

Court asks FinMin, RBI to look into ₹800-cr loan

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Order comes on a plea that the company's director has been convicted in a graft case

New Delhi, April 4:

The Finance Ministry and the Reserve Bank of India have been asked by a Delhi court to look into a matter in which ₹800 crore loan was allegedly granted without proper verification to a company whose director was convicted in a corruption case.

The court's order came on a plea of an accused in a graft case in which he alleged that a co-accused, facing prosecution along with him in the matter, was a director, managing partner or managing director in many other firms despite his conviction in another corruption case.

He had alleged that after being convicted, no one can remain a director on the board of any firm.

Action-taken report

Special Judge Sanjeev Aggarwal asked the Secretary (Finance), Secretary (Banking), the Finance Ministry and Deputy Governor of RBI to file an action-taken report in this regard by the next date of hearing on April 26.

“Since it is submitted by the counsel that despite his client earlier writing a letter to Secretary (Banking), Ministry of Finance, nothing has been done in the matter.

“In these circumstances, taking into account the seriousness of the matter, as public money of honest taxpayers is involved, copy of this order as well as order dated... of this Court be sent to Secretary (Finance)...and Deputy Governor, RBI, as well as to the Secretary (Banking)... for looking into the matter in all earnestness which involves question of great public importance,” the judge said.

The court was hearing a graft case of 1999 lodged by CBI in which one Rakesh Sharma and SC Hans are facing trial.

The counsel for accused Hans submitted that despite the court's February 2015 order and a letter written by his client to the Banking Secretary, no action has been taken in the matter.

He alleged even after Sharma's conviction in 2013 in another case, he was a director/managing director in other firms, one of which had obtained a loan of ₹800 crore.

He further alleged that out of ₹800 crore, Corporation Bank had declared ₹500 crore as non-performing.

The counsel said: “It was a very serious matter where the public money was being squandered in this manner and the loans were being extended to the person so freely without any verification, especially to a person who had already been convicted. Further, as per the Companies Act, he cannot be a director on the board of any company”.

(This article was published on April 4, 2016)

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