



**Government of India
Ministry of Finance**

**22nd PROGRESS REPORT ON THE ACTION TAKEN
PURSUANT TO THE RECOMMENDATIONS OF
THE JOINT PARLIAMENTARY COMMITTEE ON
STOCK MARKET SCAM AND MATTERS RELATING THERETO**

June, 2014

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INTRODUCTION

The Report of the Joint Parliamentary Committee on Stock Market Scam and matters relating thereto was presented to the Parliament on 19th December 2002. In Para 3.31, the JPC recommended that the Government should present its Action Taken Report to the Parliament within six months and, thereafter, a Progress Report every six months until action on all the recommendations has been fully implemented to the satisfaction of Parliament. The Government submitted the Action Taken Report to the Parliament on 9.5.2003.

2. The 1st Progress Report was presented in the Lok Sabha (LS) and Rajya Sabha (RS) on 12.12.2003 and 16.12.2003 respectively; 2nd Progress Report was submitted on 10.6.2004; 3rd on 09.12.2004; 4th on 29.7.2005; 5th on 20.12.2005; 6th on 23.05.06 and 7th on 19.12.2006. The 8th Progress Report was placed in the Parliament Library on 22.5.2007 and was presented to LS / RS on 17.08.2007. The 9th Progress Report was presented on 07.12.2007 & 10th Progress Report was placed in Parliament Library during May, 2008, and was presented to LS / RS on 24.10.2008. The 11th Progress Report was presented on 16.12.2008; 12th Progress Report was presented on 09.06.2009; 13th Progress Report was presented on 18.12.2009; 14th Progress Report was presented to LS/RS on 07.5.2010 and the 15th Progress Report was presented to LS/RS on 09.12.2010. The 16th Progress Report was placed in the Parliament Library on 08.6.2011/ 21.6.2011 and was presented to LS / RS on 05.8.2011. The 17th Progress Report was presented to LS/RS on 07.12.2011; 18th Progress Report was placed in the Parliament Library on 06.6.2012 and was presented to LS/RS on 09.8.2012 and 19th Progress Report was presented to LS/RS on 07.12.2012. The 20th Progress Report was placed in the Parliament Library on 29.5.2013 and was presented to LS/RS on 13.8.2013 and 23.8.2013 respectively. The 21st Progress Report was presented to LS and RS on 13.12.2013 and 17.12.2013 respectively.

3. JPC had made 276 recommendations/observations/conclusions. In the ATR presented to the Parliament during May 2003, final response of the Government in respect of 111 recommendations had been given. In the Progress Report presented during December, 2003, action was completed on 39 recommendations. In the 2nd Progress Report action was completed on 36 recommendations; in the 3rd Progress Report on 18 recommendations; in the 4th Progress Report on 23 recommendations; in the 5th Progress Report on 06 recommendations; in the 6th Progress Report on 03 recommendations; in the 7th Progress Report on 07 recommendations and in 8th Progress Report, only further progress to the pending recommendations was given. In the 9th Progress Report, action was completed on 07 recommendations; in 10th Progress Report action was completed on 02 recommendations; in 11th Progress Report action was completed on 10 recommendations; in the 12th Progress Report action was completed on 03 recommendations; in 13th Progress Report, action was completed on 05 recommendations; in the 14th Progress Report action was completed on 01 recommendation; in the 15th Progress Report action was completed on 01 recommendation. In 16th, 17th, 18th and 19th Progress Reports, there was no change in status and action was pending on 4 recommendations. In 20th Progress Report action was completed on 01 recommendation and action was pending on 03 recommendations. In the 21st Progress Report, there was no change in status. In this 22nd Progress Report, action is proposed for treating as complete on 02 recommendations and action is pending on one recommendation.

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**22nd PROGRESS REPORT (June, 2014) OF THE ACTION TAKEN PURSUANT
TO THE RECOMMENDATIONS OF JOINT PARLIAMENTARY COMMITTEE ON STOCK MARKET
SCAM AND MATTERS RELATING THERETO - 2002.**

Sl. No.	Para No.	Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
1.	5.111	Neither the State Registrar under whose direct control the Bank functions nor the RBI which is an apex regulator in the case of urban cooperative Banks came to know of the misuse of powers and flagrant violation of regulations/directives of the RBI until a public outcry and news in the press. Though under the UP Cooperative Societies Act, 1965 wide powers of conducting inspections, enquiry and audit are vested with the Registrar of the Cooperative Societies, these powers were not exercised to check the functioning of the Bank. RBI too surprisingly issued licences as late as February, 2001 for opening four more branches of the Bank, thereby giving an impression that the Bank was functioning well. In fact even when in the annual inspection report of 1999, the RBI had clearly indicated some glaring irregularities and the auditors of the State Cooperative Department for the period 1997-2000 had pointed out serious irregularities, immediate steps were not taken for rectifying the irregularities. This leaves the Committee with the impression that both the RCS as well as RBI showed laxity in discharging their duties even prior to March, 2001 when the run on the Bank surfaced.	<p>As reported in May, 2003 As against para 5.109</p> <p>As reported in December, 2003 As against para 5.109</p> <p>As reported in June, 2004 Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004.</p> <p>As reported in December, 2004 As against para 5.109.</p> <p>As reported in July, 2005 As against para 5.109.</p> <p>As reported in December, 2005 As against Para 5.109.</p> <p>As reported in May, 2006 As against para 5.109</p> <p>As reported in December, 2006 As against Para 5.109.</p> <p>As reported in May, 2007 As against Para 5.109.</p> <p>As reported in December, 2007 As against Para 5.109.</p> <p>As reported in May, 2008 As against Para 5.109.</p> <p>As reported in December, 2008 Government of Uttar Pradesh have informed that: (a) Vide orders dated 24.02.2003 a high level enquiry was ordered to be conducted by the then Member, Board of Revenue, UP viz. Shri V.K. Mittal to look into the lapses committed by its officers. (b) On the basis of the report of Shri V.K. Mittal, the matter was further inquired into by the Economic Offences Wing of the Criminal Investigation Department, Govt. of UP. In its report dated 29.3.07, the Inspector General of Police of the Economic Offences Wing has found 6 officers of the Cooperative Department and 11 officers of the Audit Department guilty of lack of supervision. Departmental action is being taken against these officers.</p>	In its report dated 29.03.2007, the Economic Offences Wing (EOW) had found 6 officers of the Co-operative Department and 12 officers of the Audit Department guilty for lack of supervision. Accordingly, action was taken by the Government of Uttar Pradesh against those officers concerned, and this had been reported in the previous action taken reports. Of these 18 officers, action was complete against all, except one – Mr. A K Pandey. It is now reported by Government of Uttar Pradesh that five increments were stopped temporarily and censure entry was awarded to Mr. A.K. Pandey. The executive action in this regard has been requested to be treated as complete by the Government of Uttar Pradesh. In view of the various actions taken by Government of Uttar Pradesh against the 18 officials mentioned in the report of EOW, action on para 5.111 may be treated as complete .

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	<p>As reported in June, 2009</p> <p>Government of UP have informed that after examining the report of the E.O.W., following action has been taken:</p> <p>(i) Against the officers of the Co-operative department:</p> <ol style="list-style-type: none"> 1. Shri R.K.Srivastava, Joint Registrar- Disciplinary proceeding has been initiated. 2. Shri P.K.Singh, Joint Registrar- Disciplinary proceedings has been initiated. 3. Shri D.C.Singh, Assistant Registrar- He has been placed under suspension and disciplinary proceeding initiated. 4. Shri A.K.Pandey, Assistant Registrar- He has been placed under suspension and disciplinary proceeding initiated. 5. Shri Deo Nath, Assistant Registrar- He retired in the year 2001 hence no departmental action can be initiated against him. 6. Shri S.P.Singh, Joint Registrar- After complete examination of the case he was not found guilty, hence it has been decided not to take any action against him. <p>(ii) against the officers of the finance department:</p> <ol style="list-style-type: none"> 1. Shri V.K.Tandon, Senior Auditor- His services were terminated on 24.3.2006 but he has got stay order from the Hon'ble High Court in writ petition no. 4316/06 on 23.05.06 and reinstated subject to the final decision in the writ petition mentioned above. 2. Shri H.N.Awasthi, Senior Auditor- Two increments have been stopped which will be effective throughout the service. 3 to 6-Shri Brij Raj Singh, Distt.Audit Officer (Retd) Shri Lallan Singh, Distt.Audit Officer.Sri Padam Jang – Regional Audit Officer Shri Kamla Kant Goswami,Regional Audit Officer. <p>Charge sheet was issued to all these officers on 20.1.2005. Final Decision is to be taken.</p> <ol style="list-style-type: none"> 7. Shri Awadhesh Chandra Dubey, Chief Audit Officer (Retd). He was given charge sheet on 05.01.2005 but he was not found guilty by the enquiry officer, hence disciplinary proceedings against him has been dropped. <p>As reported in December, 2009</p> <p>Govt. of UP have reported the updated position w.r.t. departmental action taken against its officers of Cooperative and</p>	

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	<p>Audit Department(s) as per details given below:</p> <p>I. Against the officers of the Co-operative department:</p> <p>(i) Sri R.K.Srivastava, Ex. Dy. Registrar, presently posted as Joint Registrar- Disciplinary proceeding has been initiated. Final decision is being taken.</p> <p>(ii) Sri P.K.Singh, Ex. Dy. Registrar, presently posted as Joint Registrar- Disciplinary proceedings has been initiated. Final decision is being taken.</p> <p>(iii) Sri S.P.Singh, Ex. Dy. Registrar, presently posted as Joint Registrar- After complete examination of the case he was not found guilty, hence it has been decided not to take any action against him. The executive action in this regard may be treated as complete.</p> <p>(iv) Sri Deo Chand Singh, Assistant Registrar- He has been placed under suspension and disciplinary proceedings initiated on 27.10.08. Final decision is being taken.</p> <p>(v) Sri Deo Nath, Assistant Registrar- He retired in the year 2001 hence no departmental action can be initiated against him. The executive action in this regard may be treated as complete</p> <p>(vi) Sri A.K.Pandey, Assistant Registrar- He has been placed under suspension and disciplinary proceeding initiated on 28.10.08. Final decision is being taken.</p> <p>Keeping in view specific recommendations of Govt. of UP in respect of officers mentioned at sl. No. I(iii & v) above, it is proposed that action against these officers may be treated as complete.</p> <p>II. Against the officers of the finance department:</p> <p>(i) Sri Awadhesh Chandra Dubey, Chief Audit Officer (Retd). : He retired on 31.7.07. The matter relates to the period 1996-2000 hence decision has been taken not to institute disciplinary proceedings under CSR 351. The executive action in this regard may be treated as complete.</p> <p>(ii) Shri Moti Lal, Regional Audit Officer (retired on 31.12.05).</p> <p>(iii) Shri Ram Kumar Singh Chauhan, District Audit Officer (retired on 30.6.2000)</p> <p>(iv) Shri Shiv Dayal Singh, District Audit Officer (retired on 31.12.99)</p>	

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	<p>In respect of officers mentioned at sl. No. ii to iv, it has been stated that the matter relates to period of 1996-2000 hence decision has been taken not to institute disciplinary proceedings under CSR 351A. The executive action in this regard may be treated as complete.</p>	
	<p>(v) Mr. Harish Kumar Srivastava, Joint-Chief Audit Officer: His explanation was sought vide letter dated 16.1.09 and reply was received on 11.2.09. Decision is pending.</p>	
	<p>(vi) Mr. Subrat Chaudhary, Deputy Chief Audit Officer: Explanation was called vide letter dated 24.10.08 and reply to the same was received on 26.11.08. Decision is pending.</p>	
	<p>(vii) Sri Brij Raj Singh, Distt. Audit Officer (retired on 30.4.2000)</p>	
	<p>(viii) Sri Lallan Singh, Distt. Audit Officer (retired on 31.3.2004).</p>	
	<p>(ix) Sri Padam Jang – Regional Audit Officer</p>	
	<p>(x) Sri Kamla Kant Goswami, Regional Audit Officer. Charge sheet was issued to all these officers mentioned at sl. No. vii to x above on 20.1.2005. Final Decision is pending against these officers.</p>	
	<p>(xi) V.K.Tandon, Senior Auditor- His services were terminated on 24.3.2006 but he has got stay order from the Hon'ble High Court in writ petition No. 4316/06 on 23.05.06 and was reinstated subject to the final decision in the writ petition mentioned above. He retired on 31.07.07. The executive action in this regard may be treated as complete.</p>	
	<p>(xii) Sri H.N.Awasthi, Senior Auditor- Two increments have been stopped permanently & censure entry awarded. The executive action in this regard may be treated as complete. Keeping in view specific recommendations of Govt. of UP in respect of officers mentioned at sl. No. II(i to iv, xi & xii) above, it is proposed that action against these officers may be treated as complete.</p>	
	<p>As reported in May, 2010</p>	
	<p>Govt. of UP have reported the updated position w.r.t. departmental action taken against its officers of Cooperative and Finance Department(s) as per details given below:</p>	
	<p><u>I. Against the officers of the Co-operative department:</u></p>	
	<p>(i) Sri R.K.Srivastava, Ex. Dy. Registrar, presently posted as Joint Registrar- Disciplinary proceeding closed after awarding</p>	

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	<p>penalty of censure to him. Govt of UP have recommended that executive action may be treated as complete.</p> <p>(ii) No change has been reported in respect of following officers:</p> <ul style="list-style-type: none"> · Sri P.K.Singh, Ex. Dy. Registrar, presently posted as Joint Registrar; · Sri Deo Chand Singh, Assistant Registrar; · Sri A.K.Pandey, Assistant Registrar. <p><u>II. Against the officers of the Finance Department:</u></p> <p>(i) Mr. Harish Kumar Srivastava, Joint-Chief Audit Officer: His explanation was sought vide letter dated 16.1.09 and reply was received on 11.2.09. <u>Strict warning awarded.</u> The executive action may be treated as complete.</p> <p>(ii) Mr. Subrat Chaudhary, Deputy Chief Audit Officer: Explanation was called vide letter dated 24.10.08 and reply to the same was received on 26.11.08. <u>He was not found guilty.</u> The executive action may be treated as complete.</p> <p>(iii) Sri Padam Jang – Regional Audit Officer : Punishment of censure was awarded. The executive action may be treated as complete.</p> <p>(iv) Sri Kamla Kant Goswami, Regional Audit Officer: Punishment of censure was awarded. The executive action may be treated as complete.</p> <p>(v) Sri Brij Raj Singh, Distt., Audit Officer since (retired on 30.4.2000) : He was not found guilty and executive action may be treated as complete.</p> <p>(vi) Sri Lallan Singh, Distt., Audit Officer : Opinion of UP Public Service Commission, Allahabad on punishment sought vide letter dated 8.1.2010.</p> <p>In view of the recommendations of the Govt. of UP, it is proposed that action against officers mentioned at serial No.(I)(i) and (II)(i to v) above may be treated as complete.</p> <p>Now, the disciplinary action in respect of (a) 3 officers of Coop. Deptt., out of total 6, mentioned at sl. No. (I)(ii) and (b) only one officer of Finance Deptt. mentioned at sl. No.(II) (vi), out of total 12 remains pending.</p> <p>As reported in December,2010</p> <p>Govt. of UP have reported the updated position with reference to departmental action taken against officers of Cooperative and</p>	

Sl. No. Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
	<p>Finance Department (s) as per details given below :</p> <p><u>I. Against the officers of the Co-operative Department:</u></p> <p>(i) Sri P.K. Singh, Ex-Dy. Registrar presently posted as Joint Registrar. The consent of U.P.P.S.C. has been obtained & the matter is under consideration at higher level.</p> <p>(ii) Sri Deo Chand Singh, Assistant Registrar Cooperative Societies. Action under Rule 351-A of C.S.R. is being taken against him.</p> <p>(iii) Sri A.K. Pandey, Assistant Registrar Cooperative Societies. The opinion of U.P.P.S.C. is being taken regarding punishment.</p> <p><u>II. Against the officers of the Finance Department:</u></p> <p>Mr. Lallan Singh, Distt. Audit Officer Cooperative Societies U.P. Lucknow. The decision of 10% curtailment from his pension has been taken and disciplinary inquiry has been closed.</p> <p>From the above, it is clear that with the completion of action against Shri Lallan Singh, the action is complete in respect of all the officers of Finance Department.</p> <p>As reported in June, 2011</p> <p>The Government of Uttar Pradesh have informed the updated position w.r.t. departmental action taken against its officers of Cooperative Department as per details given below:</p> <p><u>Against the officers of the Cooperative Department:</u></p> <p>(i) Shri P.K.Singh , Ex-Dy. Registrar, presently posted as Joint Registrar: The opinion of U.P.P.S.C. is being taken regarding punishment.</p> <p>(ii) Shri Deo Chand Singh, Assistant Registrar Coop. Societies: Action under Rule 351-A of C.S.R. is being taken against him and the matter is under consideration at highest level.</p> <p>As reported in December, 2011</p> <p>The Government of Uttar Pradesh has furnished the updated position w.r.t. departmental action taken against its officers is as under:-</p> <p>(i) Sri P.K.Singh , Ex-Dy. Registrar, presently posted as Joint Registrar. Disciplinary proceeding closed after awarding censure entry to him. Govt. of UP has recommended that the executive action may be treated as complete.</p>	

Sl. No.	Para No. Observation/Recommendation of JPC	Reply of Government/Action Taken	Further Progress
		<p>(ii) Sri Deo Chand Singh, Assistant Registrar, Coop. Societies. Govt. of U.P. has submitted that action under Rule 351-A of C.S.R. is being taken against him, which is not found appropriate and recommended that the executive action may be treated as complete.</p> <p>(iii) Sri A.K.Pandey, Assistant Registrar, Coop. Societies, the opinion of U.P.P.S.C is being taken regarding punishment. In view of the recommendation of Govt. of UP, we may treat the action as complete in respect of (i & ii).</p> <p>As reported in June, 2012 No change in status.</p> <p>As reported in December, 2012 No change in the status.</p> <p>As reported in May, 2013 No change in the status</p> <p>As reported in December, 2013 No change in the status.</p>	
2.	<p>5.113 In view of the foregoing observations, the Committee recommend the following specific action:-</p> <p>(i) In order to expedite action on the criminal complaints which are presently pending adjudication in the Court of the Metropolitan Magistrate, Lucknow, it is recommended that such case be tried by a Special Court.</p> <p>(ii) UP Government may be asked to initiate further enquiry against the concerned State Registrars for not being vigilant and exercising supervision on the working of the Bank even when the UP Cooperative Societies Act, 1965 empowers the Registrar to hold an enquiry into the working of the co-operative society, carry out inspection on his own and even supersede the Committee of</p>	<p>As reported in May, 2003 As against para 5.109</p> <p>As reported in December, 2003 As against para 5.109</p> <p>As reported in June, 2004 Reply from Govt. of Uttar Pradesh is awaited. The last reminder was sent on 1/6/2004.</p> <p>As reported in December, 2004 As against para 5.109</p> <p>As reported in July, 2005 Regarding constitution of Special Courts, Govt. of UP have informed that CBI has filed a charge sheet in the Special Court designated for dealing CBI cases, there is no need of constituting Special Courts. A departmental enquiry was also conducted under section 65 of UP Co-operative Society Act 1965 for the irregularities in bank. And after the enquiry, a surcharge order for the value of Rs. 30,14,45,235.00 was passed against Shri Anand Krishan Johri vide Distt. Assistant Registrar, Lucknow's order No. 2873/co-op. dated 29.1.05 under section 68(2) of the Act. Out of the total</p>	<p>As against para 5.113(ii): This para relates to taking action against concerned State Registrars and is linked to para 5.111. Since action on para 5.111 is complete, action on para 5.113 (ii) may also be treated as complete.</p> <p>As against para 5.113(vii): This para relates to action to be taken for investigation and recovery of siphoned money. Action was requested to be treated as complete in the report of June 2011. However, an update, as received from the Government of Uttar Pradesh is provided below: As regards the recovery of surcharge amount of Rs 30.14 crore from Shri Anand Krishna Johri (one of the promoters and accused in the charge sheet filed by the CBI), the matter is pending in the Hon'ble</p>

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	<p>Management in case it is found that any act is committed which is prejudicial to the interest of the society or its members or otherwise if the society is not functioning properly. This should be done expeditiously.</p>	<p>283 debtor members of the bank, a sum of Rs. 3.86 crore has been recovered, from 45 members. Information relating to enquiry against the concerned State Registrar has been given in reply to para No.5.109.</p>	<p>Cooperative Tribunal and the last hearing was scheduled for 22.05.2014. Therefore, action in this respect may be treated as complete.</p>
	<p>(iii) CBI must complete the investigations expeditiously in the case wherein FIR has been filed for siphoning off funds in the form of cheque purchase for Rs. 1.71 crore.</p>	<p>As reported in December, 2005 In the case of recovery from 283 debtors of the City Cooperative Bank Ltd., a sum of Rs.3.94 crore has been recovered from 45 defaulters.</p>	<p>Regarding recovery from the defaulters, the following is submitted by the Government of Uttar Pradesh; An amount of Rs. 27.14 Cr. is to be recovered from 490 defaulters out of which an amount of Rs. 22.65 Cr. has been recovered from 425 defaulters; Out of the balance amount, Rs. 4.49 Cr. which is to be recovered from 65 defaulters, the recovery proceedings in respect of Rs. 2.94 Cr. from 24 defaulters is pending in the competent courts; As regards the remaining amount of Rs. 1-55 Cr. from 41 defaulters, the recovery proceedings are under way.</p>
	<p>(iv) RBI must introduce a system whereby the irregularities pointed out in the annual inspection Reports are removed by the Banks and compliance report is submitted within a period of six months from the date of inspection.</p>	<p>Regarding action against the officers of Cooperative Department, the Govt. of Uttar Pradesh have reported that the enquiry being conducted by Economic Offences Wing (EOW) of Crime Investigation Department (CID) of UP Police is in progress. Govt. of UP have been requested to take up the matter with EOW of CID of UP Police for expediting completion of the same.</p>	
	<p>(v) Strict penal provisions be incorporated in the Banking Regulation Act, 1949 for non-compliance of the directives/guidelines issued by the RBI from time to time and in case of default, strict disciplinary action should be initiated against the erring officials.</p>	<p>As reported in May, 2006 As against para 5.109 As reported in December, 2006 Shri Anand Krishan Johri, (one of the promoters and accused in the charge sheet filed by the CBI) against whom an order under Section 68(2) of UP Co-operative Societies Act, 1965 has been passed for a surcharge of an amount of Rs. 30.14 crore has filed an appeal (No.94/05) against the same before Hon'ble Cooperative Tribunal UP. Out of 490 defaulters total recoveries worth Rs. 3.95 crore have been made from 112 defaulters of the banks dues.</p>	<p>In view of the above, action in respect of para 5.113 may be treated as complete.</p>
	<p>(vi) As an apex body, though it is not possible for RBI to monitor each and every transaction, it is essential that concurrent audit is conducted in the Banks on a regular basis. The Reserve Bank of India may consider making this mandatory.</p>	<p>As reported in May, 2007 As against Para 5.109. As reported in December, 2007 As against Para 5.109. As reported in May, 2008 As against para 5.109.</p>	
	<p>(vii) Investigation must be conducted to unearth where the siphoned money (Rs. 32.30 Crore) has been deployed. Expeditious action is needed to recover the money.</p>	<p>As reported in December, 2008 (i) Govt. of UP have stated that their Law Department has advised that no separate Court is required to be established as the cases are already being heard in the Special Court of CBI. Therefore, action on this part may be treated as complete.</p>	

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	<p>(ii) Govt. of UP have stated that action is being taken against the officers of Cooperative Department who have been held responsible for lack of supervision in the report of Economic Offences Wing of Govt. of UP.</p> <p>(iii to vi) Extensive action on these parts has already been reported in the Action Taken Report presented in May 2003 against para No.5.109. In view of this, action on these parts may be treated as complete.</p> <p>(vii) Regarding recovery from various defaulters including Shri Anand Kishore Johri, the Govt. of UP have been advised to expedite the proceedings.</p> <p>As reported in June, 2009 Govt. of UP have informed as under :</p> <p>(ii) As against para No.5.111. (vii) Out of 490 defaulters, recoveries worth Rs. 12.75 crore has been made from 112 defaulters of the bank dues.</p> <p>As reported in December, 2009 Govt. of UP have informed as under :</p> <p>(ii) As against para No.5.111. (vii) Out of an amount of Rs.27.14 crore to be recovered from 490 defaulters, an amount of Rs.15.99 crore has been recovered from 262 defaulters.</p> <p>As reported in May, 2010 Govt. of UP have informed as under:</p> <p>(ii) As against para No.5.111. (vii) Out of the amount of Rs.27.14 crore to be recovered from 490 defaulters, an amount of Rs.18.88 crore has been recovered from 390 defaulters.</p> <p>Regarding recovery from the accused (Anand Krishna Johri), appeal filed by him is pending in the Hon'ble Cooperative Tribunal.</p> <p>As reported in December, 2010 Govt. of U.P. have informed as under:</p> <p>(ii) As against para No. 5.111. (vii) Out of the amount of Rs.27.14 crore to be recovered from 490 defaulters, an amount of Rs. 19.13 crore has been recovered from 406 defaulters.</p> <p>Out of the balance amount Rs. 7.84 crore which is to be recovered</p>	

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	<p>from 84 defaulters, the recovery proceedings in respect of Rs. 3.89 crore from 33 defaulters is pending in the competent courts. Regarding the remaining amount of Rs. 3.95 crore from 51 defaulters, the recovery proceedings are under way.</p> <p>As regards, the recovery from Shri Anand Krishna Johri, one of the accused in the charge sheet filed by CBI, appeal filed by him is pending in the Hon'ble Cooperative Tribunal.</p> <p>As reported in June, 2011</p> <p>Govt. of U.P. have informed as under:</p> <p>(ii) As against para 5.111.</p> <p>(vii) an amount of Rs.27.14 crore is to be recovered from 490 defaulters out of which an amount of Rs.19.60 crore has been recovered from 412 defaulters. Out of the balance amount of Rs.7.54 crore to be recovered from 78 defaulters, the recovery proceedings in respect of Rs.3.71 crore from 32 defaulters is pending in the competent courts, therefore, action on this may be treated as complete. As regards the balance of Rs.3.83 crore from 46 defaulters, the recovery proceedings are underway.</p> <p>The recovery of money from the accused (Shri Anand Krishna Johri) as per section 68 (2) of U.P. Cooperative Societies Act, 1965, order has been passed against Shri Johri (one of the promoters and accused in the charge sheet filed by the C.B.I.) for surcharge of an amount of Rs.30.14 crore. Shri Johri has filed appeal No. 94/05 against this order before Hon'ble Cooperative Tribunal, U.P. The Hon'ble Tribunal has cancelled the surcharge order and remanded the case for fresh hearing. The Assistant Registrar Cooperative Societies, Lucknow after hearing the case as per directions of the Hon'ble Tribunal has passed the surcharge order of the same amount again i.e. Rs.30.14 crore on 28.10.2009. (Sri Johri has again filed appeal No. 225/09 in the Hon'ble Cooperative Tribunal, U.P. The last date of hearing was on 28.3.2011. As the recovery of surcharge amount of Rs.30.14 crore from Shri Johri is pending in the competent court, therefore, action on this may be treated as complete.</p> <p>As reported in December, 2011</p> <p>As against para 5.113(ii)</p> <p>This para relates to taking action against concerned State Registrars and is also linked to para 5.111. Action on para 5.113 (ii) will remain pending as long as action on 5.111 is completed.</p>	

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		<p>As reported in June, 2012 No change in status.</p> <p>As reported in December 2012 No change in the status.</p> <p>As reported in May 2013 No change in the status.</p> <p>As reported in December, 2013 No change in the status.</p>	
3.	<p>5.159 In view of the foregoing the Committee recommend the following:-</p> <p>(i) Action for recovery of the outstanding advances which have been diverted and the other advances which have now been categorized as NPAs be expedited.</p> <p>(ii) In case there is any dereliction of duty on the part of the Bank Auditors, the same may be referred to the Institute of Chartered Accountants of India for further enquiry and appropriate action.</p> <p>(iii) Even though there were no breach of regulations, it was observed that certain loans were sanctioned without comprehensive evaluation and therefore, the bank must ensure that proper credit appraisal and monitoring system is in place.</p> <p>(iv) The procedural working of the banks must be strengthened and the RBI must ensure that the rectification, if any, takes place in a time-bound manner.</p> <p>(v) In the immediate aftermath of the Stock Market crash, RBI focused on one new private bank although other private banks also had large exposure to the capital market including some</p>	<p>As reported in May, 2003</p> <p>(i) Global Trust Bank (GTB) has reported that they are initiating legal action in respect of all Ketan Parekh related NPA accounts. As regards recovery in other NPA accounts, the bank has reported recovery of Rs.5.98 crores and Rs.9 crores during January 2003 and February 2003, respectively.</p> <p>(ii) As regards any dereliction of duty on the part of the Bank Auditors, the matter has already been brought to the notice of Institute of Chartered Accountants of India (ICAI) by RBI.</p> <p>(iii) The bank has been directed by RBI to take corrective action.</p> <p>(iv) RBI has issued Instructions to its regional offices on 29.05.2002 to streamline and strengthen the system of follow-up action on the findings of Annual Financial Inspection of banks in a time bound manner. Details have given in reply to Para No.10.8.</p> <p>(v) In order to review the capital market exposure of banks in a uniform and consistent manner, the Reserve Bank of India is obtaining monthly reports on capital market exposure from all banks.</p> <p>As reported in December 2003 Follow up action is in progress.</p> <p>As reported in June, 2004 RBI is following up the recovery of the amounts on a continuous basis.</p> <p>As reported in December, 2004 Bank of India - Recovered Rs. 17.62 lakh during the period and the balance outstanding was Rs. 121.43 crore as on June 30, 2004. The bank is going ahead with compromise settlement in respect of Ketan Parekh group entities with the approval of</p>	<p>For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse & Co. : Shri Partha Ghosh Shri D.V. P Rao</p> <p>All the two respondent members have been found prima facie guilty by the ICAI in October 2007.</p> <p>Eight hearings have been held by the Disciplinary Committee till March 2010 and further hearing was fixed on 1st May 2010. Thereafter, ICAI was legally advised that fixing up of further hearing in the matter be delayed till the appeal filed by the ICAI against the favourable decision of the Hon'ble High Court of Delhi in the case of Shri. P Ramakrishna is decided by the Divisional Bench of Delhi High Court. Pursuant to the decision of the Divisional Bench of Delhi High Court on 30th September 2011, the hearing was fixed on 24th October 2011 which could not be held due to the adjournment request from the members concerned.</p> <p>However, the hearing could not be held</p>

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<p>who had exceeded RBI limits. Now that substantial information is available about all the banks concerned, the Committee recommend RBI undertake a thorough review and process matters relating to all concerned in a uniform and consistent manner.</p>	<p>the Government of India.</p> <p>Global Trust Bank Ltd. - Classified the accounts as NPAs has made 100% provision for the total exposure and filed criminal cases as well as cases with DRTs against parties.</p> <p>ICICI Bank Ltd. - Recalled the loan in one account and suit is being filed.</p> <p>Centurion Bank Ltd. - Has fully written off the outstanding balance in accounts relating to Ketan Parekh entities and has also initiated legal proceedings in DRT-II.</p> <p>Bank of Punjab Ltd. - Has filed recovery suits in DRT and issued notice under SARFAESI Act, 2002 for taking possession of property mortgaged.</p> <p>Ratnakar Bank Ltd. - Loan against fixed deposit has since been fully adjusted.</p> <p>The above banks have been advised by RBI to take effective steps to recover the entire amount from the Ketan Parekh entities expeditiously.</p> <p>As reported in July, 2005</p> <p>(i) All the concerned banks have filed cases in DRT, Mumbai against the companies concerned and their guarantors etc. As the number of cases pending against companies of Ketan Parekh Group is numerous, the proceedings in the DRT are slow. The process of recovery will take its own legal course.</p> <p>(ii) ICAI have informed that they have called the comments/ explanations of the auditors concerned on 25.2.2005. The concerned statutory auditors for the years 2001-02 and 2002-03 have sent in their respective responses dated 20th May, 2005 which have been received by ICAI on 24th May, 2005. The auditors have categorically stated in their aforesaid responses that since the RBI has neither provided the relevant Annual Financial Inspection(s) and the basis/parameters adopted by the special auditors and has also restrained the ICAI from parting with the Special Audit Report for perusal/examination by the statutory auditors for the year 2001-02, they are not in a position to offer any view/explanation thereon. They had expressed their inability to offer their comments/explanation, in the absence of the relevant data/information/details. They have, however, added that they have conducted the respective audits</p>	<p>by ICAI thereafter, as Shri. P Ramakrishna had filed a Special Leave Petition (SLP) in Supreme Court. P. Rama Krishna, who was held answerable for the proceedings in connection with the audit of Global Trust Bank (GTB) for the year 2000-01 had filed the SLP in Supreme Court (SC) against the Order of the Learned Division Bench of High Court (HC) of Delhi dated 30th September 2011, which had upheld the decision of ICAI to remove his name for 5 years.</p> <p>The SLP came up before the Supreme Court on 25th November 2011 and the Supreme Court, inter alia, ordered as under:</p> <p>“Until further orders, final order shall not be passed by the Respondent No.1 (ICAI) in so far as petitioner (P.Ramakrishna) herein is concerned”.</p> <p>On 2nd July 2012, after hearing the matter, the Hon’ble Supreme Court granted four weeks’ time to the Union of India to file its counter and one week thereafter to the petitioner to file his rejoinder and directed the matter to be listed after 6 weeks. Thereafter, the matter was listed on 24th August 2012. After hearing, the Hon’ble Supreme Court was pleased to grant leave in the matter and directed that interim order would remain operative until disposal of the appeal. The Hon’ble Supreme Court also directed that the hearing of the appeal be expedited and the same to be posted for hearing within</p>

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	<p>in accordance with the generally accepted accounting and auditing practices (GAAP) and the various pronouncements and accordingly requested the Institute to close the matter. Further examination of the matter is in process at ICAI.</p> <p>As reported in December, 2005 The documents/details sought by the respective respondent-firms for submission of their respective explanation were received by ICAI from the RBI on 4th August, 2005 and the same were forwarded on 5th August, 2005 to the respondent firms with stipulation that their explanation/comments should reach them by 31st August, 2005.</p> <p>The respective respondent-firms have furnished their explanation /comments vide their letter dated 15.9.05 & 19.9.2005 respectively and the same is being examined and processed by the ICAI in terms of the provisions of Chartered Accountants Act, 1949 and the Regulations framed thereunder.</p> <p>As reported in May, 2006 ICAI have informed that they are hopeful to complete the exercise shortly.</p> <p>As reported in December, 2006 ICAI have informed that based on the examination of latest inputs received from the Oriental Bank of Commerce along with the earlier papers received from the RBI, Special Auditors, clarifications of the Statutory Auditors and other documents, a finality has been reached on treating certain allegations as "information" under Section 21 of the Chartered Accountants Act, 1949. Accordingly, the "information" letter(s) i.e., Show Cause notice(s) have been issued to the concerned Statutory Auditors viz. M/s Lovelock & Lewes, Chartered Accountants, Kolkatta (for the year 2000-01) and M/s Price Waterhouse & Co., Chartered Accountants, Kolkatta (for the year 2002-03) on 1.12.06 & 5.12.06 respectively.</p> <p>As reported in May, 2007 ICAI have informed that written statement(s) from the member(s) answerable have been received and the matter would be placed before the Council in its next meeting scheduled to be held in the month of June 2007.</p>	<p>one year. The application before the SC has been filed for early hearing since one year had already elapsed and the matter is yet to be listed before the Hon'ble SC.</p> <p>The hearing of the Disciplinary committee of ICAI in the matter was later fixed on 6th March, 2013 and the members concerned sought adjournment, which was granted. Finally, the hearing was held on 5th April, 2013 whereat the Respondent(s) and the witnesses were present and the matter was part heard on that day and thereafter, adjourned at the request of the Respondent(s).</p> <p>Subsequently, the members concerned filed the Writ Petition before the Hon'ble Bombay High Court in April, 2013 which was dismissed by the Hon'ble High Court on 15th October, 2013 with the direction that the enquiry would be conducted not prior to 17th December 2013. Further, on the request of the Petitioners i.e. Shri Partha Ghosh and Anr., the stay granted till 17th December, 2013 was extended upto 15th January, 2014. The next hearing in the matter was fixed in the month of April, 2014 but could not take place due to Lok Sabha Election. Now, the hearing will be fixed after June, 2014.</p>

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	<p>As reported in December, 2007 ICAI have informed that the matters relating to all the three years i.e. 2000-01, 2001-02 and 2002-03 have been considered by the Council at its meeting held between 16th and 18th August, 2007 for its prima facie opinion and the Council has referred all these matters to the Disciplinary Committee for inquiry. The matters have been fixed for hearing by the Disciplinary Committee scheduled to be held between 13th and 15th December, 2007.</p> <p>As reported in May, 2008 ICAI have informed that in the meeting held on 13.12.07, the Reserve Bank of India, which was cited as one of the witnesses in these matters had sought adjournment on the grounds that they needed time to send the documents, the Disciplinary Committee adjourned these matters to 22nd and 23rd April, 2008. During the hearing on 22nd April 2008, the respondents requested the Committee that they require 30 to 45 days time for submitting their working papers which are quite voluminous in number. After considering the request of the respondents, the Committee, on grounds of natural justice gave the last opportunity to the respondents to present their defence and consequently adjourned the hearing.</p> <p>As reported in December, 2008 ICAI have informed that the hearing for the matter relating to the year 2000-01 took place on 1.8.08 at Mumbai and the same was concluded on that day itself. The respondents were requested to send certain documents as directed by the Disciplinary Committee at the time of hearing and the same have been received from them. The Report of the Disciplinary Committee is under preparation. Regarding matters relating to the year 2001-02 and 2002-03, they have informed that the matter has been adjourned to 6th & 7th October 2008 at Mumbai. On 6.10.08, the matter was part heard and adjourned to 8.11.08.</p> <p>As reported in June, 2009 ICAI have informed as under : (i) The hearing in the matter(s) relating to the years 2000-01 and 2001-02 has been concluded by the Disciplinary Committee</p>	

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	<p>and the said Reports are included in the agenda of the Council Meeting for its final consideration. If these Reports are accepted by the Council, it would be recommending the punishment to the concerned High Court(s) for its final approval.</p> <p>(ii) The hearing in the matter relating to 2002-03 has been concluded on 23.03.09 by the Disciplinary Committee but thereafter, the Respondents had filed a Writ Petition before the Hon'ble High Court of Bombay. The Hon'ble High Court has passed its Orders and the same are under consideration by the Disciplinary Committee for further course of action.</p> <p>As reported in December, 2009</p> <p>As regards the hearing in the matter relating to the year 2000-01 is concerned, ICAI have informed that after the hearing was fixed in the month of March and April, 2009, adjournment requests from the Respondents was received which was acceded to and accordingly the said Report was included in the Agenda of the Council Meeting to be held from 8th to 10th of August, 2009. In the said meeting, the Respondents, namely, Shri P. Ramakrishna and Shri Manish Agarwal requested for adjournment on the ground that their partner, Shri S. Gopalakrishnan was not available. The Council on their request adjourned the matter for the last time and further directed the Office to have a copy of the Disciplinary Committee Report served on Shri S. Gopalakrishnan in the jail which has been duly served on him in the jail. Further, Shri S. Gopalakrishnan has written a letter dated 8th August, 2009 wherein he had requested to defer the hearing in the case till his release on bail. The said report would be placed before the Council at its next meeting to be held on 16th & 17th December 2009.</p> <p>A As regards, the hearing in the matter relating to the year 2001-02 is concerned, it is informed that the said Report has been included in the Agenda of the Council and the Council after consideration of this Report along with the written submissions of the Respondent, if any, if accepts the Report of the Disciplinary Committee would recommend the punishment to the concerned High Court.</p> <p>In context with the hearing relating to the year 2002-03 and further to the hearing concluded on 23rd of March, 2009, it is to</p>	

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	<p>mention that the Respondents had filed Writ Petition in the Hon'ble High Court of Bombay and the Hon'ble High Court vide its Order dated 16th April, 2009 had given certain directions to the Disciplinary Committee. In compliance with the directions, the Hon'ble High Court of Bombay, the Disciplinary Committee passed its Speaking Order dated 8th July, 2009 and the same was informed to the Respondents vide Institute's letter dated 18th July, 2009 in which fresh date(s) of hearing were also intimated to them i.e. on 20th and 21st August, 2009 at Mumbai. On receipt of the notice for fixation of hearing in the month of August, 2009, the Respondents again raised certain issues relating to the enquiry which were clarified to them vide Institute's letter dated 12th of August, 2009. In furtherance to that, the Respondents moved the Hon'ble High Court in the month of August, 2009 and the same came up for hearing on 15th of August, 2009 wherein the Hon'ble High Court directed the Disciplinary Committee to give all the documents which are relied upon by the Disciplinary Committee against the Respondents within two weeks' time. In compliance with the Order of the Hon'ble High Court of Mumbai, though all the documents were parted with the Respondent, yet all the documents as received from the witnesses i.e. Reserve Bank of India and the Special Auditors were sent once again to the Respondents and notices were issued for the next date of hearing to be held on 16th and 17th of September, 2009. The said notice was issued on 25th of August, 2009 to the Respondents including the witnesses.</p> <p>The Respondents again moved the Hon'ble High Court of Bombay and filed Contempt of Court Petition before the Hon'ble High Court against the Disciplinary Committee of the Institute on 9th of September, 2009. The said matter came for hearing on 11th of September, 2009 for which a short adjournment was sought and the same came up for hearing on 15th of September, 2009. It was brought to the notice of the Hon'ble Court that all the documents as received from the witnesses have already been parted to the Respondents and the letter to the said effect had also been sought from the Reserve Bank of India which was placed before the Hon'ble High Court on 15th of September,</p>	

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	<p>2009 and once again all the documents which were earlier provided to the Respondents were again given to them before the Hon'ble High Court. The said hearing in the matter was again postponed which was scheduled to be held on 16th and 17th of September, 2009 on the directions of Hon'ble High Court.</p> <p>The Hon'ble Court was of the view that it was not necessary to pursue the exercise of the Contempt Jurisdiction. The Contempt Petition was accordingly disposed off.</p> <p>Now, the next date of hearing in the said matter is most likely to be fixed on 15th & 16th January, 2010.</p> <p>As reported in May, 2010</p> <p>The ICAI have informed that latest progress made in the matter is as under:</p> <p>a) <u>For the year 2000-01</u>: Members answerable Disclosed by the Respondent firm</p> <p style="padding-left: 40px;">Shri S. Gopalakrishnan Shri P. Rama Krishnan Shri Manish Agarwal</p> <p>On consideration of the Report of the Disciplinary Committee, the Council accepted the Report of the Disciplinary Committee with respect to CA. P. Rama Krishna and held the Respondent guilty of professional misconduct falling within the meaning of Clauses (6), (7), (8) & (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and recommended to the concerned High Court that his name be removed for 5 years from the list of members. Thereafter, he has filed a Writ Petition in the Hon'ble Delhi High Court. Counter affidavit has been filed by the Institute and the Respondent has sought time from the Court to file their rejoinder and, accordingly, the case was listed for hearing on 12th April, 2010 and no further progress has been received.</p> <p>Further, the Council accepted the report of Disciplinary Committee with respect to CA. Manish Agarwal and held the respondent guilty of as per notification no. 1-CA(15)/60 dated 4th November, 1960, falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and recommended to the concerned High Court that his name be removed for 3 years from the list of members.</p>	

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	<p>As regards CA. S.Gopalakrishnan is concerned, since he was in judicial custody, the Council has decided to send one final notice to him informing that his report would be heard by the Council after 60 days. Accordingly, the notice is being sent to him to send his written representation or to send his counsel to appear before the Council at its next meeting to be held between 3rd and 5th May, 2010.</p> <p>b) <u>For the year 2001-02:</u> Members answerable Disclosed by the Respondent firm Shri Kersi H. Vachha Shri Amal Ganguli</p> <p>The Report of the Disciplinary Committee has been included in the Agenda of the Council which is most likely to be considered in its next meeting to be held between 3rd and 5th May, 2010. The Council after consideration of this Report along with the written submissions of the Respondent(s), if any, if accepts the Report of the Disciplinary Committee would recommend the punishment to the concerned High Court.</p> <p>c) <u>For the year 2002-03:</u> Members answerable Disclosed by the Respondent firm Shri Partha Ghosh Shri D. V. P. Rao</p> <p>The hearing(s) fixed in the month of January and February, 2010 were adjourned at the request of Respondent(s). The hearing in this matter was scheduled for 6th and 7th April, 2010 at New Delhi and no further progress has been received.</p> <p>As reported in December, 2010</p> <p>(i) For the year 2000-01: Members answerable as disclosed by the Respondent firm i.e. M/s Lovelock & Lewes: Shri S. Gopalakrishnan Shri P. Rama Krishna Shri Manish Agarwal</p> <p>All the three Respondent- members have been found prima facie guilty by the Council of ICAI. Enquiry against them has been completed by the Disciplinary Committee and Reports submitted to the Council of ICAI. The Council, on consideration of the respective Reports had accepted</p>	

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	<p>the same. The subsequent developments in the matter are as under:</p> <p>(a) Shri S. Gopalakrishnan has been granted bail and consequently he is not under custody now.</p> <p>(b) Shri P. Rama Krishna has filed a Writ Petition in the Hon'ble High Court of Delhi against the decision of the Council.</p> <p>The Hon'ble High Court of Delhi concurred, inter alia, with the plea of Shri P. Rama Krishna about the non-applicability of the provisions of the Chartered Accountants Act, 1949 (pre-amended) and has held that disciplinary proceedings in the instant matter against the Respondent should recommence from the stage specified by it (i.e. from formation of prima facie opinion) and would continue only under the amended provisions of the Chartered Accountants Act and not under the pre-amended Section 21 of the Act.</p> <p>The ICAI has filed an appeal against the Order of the Hon'ble High Court of Delhi in the matter.</p> <p>The Court has fixed the said matter for final disposal on 8th December, 2010.</p> <p>In view of aforesaid Order of the Hon'ble High Court of Delhi, MCA have been legally advised not to initiate any further action even in the case of Shri S. Gopalakrishnan and Shri Manish Agarwal.</p> <p>(ii) For the year 2001-02: Members answerable as disclosed by the Respondent firm i.e. M/s Lovelock & Lewes:</p> <p style="padding-left: 40px;">Shri Kersi H. Vachha Shri Amal Ganguli</p> <ul style="list-style-type: none"> · The two Respondent-members have been found prima facie guilty by the Council of ICAI. · Enquiry against them has been completed by the Disciplinary Committee and Reports submitted to the Council; · Reports of the Disciplinary Committee were slated for consideration by the Council at its meeting held between 3rd and 5th May, 2010. However, an adjournment request was received on behalf of the Respondent(s) seeking time till 31st of May, 2010 to send their written representations which has been acceded to. Thereafter, another request for extension of time was received seeking time till 30th of June, 	

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	<p>2010 to send their written representations which has also been acceded to with a stipulation that this is the final extension of time. Meanwhile, another request for extension to send their written representation has been received vide letter dated 29th June, 2010, which has not been acceded to.</p> <p>It is pertinent to mention here that it is most likely that on the basis of the favourable Order of the Hon'ble High Court of Delhi in case of Shri P Rama Krishna, the Respondent-members for the year 2001-02 may cite the Order of the Hon'ble High Court of Delhi on the Writ Petition filed by Shri P. Rama Krishna and seek similar treatment.</p> <p>(iii) For the year 2002-03: Members answerable as disclosed by the Respondent firm i.e. M/s Price Waterhouse & Co.:</p> <p style="padding-left: 40px;">Shri Partha Ghosh Shri D.V. P Rao</p> <ul style="list-style-type: none"> · All the two Respondent- members have been found prima facie guilty by the Council of ICAI; · Eight hearings had been held by the Disciplinary Committee till March 2010. Further hearing was fixed on 1st May, 2010. <p>It is submitted that every effort is being made by ICAI through the applicable Court of Law to get the Order of the Hon'ble High Court of Delhi in favour of Shri P Rama Krishna reversed. The ICAI is waiting for the outcome of the Appeal filed by it against the said Order of the Hon'ble High Court of Delhi (Single Judge)</p> <p>As reported in June, 2011</p> <p>(i) For the year 2000-01: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock & Lewes:</p> <p style="padding-left: 40px;">Shri S. Gopalakrishnan Shri P. Rama Krishna Shri Manish Agarwal</p> <p>The case is pending in the Hon'ble High Court of Delhi and the next date of hearing in the matter is 31.5.2011.</p> <p>(ii) For the year 2001-02: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock & Lewes:</p> <p style="padding-left: 40px;">Shri Kersi H. Vachha</p>	

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	<p>Shri Amal Ganguli No change in status. (iii) For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse & Co.: Shri Partha Ghosh Shri D.V. P Rao No change in status.</p> <p>As reported in December, 2011 (i) For the year 2000-01: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock & Lewes: Shri S. Gopalakrishnan Shri P. Rama Krishna Shri Manish Agarwal A Division Bench of the Hon'ble High Court of Delhi on 31.5.2011, heard the case and reserved the pronouncement of the judgement. It pronounced its judgement on 30th September,2011 which is, inter alia, as under: "Para 37- The intention of the legislation in enacting - Section 21-D of the Chartered Accountants Act, 1949 is to draw out or make a distinction between the cases pending before the Council on a complaint or on information, and ensure that the amended provisions would apply to a fresh complaint or information and the unamended Act will apply to the pending complaints or information. It is inconceivable and there is no good reason or cause why distinction should be made between 'information' and 'complaint' for the purpose of deciding whether the amended or unamended provision would apply. The legislation intent behind incorporating Section 21 D is to make the legal position beyond doubt or cavil so that there is no dispute. Even under Section 6 of the General Clauses Act the position is the same. In these circumstances, we would prefer the interpretation placed by the appellant on the word 'complaint' as used in Section 21D. The word complaint includes information cases which were pending before the Council on 17th November, 2006. In the facts of the present matter as discussed above, proceedings or complaint in the form of information was pending before the council on 17th November, 2006 and accordingly the unamended provisions will apply." "Para 38- In view of the aforesaid reasoning, the present appeal</p>	

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	<p>is allowed and it is held that the procedure prescribed by the amended C.A. Act, 1949 i.e. Sections 21, 22 and 22A would be applicable to pending proceedings in information case and not the procedure prescribed after the amendment made by the Chartered Accountants (Amendment) Act, 2006. As already held above, the appellants have not challenged the other findings and directions given by the learned Single Judge. The appeal is accordingly disposed of. In the facts of the case, there will no order as to costs.”</p> <p>ICAI has informed that in view of above, the Report with respect to S/Shri S.Gopalakrishnan, P.Rama Krishna and Manish Agarwal is listed for consideration by the Council of the ICAI at its meetings scheduled to be held on 8th and 9th November, 2011 at New Delhi.</p> <p>(ii) For the year 2001-02: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock & Lewes: Shri Kersi H. Vachha Shri Amal Ganguli</p> <p>ICAI has informed that in view of the Order of the Division Bench of the Hon'ble High Court of Delhi, the Report with respect to S/ Shri Kersi H. Vachha and Amal Ganguli is listed for consideration by the Council at its meeting scheduled to be held on 8th and 9th November,2011.</p> <p>(iii) For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse & Co.: Shri Partha Ghosh Shri D.V. P Rao</p> <p>ICAI has informed that in view of the Order of the Division Bench of the Hon'ble High Court of Delhi, the hearing by the Disciplinary Committee in the matter(s) relating to S/Shri Partha Ghosh and D.V.P. Rao is scheduled to be held in the month of November-December, 2011.</p> <p>As reported in June, 2012 Proceedings in connection with audit of Global Trust Bank Ltd. (GTB) for the years 2000-01 (M/s Lovelock & Lewes), 2001-02(M/s Lovelock & Lewes) and 2002-03 (M/s Price Waterhouse & Co.).</p> <p>(i) For the year 2000-01: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock & Lewes:</p>	

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	<p>Shri S. Gopalakrishnan Shri P. Rama Krishna Shri Manish Agarwal</p> <p>The Report with respect to S/Shri S.Goplakrishnan, R.Rama Krishna and Manish Agarwal had been listed for consideration by the Council at its meeting scheduled on 8th November, 2011, New Delhi. Thereafter, before the consideration of the said Report by the Council, CA. P.Rama Krishna filed Special Leave Petition in Supreme Court against the Order of the Learned Division Bench of High Court of Delhi, the Council while noting that the said SLP was yet to be listed and considering the facts and the circumstances of the case coupled with the fact that written representation dated 11th December, 2009, Affidavit dated 3rd February, 2010 and additional papers have been received from him, the Council decided to proceed further in the matter.</p> <p>Accordingly, the Council took up the consideration of the Reports in the matter of P.Rama Krishna and Manish Agarwal and decided as under:</p> <p>Shri P.Ramakrishna was held guilty of professional misconduct falling within the meaning of Clauses (6),(7),(8) & (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and consequently recommended to the concerned High Court that his name be removed for 5 years from the Register of Members. The SLP filed by Shri P.Ramakrishna came up before the Supreme Court on 25th November, 2011 and the Supreme Court, inter alia, ordered as under:</p> <p>"Until further orders, final order shall not be passed by the Respondent No.1 (ICAI) in so far as petitioner (P.Ramakrishna) herein is concerned".</p> <p>The Hon'ble Supreme Court had directed the Respondent Institute to file its counter affidavit by 24th February, 2012 which the Institute has filed and the next date of hearing had been fixed for 26th March, 2012. On 26th March, 2012, the Hon'ble High Court has directed the Union of India to file their counter reply by 8th May, 2012. Irrespective of whether the counter reply is filed by the stipulated date, the next date of hearing has been fixed for 2nd July,2012.</p> <p>Shri Manish Agarwal was held guilty of professional misconduct in terms of Notification No.1-CA (15)/60 dated 4th November,</p>	

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	<p>1960 falling within the meaning of Clause (7) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and consequently recommended to the concerned High Court that his name be removed for 3 years from the Register of Members. However, on the date of hearing, an adjournment letter dated 8th November, 2011, has been received from the Respondent No. 1 i.e. S.Gopalakrishnan requesting therein that since he has been released on bail in the month of November, 2011. Accordingly, he needs some time to send his written submissions, the Council decided to give 45 days time to the Respondent to submit his written submissions and adjourned the consideration of the Report in the said matter on 8th November, 2011.</p> <p>Thereafter, Respondent No.1 i.e. S.Gopalakrishnan has also submitted his written submissions vide letter dated 26th December, 2011.</p> <p>The Council considered the Report of the Disciplinary Committee on 26th-28th March, 2012. On consideration of the report alongwith the written and oral submissions of the Counsel for the Respondent, the Council decided as under:</p> <p>Shri S.Gopalakrishnan was held guilty of professional misconduct falling within the meaning of Clauses (6),(7), (8), & (9) of Part I of Second Schedule to the Chartered Accountants Act, 1949 and consequently recommended to the concerned High Court that his name be removed for 5 years from the Register of Members.</p> <p>(ii) For the year 2001-02: Members answerable as Disclosed by the Respondent firm i.e. M/s Lovelock & Lewes:</p> <p>Shri Kersi H. Vachha Shri Amal Ganguli</p> <p>In view of the Order of the Division Bench of the Hon'ble High Court of Delhi, the Report with respect to S/Shri Kersi H. Vachha and Amal Ganguli was listed for consideration by the Council at its forthcoming meeting schedule to be held on 8th and 9th November, 2011. On the date of hearing, a request for adjournment has been received from the Respondents, based on the circumstances mentioned by them and accordingly decided to adjourn the Report of the Disciplinary Committee. Thereafter, it was again fixed for consideration of the Disciplinary</p>	

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	<p>Committee Report by the Council on 14th December, 2011. Meanwhile, the Respondents had filed Writ Petition before the Hon'ble High Court of Bombay whereat after hearing both the parties, the Hon'ble High Court of Bombay vide Order dated 15th December, 2011 passed the interim order which are as under:</p> <p>" In the meanwhile, so far as the interim protection is concerned, in our view, it would be just and proper to allow the first respondent to hear the petitioners on the report of the Disciplinary Committee and after hearing the petitioners if any final decision is taken, no further steps should be taken on the basis of such final report till the next date of hearing."</p> <p>The matter came up for hearing on 1st March, 2012 and the counsels for both the sides submitted before the Court that since the Special Leave petition has been filed by one of the petitioners in the Global Trust Bank matter pertaining to the financial year 2000-01 is to come up for hearing before the Hon'ble Supreme Court on 26th March, 2012. However, the interim orders which were passed by the Hon'ble High court of Bombay on 15th December, 2011 continued. Further, they requested the Court to take up the matter after hearing the Hon'ble Supreme Court takes place. Accordingly, the next date of hearing has been fixed for 23rd April, 2012.</p> <p>In consonance with the interim orders of Hon'ble High Court of Bombay that after taking final decision, no further steps would be taken on the basis of such final report by the Council of the Institute till the next date of hearing by the Hon'ble High Court. The next date of hearing has been fixed on 16th July, 2012 and in the meanwhile, the interim orders of the Hon'ble High Court are still continuing.</p> <p>The consideration of the Report of the Disciplinary Committee with respect to S/Shri Kersi H. Vachha and Amal Ganguli was fixed for 26th - 28th March, 2012. On consideration of the Report of the Disciplinary Committee alongwith written submission made by the authorized representative, the Council held the Respondents are guilty of professional misconduct falling within the meaning of Clauses (5), (6), (7), (8) and (9) of 1 Part of the Second Schedule to the Chartered Accountants Act, 1949 and recommended to the High Court that the name of the Respondents be removed from the Register of Members for a period of Five years.</p> <p>(iii) For the year 2002-03: Members answerable as Disclosed by the Respondent firm i.e. M/s Price Waterhouse & Co. :</p>	

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	<p>Shri Partha Ghosh Shri D.V. P Rao</p> <p>In view of the Order of the Division Bench of the Hon'ble High Court of Delhi and thereafter filing of Special Leave Petition by one of the answerable Respondent(s) i.e. P.Ramakrishna and thereafter the Writ Petitions filed by M.K.H.Vachha and Mr.Amal Ganguly before the Hon'ble High Court of Bombay, the hearing is yet to be fixed again in respect of these matter(s).</p> <p>As reported in December, 2012</p> <p>Institute of Chartered Accountants (ICAI) has reported that the following members of ICAI were disclosed to be answerable in connection with the audit of Global Trust Bank Ltd. (GTB):</p> <p>(a) by respondent firm M/s Lovelock & Lewes:</p> <ul style="list-style-type: none"> • Three members for the year 2000-01 • Two members for the year 2001-02, and <p>(b) By respondent firm M/s Price Waterhouse & Co.:</p> <ul style="list-style-type: none"> • Two members for the year 2002-03 <p>ICAI has completed its enquiry against five Members answerable for 2000-01 and 2001-02 and has recommended to the High Court of Delhi that their names be removed from the Register of Members. These Members are:</p> <p>(i) Shri S. Gopalakrishnan (ICAI has recommended that his name be removed for 5 years),</p> <p>(ii) Shri P.Rama Krishna (ICAI has recommended that his name be removed for 5 years),)</p> <p>(iii) Shri Manish Aggarwal (ICAI has recommended that his name be removed for 3 years)</p> <p>(iv) Shri Kersi H.Vachha (ICAI has recommended that his name be removed for 5 years), and</p> <p>(v) Shri Amal Ganguli (ICAI has recommended that his name be removed for 5 years)</p> <p>In respect of two Members for 2002-03, namely Shri Partha Ghosh and Shri D.V.Rao, the ICAI has delayed deciding on the case for the year 2002-03 in view of litigation in Supreme Court/ High Court.</p> <p>Keeping in view the recommendations of ICAI to the Hon'ble High Court of Delhi, the action may be treated as complete in respect of 5 Members as indicated above.</p> <p>As reported in May, 2013 No change in the status</p> <p>As reported in December, 2013 No change in the status.</p>	