrete idea which could counter the observation and allegation of the audit. The auditor has proved failures of the internal audit system as a loophole.*

*The audit has observed that malpractices running in the bank & weakness in the internal control system could not be reported/ identified during the course of internal audit which shows the bank has poor internal Audit cannot escape from his responsibility and responsibility of Sh. Jitendra Gupta then ACEO is to be fixed.*

*The I.O U/s 62 is of the opinion that allegation sustains against the Head of Audit Department Shri Jitendra Gupta. On the other hand, the top management including Board of Director has equally failed to tighten the nose of negligent staff despite knowing the lapse in the security of application which also proves their full support to have loose system to take advantage thereof fully inconvenient with the member conspiring against the bank for the appropriation of the Bank Money. I could not find any justification to change the view of the I.O. under section 62.”*

### **Role of the Board of Directors in the audit system**

In this regard, Sh. MC Jha reiterated that *“The I.O. during the course of an inquiry under section 62 has conducted inquiry and found that fake I.T.R.S / property papers/ wrong information flourished during the period (2011-2014) like anything. The I.O. has proved the allegations made by the complainant and proved the charges against the board of Directors (2011-2014).*

*Except for Shri M.K. Bansal, Sh. Satbir Singh, Sh. K.K. Mittal, Ms. Krishna Khatri, Ms.Nirmala and Shri V.K. Gupta. They have failed to adhere to the R.B.I circular, failed to maintain absolute integrity, lack of initiative for the betterment of the bank, casual approach for the sanction of the loan and to act for personal interest. Both internal audit and subcommittee thereof have failed to do its core function. Observation of the auditor and the allegation of the complainant are also proved that they failed to render their duties and responsibility in the right perspective. They have failed to follow core principals of the co-operative and resorted to all acts which were against there too ”*

In the light of the above findings, the Committee concludes that,

1. It has been established by the Committee on Petitions vide report dated 15.01.2018 that elections on 03.12.2017 were held in violation of Clause 3 of Schedule of the DCS Rules 2007. Despite the election being declared null and void by an Arbitration Award, an appeal filed in DCT has stayed the award order.
2. It is established that on the basis of the inquiry report u/section 62 of the DCS Act, it was found that the entire process of making 40 appointments by way of direct recruitment and promotion was fraught with a number of procedural irregularities, inconsistencies and lacked in propriety and transparency.
3. There is enough material on record to conclude that several officers of the Delhi Nagrik Sehkari Bank Ltd. including the incumbent CEO, Sh. Jitender Gupta was acting in connivance with the ex-members of the Board of Directors and has caused substantial pecuniary loss to the society due to excessive expenditure incurred doe the purposes of distribution of Diwali gifts during the period 2010-2013. The distribution of their gift items has also been found to be anomalous.
4. It is clear that the enrolment of bulk members in violation of Rule 25 of DCS Rules of 2007, during the period 2011-2014, has been done which the bank has also admitted. However, the conduct of the bank so far has established a clear hesitation to take action in this regard which amounts to

negligence in the performance of its duties specified under the DCS Act, 2003.

5. The manner in which Sh. Jitender Gupta, whose integrity has been challenged in a loan case, for which inquiry was also conducted u/s 62 of DCS Act, 2003 by Sh. Sanjay Sharma, I.O., was promoted from the position of Sr. Manager to that of CEO of DNSB Ltd. is questionable.
6. It is further observed that Sh. Jitender Gupta as the CEO of DNSB Ltd. has illegally terminated the vice chairmanship of Sh. Atul Bhardwaj, without the compliance of requisite provisions of DCS Act and Rules.
7. There is enough evidence to show that considerable amount of loss (26 crores approx.) has been incurred to the bank due to the direct involvement of the Board of Directors related to the illegal advancement of loans and also due to dereliction of the officials in charge in Lajpat Nagar, Badarpur, and Karawal Nagar Branches.
8. The audit report for the period 2015-2016 also revealed a grant of property loans against forged and fake documents.
9. The Committee further observes an attempt on the part of the DNSB Ltd., to delay/ avert the proceedings of the inquiries on multiple irregularities alleged by various members of the societies, by not cooperating with the process of the inquiry conducted.
10. It is observed that there has been considerable delay in taking appropriate action against those found guilty due to confusion between the RCS and RBI with regard to their roles and responsibilities.
11. The reports further reveal that those found guilty are taking advantage of the fact that there exist multiple decision-makers such as the Registrar Cooperative Societies, the Financial Court, the Delhi Cooperative Tribunal and the Hon'ble High Court to appeal to.
12. The Committee observed that Sh. Jitender Gupta, CEO DNSB Ltd. could not present himself before the Hon'ble Committee on Petitions on several occasions, which is noted as contempt of the House of Committee.
13. There is enough evidence indicating that the DNSB Ltd. management was in full view of malpractices going on in routine working of the bank for the last many years but did not seem to have acted appropriately in the right earnest to strengthen checks and balances of the functioning of the bank.

The Committee, therefore, found the entire management committee headed by the CEO of the DNSB Ltd. to be negligent and derelict in the performance of their duties specified under the DCS Act, 2003.

14. The Committee further noted that despite unearthing multiple irregularities in the functioning of the Bank, no final resolution could be arrived at in any of the aforesaid findings.
15. The Committee appreciates the work of Inquiry officers Sh. MC Jha, Sh. PC Jain, Sh. Sanjay Sharma and Sh. Gulshan Ahuja for discharging their responsibilities as Inquiry officers without any prejudices and pressure.

## **RECOMMENDATIONS**

1. The Government of National Capital Territory of Delhi must ensure that the incumbent Chief Executive Officer (CEO), Sh. Jitender Gupta is removed from Delhi Nagrik Sehkari Bank Ltd. at the earliest.
2. All immovable/movable properties of Sh. Jitendra Gupta should be attached to safeguard the Government Exchequer.
3. In the light of the various findings of Inquiries/inspections by the Registrar Cooperative Society under various sections of the DCS Act, 2003, against the incumbent CEO, Sh. Jitender Gupta, criminal proceedings must be initiated against him under the relevant sections of the Prevention of Corruption Act, 1988 and other laws.
4. All the assets/properties belonging to Sh. Anand Kumar Gupta and his family members, (who is brother of Sh. Jitendra Gupta) should be thoroughly investigated and audited by the appropriate authority of the Government and a report should be submitted to the Assembly. Sh. AK Gupta has retired from GNCTD and he should not possess property which is more than his known sources of income.
5. The Committee recommends that the Economic Offence Wing should expedite investigations in the FIRs in a time-bound manner within a period of three months. Immediate necessary action should be taken on the FIR

filed in various Police Stations in cases related to Delhi Nagrik Sehkari Bank Ltd. as mentioned in this report.

6. All the Properties and ITR papers submitted in the Delhi Nagrik Sehkari Bank should be thoroughly investigated and audited by appropriate Government Authorities. The report should be submitted to the Assembly within 90 days.
7. The Committee recommends the Registrar Cooperative Society to hire reputed Big Four audit firms for financial audits of societies and banks like the Education Department is using Big Four Auditing Firms for auditing the financial statements of private unaided schools in Delhi. Action Taken Report in this regard should be submitted in 30 days.
8. The internal control/ audit system of the bank may be reviewed thoroughly and immediately. Further, loopholes in the system may be identified and plugged on top priority basis and a robust system should be put into operation.
9. Individual criminal cases need to be filed by the bank/RCS in the individual loan cases where such discrepancies found in the collateral security documents immediately against the loanee member, officials involved and bank management mentioned by the audit report. Action Taken Report in this regard should be submitted within 90 days.

10. Criminal cases must also be initiated against those individuals who procured loans on the basis of fake property papers and fake documents.
11. Immediate action must be initiated to recover the loss incurred to the Bank from the concerned individuals.
12. Sh. Ajit Singh, Director, Delhi Nagrik Cooperative Society, should be arrested immediately in connection with the FIR No. 129/18, dated. 05.06.2018 in Police Station, Economic Offence Wing.
13. Central Bureau of Investigation should conduct a thorough investigation of the fake Stamp papers submitted in the Delhi Nagrik Sehkari Bank for loans during the years 2011-14.
14. The GNCTD should recommend the Reserve Bank of India to take over Delhi Nagrik Sehkari Bank. It should appoint its officer to run the Bank properly as per its rules and guidelines so that deposited money by the members remains safe, to further avoid any occurrence like PMC Bank Scam.
15. All the Movable/Immovable assets of the board members of the management committee of the Delhi Nagrik Sehkari Bank should be investigated and audited by a reputed CA firm from Big Four Auditing

Firms. Action Taken Report in this regard should be submitted within 60 days.

16.All the members of the Delhi Nagrik Sehkari Bank who have been registered in violation of Rule 25 of the DCS Rule, 2007 and Board resolution of 2011 should be removed.

17.Forensic audit should be conducted by a CA firm from Big Four Auditing Firm for all the loans granted by the Delhi Nagrik Sehkari Bank Ltd. w.e.f. year 2011 till date.

18.Cases under Prevention of Corruption Act 1988 (PCA) and other Acts must be registered based on the allegations made by Sh. Anil Kumar Gaur in the Committee meeting dated 22.11.2019 regarding the property/plots owned by Sh. Jitender Gupta which is beyond his known source of income.

19.Relevant rules of the Delhi Cooperative Societies Act, 2003 must be amended in order to prevent the arbitrary sacking of employees by the Cooperative banks and societies.

20. The Committee requests worthy Chief Secretary of GNCT of Delhi to submit Action Taken Report on the recommendations of the Committee, to Delhi Legislative Assembly within 30 days of the adoption of this report.



Date: 30.11.2019

Place: Delhi

SAURABH BHARDWAJ  
CHAIRMAN  
COMMITTEE ON PETITIONS