

**IN THE COURT OF THE SPECIAL REGISTRAR COOPERATIVE SOCIETIES  
GOVT. OF NATIONAL CAPITAL TERRITORY OF DELHI  
OLD COURT BUILDING, PARLIAMENT STREET, NEW DELHI-110001**

No. AR/Bkg/RCS/C.D. No. 107494762/2021/ 588-591

Dated: 08/02/2022

IN THE MATTER OF:

Jain Cooperative Bank Ltd.,

.....Complainant

Versus

Pradeep Kumar Jain, Ex-Director

.....Respondent

**ORDER UNDER SECTION 66(2) OF DCS ACT 2003**

By the present Order the proceedings under section 66(2) of DCS Act 2003 initiated against Sh.Pradeep Kumar Jain Ex-Director of Jain Cooperative Bank Ltd. Vide Show Cause Notice F.No.AR(BKG)/RCS/C.D.No.107494762/2020/814-815 dated 22.12.2020 issued by Secretary (Co-operation)-cum-Registrar Cooperative Societies shall be disposed off.

**BRIEF FACTS OF THE CASE:-**

A complaint dated 26.03.2018 was made by General Manager-II of Jain Cooperative Bank Ltd. Against Sh Pradeep Kumar Jain, Ex-Director wherein it was stated that:-

" Sh Pradeep Kumar Jain, Ex-Director of the Bank was the convenor of Shahdara Branch and of shifting of the Branch from old place to new place and during this process old serviceable material amounting approximately Rs. 3 lakhs went missing. Since Sh.Pradeep Kumar Jain Ex-Director was the convener for renovation of Shahdara Branch the said amount has been siphoned off by him. In Board Meeting dated 03.02.2018 held at the Head Office of the Bank, it was brought to the notice of the Board of Directors that there has been financial loss due to missing valuable assets during shifting of Shahdara Branch of Jain Cooperative Bank Ltd., from old office premises to the new office premises. It was resolved unanimously in this meeting to get inquiry conducted in this matter

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to make the losses good. A request be made to Registrar Cooperative Societies in this matter.]]

The Registrar Cooperative Societies took cognizance of the complaint and considering the fact that complaint was made by the Managing Committee of the Bank by passing a resolution unanimously, in pursuance to section 61 of DCS Act, 2003, Sh. Sanjay Sharma, Under Secretary of Govt. of India, Ministry of Skilled and Development was appointed as Inspection Officer under section 61 of DCS Act, 2003 vide order F.No.AR(BKG)/RCS/2018/711-715 dated. 14.11.2018.

#### INSPECTION REPORT UNDER SECTION 61 OF DCS ACT 2003 IN BRIEF :-

Sh. Sanjay Sharma, Inspection Officer submitted Inspection Report on 01.03.2019 under section 61 of DCS Act, 2003.

The Inspection Report states:-

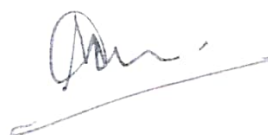
In the written statement date 11.12.2018 of Jain Cooperative Bank Ltd. it has been submitted :-

- (v) As per inspection report of Reserve Bank of India with respect to its financial position as on 31st March, 2017, it has been stated that:-

##### "5.2.1 Other Fixed Assets :-

The Bank had shown other fixed assets of Rs.45.75 lakh as on DLI, During the FY 2014-15, some fixed assets were reported missing at Shahdara, Darya Ganj and Gandhi Nagar Branch and some assets were not in use. These items were shown under Discarded Assets worth Rs.2.94 Lakh. These assets had already been treated as intangible assets by previous inspection and treated as intangible assets as on DPI. The Bank had shown fixed assets under head of Branch construction and no items wise details were available with the Bank. Further, Bank had not maintained proper item-wise record of fixed assets with the Bank as on DPI."

As per the Bank's records, Shri T.K. Jain, DANICS (Retd.) was appointed by the Bank to enquire into the irregularities and missing items at the time of shifting and



renovation of Shahdara Branch in the month of September, 2014. Shri T K Jain has clearly stated in his report that after receiving of the above-said objections, the management created a new head in the list of asset by the heading 'Missing/discarded assets at page-67 of safe, Fixture & Furniture register and adjusted Rs.2,15,295.00 as cost of these missing items after claiming depreciation while no explanation of any staff member was reported to be called for loss of these items and no action was taken to retrieve these items. He has further stated that the items transferred from Shahdara Branch to Hqr. which too were shown received on 01.11.2014 is not reflected in the SFF Register maintained in the Shahdara Branch. Besides this, SFF Register does not show the actual number of items with the Bank. As such, the SFF Register was found made in the casual manner and is not showing actual inventory of the Bank.

#### CONCLUSION OF INSPECTION REPORT :-

Based on the facts stated hereinabove, inspection of records and copy of relevant extracts thereof and no written or verbal statements have been submitted by the Shri Pradeep Kumar Jain, Ex. Director, it can fairly be concluded that;

- (i) Shri Pradeep Jain, has been the convener of the shifting of the branch of Shahdara from Shalimar Park Shahdara to Vishwas Nagar 60 foota Road is a proven fact as per the minutes of the board of Directors urgent meeting dated 12.02.2014. The decision of shifting and construction/renovation has also been taken in this meeting held under the Chairmanship of Pradeep Jain.
- (ii) Also the fact that the SFF Register, mentioning record of Assets, has not been maintained properly is clearly established. The report of Shri T K Jain, also clearly highlights the fact that the SFF register does not show the actual no. of items with the bank. As such, the SFF register was found made in the casual manner and is not showing actual inventory of the Bank.
- (iii) A clear act of omission and commission on the part of Convener Shri Pradeep Jain.



- (a) It is conspicuous that the entire work of shifting has been negligently done under his supervision and the valuable assets of the bank found missing during shifting of Bank branch from old premises to new premises.
- (b) No one was held responsible for loss of valuable assets during shifting of the Shahdara Branch. Rather new assets have been purchased without going into the fact of loss of assets and fixing responsibility.
- (iv) This act also underscores clear intension of the management under supervision of the Shri Pradeep Jain who let the negligence continued and failed to manage/control shifting of premises and in the garb of shifting shown the running assets and serviceable assets missing and caused financial loss of the bank to the tune of Rs.221735.10/- in respect of Shahdara Branch. RBI has clearly indicated in its Inspection Report.
- (v) His evasion from deposition and submission of any written statement conspicuously vindicate the contention of the management of the JBCL. It was clear confirmation that the charges leveled against him were true and left him to defenseless.

Thus the charges leveled by the complainant Bank were found to be true in Inspection Report u/s 61 of DCS Act 2003.

#### INQUIRY UNDER SECTION 66(1) OF DCS ACT 2003:-

Based on the findings of the Inspection Report the Office of Registrar Cooperative Societies appointed Sh. G S Pandey, DANICS, as Inquiry Officer U/s 66(1) of DCS Act, 2003 vide order F.No.AR (BKG)/RCS/C.D.No.107494762/2019 dated 26.07.2019. Sh. G S Pandey, Inquiry Officer has analyzed the documents available with him as follows:-

#### ANALYSIS OF DOCUMENTS AVAILABLE ON RECORD:-



- I. Inquiry Report of Shri T.K. Jain, Ex-DANICS Officer also concludes that Shri Pradeep Jain was involved in misdeeds in renovation/furnishing of Shahdara Branch. Procurement was done without following the laid- down procedure.
- II. Shri Sanjay Sharma, Inspecting Officer appointed under Section 61 of the DCS Act, 2003, in his inquiry report concluded that facts underscore clear intension of the management under the supervision of Shri Pradeep Jain who let the negligence continued and failed to manage/control shifting of premises and in the grave of shifting shown the running assets and serviceable assets missing and cause financial loss of the Bank to the tune of Rs.2,21,735.10 in respect of Shahdara Branch.
- III. During inquiry, the Chief Executive Officer of the Bank vide letter dated 21.10.2019 has categorically stated that:-
  - i) Decision of shifting and construction/renovation of new premises of Shahdara Branch was taken by all Branch Sub-Committee meetings held on 11.4.2014 under the Chairmanship of Shri Pradeep Jain.
  - ii) The tender was advertised in the local newspaper on 24.7.2014 under the signatures of Shri Pradeep Jain, Ex-Director.
  - iii) Shri Pradeep Jain is responsible for any lapse in execution of work as he was supervising the work.
  - iv) New assets were purchased without going into fact how the assets got missing.
  - v) There is a clear cut omission and commission on the part of Shri Pradeep Jain, Ex-Director.
- IV. Shri Pradeep Jain, Ex-Director failed to rebut the charges against him during enquiry and also failed to submit written statement of defense. Had Shri Pradeep Jain not been responsible for the loss, he would have at least sent a written statement in his defense to the undersigned if he was not able to attend the inquiry.

CONCLUSION OF INQUIRY REPORT DATED 29.07.2020:-



In view of the facts taken on record during hearing and above findings, Shri Pradeep Jain, Ex-Director who was entrusted with the responsibility of the shifting of the Branch & upkeep of the record, committed gross misconduct & irregularity and is responsible for loss of the serviceable items amounting to Rs. 3.00 lakh during renovation and shifting of the Branch from old place to new place.

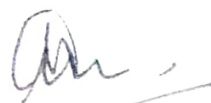
#### PROCEEDING UNDER SECTION 66(2) OF DCS ACT 2003 :-

Taking cognizance of the Inquiry Report under section 66(1) of DCS Act 2003, show cause notice was issued to Sh. Pradeep Kumar Jain on 22.12.2020 seeking his explanation as to why proceedings under section 66(2) of DCS Act, 2003 should not be initiated against him for the above lapses.

First Notice was issued for 14.01.2021. The complainant Bank was represented by their Legal Officer and Legal Record Keeper. Sh Pradeep Kumar Jain, Ex-Director of the Bank was not present and neither he submitted any reply on that date. Another opportunity was granted to him to file his written submissions against the show cause notice within two weeks with a copy to the complainant bank who may file their rejoinder. The case was adjourned to 04.02.2021.

On 04.02.2021, Legal Advisor of the complainant Bank was present along with Sh Pradeep Jain in person with his Ld Counsel Sh Rajeev Jain. It was stated on behalf of the respondent that he had not received a copy of the Show Cause Notice as also Inquiry Report under section 66(1) of DCS Act 2003. It was directed that a copy of the show cause notice and inquiry report be provided to the respondent and another opportunity was given to him file his written submissions within two weeks. Case was adjourned to 20.04.2021.

Thereafter the matter could not be taken up due to spread of Covid 19 pandemic and lockdown imposed in Delhi. Next date was fixed for 15.09.2021. On 15.09.2021, the complainant bank was represented by their Legal Advisor and Legal Record Keeper. Sh Pradeep Jain was present in person with his Ld Counsel Sh Rajeev Jain. It was again submitted on behalf of the respondent that he has not been supplied with the copy of the Inquiry Report given under section 66(1) of DCS Act 2003 and also requested to adjourn the matter after 10.10.2021 as he was busy in his personal commitments. On his request the matter was adjourned for 14.10.2021.



On 14.10.2021 the matter could not be taken up as Presiding Officer was busy in some time bound work. The case was adjourned to 29.10.2021.

On 29.10.2021 the Legal Advisor of the complainant bank was present. Sh Pradeep Jain was present in person with his Ld Counsel Sh Rajeev Jain. It was confirmed on behalf of the respondent that all the required documents have been received by him. An interim reply was submitted on behalf of the Respondent wherein it is stated that this very matter is pending before the Court of the Ld. Financial Commissioner & the relevant documents are lying in the court file and he has applied for the certified copies of those documents and sought two weeks' time to file the detailed written reply. The case was adjourned to 15.11.2021..

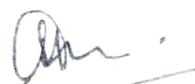
On 15.11.2021 the case could not be heard due to holiday declared in view of the Pollution crisis in Delhi and the matter was adjourned for 09.12.2021.

On 09.12.2021, the complainant bank was represented by their Advocate and Legal Advisor. Ld Counsel Sh Rajeev Jain appeared on behalf of the respondent Sh Pradeep Jain who filed miscellaneous submissions on behalf of the respondent which were taken on record and copy was given to the complainant. It was submitted on behalf of the complainant bank that the Court may please pass appropriate orders under section 66(2) of DCS Act, 2003, on the basis of report under section 61 while the Ld Counsel of the respondent requested that the Court may pass orders under section 66(2) after considering all previous Inspection and Inquiry Report and he may also be granted further time to file written arguments. The counsel of respondent was granted time up to 13.12.2021, to file his written arguments and thereafter order shall be issued on the basis of material available on record as per DCS Act 2003.

#### INTERIM REPLY ON BEHALF OF THE RESPONDENT SUBMITTED ON 29.10.2021

The respondent has stated that the complainant bank has not disclosed the following facts:-

- a. How the respondent is responsible for so called loss, however it was a collective responsibility of the then board of directors those were under the obligation to comply with the directions of Hon'ble High Court of Delhi for shifting the branch and this fact has never been brought by the complainant bank before any authority.

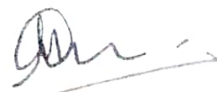


- b. Complainant has failed to disclose the names of the responsible persons, who were actually working for the shifting of branch and duly appointed by the then CEO for looking after all the relevant work including returning of excess goods to the head office.
- c. Complainant failed to disclose the names of the officials who were working on the ground.
- d. Complainant failed to authenticity of the amount of Rs.3,00,000/- and on what basis this amount has been fixed., however, there was no list has never been placed in respect o goods which were missing or lost during the shifting of branch.
- e. Complainant failed to produce the documents in which the so called missing goods were sent to Daryaganj head office by the bank officials and sane has been acknowledged by the then official of the store in-charge but the allegations levelled against the respondent herein in a flimsy manner and the complainant's bank concealed the material facts from the adjudication authority but why ? best known to them.

The respondent has further highlighted the conclusion at point no.2 stating that inspecting officer contradicted his own stand that there is no proper record never been produced before any authority to establish its allegation against the respondent. The present Chairman Sh Rajesh Kumar Jain has indirectly made the present complaint for making undue pressure upon the respondent because he may be rival/candidate for the chairmanship of the complainant's bank and Sh Rajesh Kumar Jain was desirous to interrupt the respondent from contesting the fourth coming elections.

Same matter on the basis of complaint made by Sh Rajesh Kumar Jain and Sh Bhushan Kumar Jain is also pending before Financial Commissioner of Delhi and pending adjudication for which next date of hearing is 13.01.2022. One case of similar nature cannot be decided by two courts on the same span of time.

Present Chairman and complainant namely Sh Sushil Kumar Jain both are in deep collusion and also established during the proceedings on 29.07.2020 conducted u/s 66(1) of DCS Act 2003 and the inquiry officer Sh G S Pandey could not pass the





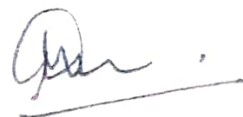
speaking orders and taken a different view in contravention to the inspecting officer u/s 61 and established a loss of Rs.3,00,000/- by the act has been done by the respondent without any substantial evidence/proof placed before him by the complainant's bank in a flimsy manner.

MISCELLANEOUS SUBMISSIONS DATED 09.12.2021 ON BEHALF OF  
RESPONDENT

The respondent has drawn kind attention to additional new facts those have come into the notice of respondent just on 10.11.2021 during the another enquiry proceedings held by the order of Ld. RCS through letter bearing No. F.No. AR(BKG)/CD NO.:- 107372392/RCS/2019/580, Dt. 13.09.2021 in which Ld. RCS has appointed Sh. Bhanwar Singh, DANICS (Retired) as enquiry officer and he has fixed the date of hearing on 10.11.2021. The respondent has placed copies of orders dated 13.09.2021 and 10.11.2021 of the Inquiry Officer. He has stated that proceedings before Sh. Bhanwar Singh is also a connected matter with present proceedings are going before this Hon'ble Court.

The respondent has stated that one Sh. Punit Jain Ex. Official of the bank was present before the enquiry officer Sh. Bhanwar Singh and has given his statement and same has been recorded and taken on record on 10.11.2021 in which he has submitted that during the time when he was posted at Daryaganj Branch as clerk cum cashier, he was directed by the CEO of the bank on 14.08.2014 through letter bearing No. HO JCB/1529/H0/2014 to furnish the work of shifting of Shahdara branch. He has annexed copy of the order dated 14.08.2014. However, as per the present enquiry on the basis of the complaint made by Sushil Kumar who has alleged in his complaint that the respondent herein is responsible for the shifting of the branch. The complainant concealed the material facts and did not disclose that the every decision in regard of shifting of branch have been taken collectively by the then managing committee after adopting the prescribed rules and regulations under the law

Sh. Sushil Jain alleged in his complaint that respondent herein is responsible for grabbing the old moveable assets in the tune of Rs.2,21,710.35 without annexing any substantial evidence in support of his allegations and same has been proved by the inspecting officials U/s 61 and the enquiry officer U/s 66 without considering the material



facts and also the supporting documents never been asked by the complainant or the bank. It is also submitted that the bank and the complainant were collusive in the matter and are trying to obstruct the respondent for contesting the election by hook or crook, however, the relevant documents which show the innocence of the respondent were never been produced before the any authority, however, the all documents were in the possession of the bank.


It transferred during the proceedings U/s 66 before Sh. Bhanwar Singh, the goods in question as alleged in the complaint of Sushil Kumar likely to be grabbed by the respondents as alleged by the bank/complainant is totally misleading, wrong and arbitrary because during the shifting of branch the remaining goods were sent to the head office by Sh. Punit Jain on 01.11.2014 alongwith the items mentioned in the list through transport and same is evident from the letter written by Sh. Punit Jain to CEO/GM on 01.11.2014. the respondent has annexed the and the goods in the question also been acknowledged by the then store in-charge at Daryaganj branch. It is pertinent to mention here that the all goods were sent to the Daryaganj branch through transport and the expenses incurred thereon has also been paid through vouchers dt.30.10.2014. the copy of voucher has also been annexed by the respondent.

#### WRITTEN ARGUMENTS DATED 13.12.2021 ON BEHALF OF THE RESPONDENT

The written arguments submitted by the respondent are exactly same as miscellaneous submissions dated 09.12.2021 submitted by the respondent.

#### WRITTEN ARGUMENTS ON BEHALF OF THE COMPLAINANT BANK

The complainant bank has submitted that the respondent since from the inspection proceedings has been trying to derail the proceedings and has on one pretext or the others sought unnecessary adjournments. The inspection and inquiry reports are already on record and are self explanatory and conclusive of the fact that the respondents are guilty. The bank stated that the respondent has been given ample opportunities to be heard and the respondent also filed an interim reply but intentionally and deliberately with ill intention to prolong the present litigation did not file any



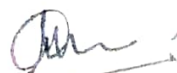
statement of defense. The respondent has not challenged the validity of Inspection or Inquiry Report in its interim reply.

There is no sort of stay from anywhere including the Ld Financial Commissioner in the present proceedings. The respondent was the person responsible for shifting of the Bank Branch from Shadara, Shalimar Park to Shahdara Vishwas Nagar 60 Foota Road and only responsible for misappropriating goods/articles. The same can be verified from list of articles submitted by Sh Punit Jain which have been annexed with the written submission of respondent that the missing goods/articles which were the issue of complaint were not shifted to the New Branch i.e. Shahdara Vishwas Nagar 60 Foota Road or transferred to Darya Ganj Branch. Thus it was clear that these goods/articles were misappropriated deliberately.

It is vehemently denied by the complainant Bank that there is any connected matter under the examination of the Inquiry Officer Sh. Bhanwar Singh. The matter with the Inquiry Officer Sh. Bhanwar Singh pertain to the alleged receiving of bribe by Sh. Pradeep Kumar Jain, Ex-Director of the bank from a contractor, hence there is no connection whatsoever between these two cases. The defendant is trying to mislead the Hon'ble Court by showing link between the two matters.

All the supported documents related to the complaint have been made available during Inspection under Section 61 & Inquiry under Section 66(1) as this case pertain to complaint made by the Jain Cooperative Bank Ltd. The defendant was also not clear about the complaint as he had only tried to mix-up two different cases/matter wherein in one case complainant was Sh. Sushil Kumar alleged the taking of bribe by Sh. Pradeep Kumar Jain Ex-Director from a contractor and the other was regarding misappropriating/missed articles during shifting of the branch from Shahdara Shalimar park to Shahdara Vishwas Nagar 60 Foota Road.

The Complainant Bank reiterate the charges which already stand proved during Inspection under Section 61 & during Inquiry under Section 66(1) and now at this stage as per section 66(2) only the surcharge/recovery order is required to be passed to recover the sum of Rs. 2,21,735.10 from defendant Sh. Pradeep Kumar Jain, Ex-Director along with 18% P A Interest from the due date till the realization of payment to the Jain Cooperative Bank Ltd.



CONCLUSION UNDER SECTION 66(2) OF DCS ACT 2003 :-

I have heard the arguments of both the parties at length. I have carefully gone through the Inspection Report under section 61 of the DCS Act 2003, Inquiry Report under section 66(1) of the DCS Act 2003 and all other related documents and material placed on record.

The details of missing assets with value as on 31.03.2014 as reported by the bank are as follows:-

i.	Air Conditioner	Rs.42,910/-
ii.	Bank Branch Construction	Rs.1,05,117/-
iii.	Sign Board	Rs. 17,499/-
iv.	Water Cooler	Rs. 9850/-
v.	Note Counting Machine	Rs.23,500/-
vi.	Digital Video Recorder	Rs.17,469/-
vii.	Battery for Generator	Rs.5390/10
		-----
		Rs.2,21,710.35
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The bank branch construction includes items as follows:-

i.	Almirah	1
ii.	Chairs	8
iii.	Tables	4
iv.	Wooden Satti	2
v.	Iron Grill Gate	1
vi.	Fire Extinguish	2

Shri Pradeep Kumar Jain, Ex-Director has failed to rebut the charges against him during inspection as also in Inquiry and has also failed to submit any written statement of defense. His absence from rebuttal of charges against him and in the absence of any written statement in his defence both during Inspection and Inquiry proceedings under section 61 and 66(1) of DCS Act 2002 makes any of the defences raised by him at the stage of Section 66(2) of DCS Act 2003 meaningless.

