Calendar Case : C.C.No. 11/2006

Deposition of witness for : PW-33 (R.Murugesan)

Date : 10.06.2024

Solemnly affirmed in accordance with the provisions of Oaths Act, 1969 (Central Act 44 of 1969) on the 10th day of June-2024.

A1, A23, A25, A28, A31, A36, A39 to A41, A45 to A47 are present. A3 Company represented by A4. Charges against A6, A9, A13, A14, A18, A21, A22, A26, A33, A35, A38, A44 and A48 abated. A8, A11, A15 to A17, A20, A24 and A34 Discharged. A29 and A43 Split Up in C.C.No.08/2018. Others absent. Petition U/s.317 Cr.P.C. filed and allowed.

<u>Chief Examination Continuation.</u>(witness is present and Chief Continues):

Ex.P127 is a loan file relating to T.N.Subramanian. He purchased the said property for a sum of Rs.72,000/- whereas he availed a loan of Rs.3,69,000/-. Ex.P128 is a loan file is relating to P.T.Premkumar. He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-. Ex.P129 is a loan file relating to M.Dharmalingam . He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-. Ex.P.130 is a loan file relating P.Neelavathy . She purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,26,000/-. Ex.P131 is a loan file relating to M.Subramani. He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-.Ex.P132 is a loan file relating P.Jagannathan . He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,20,000/-. Ex.P133 is a loan file relating D.Inbaraj . He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-. Ex.P134 is a loan file relating E.Jeyakumar. He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-. Ex.P135 is a loan file relating K.Lalitha .She purchased the said property for a sum of Rs.48,000/- whereas she availed a loan of Rs.2,46,000/-. Ex.P136 is a loan file relating M.Kalidas .He purchased the said property for a sum of Rs.24,000/-whereas she availed a loan of Rs.1,10,000/-.Ex.P137 is a loan file relating K.R.L.Manikandan .He purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-. Ex.P138 is a loan file relating M.S.Thamarai selvi. She purchased the said property for a sum of Rs.48,000/- whereas he availed a loan of Rs.2,46,000/-. Ex.P139 is relating B..Gandhi. He purchased the said property for a sum of Rs.72,000/- whereas he availed a loan of Rs.3,69,000/-. Ex.P140 is a loan file relating V.Murali. He purchased the said property for a sum of Rs.48,000/-whereas he availed a loan of Rs.2,46,000/-. Ex.P148 is relating D.Theagarajan. He purchased the said property for a sum of Rs.24,000/- whereas he availed a loan of Rs.1,10,000/-.Ex.P141 is a loan file relating C.Palaniappan. He purchased the said property for a sum of Rs.48,000/-whereas he availed a loan of Rs.2,46,000/-.Ex.P142 is a loan relating to T.Subramanian. He purchased the said property for a sum of Rs.30,000/-whereas he availed a loan of Rs.1,54,000/-. Ex.P143 is a loan file relating to M.Gnanaoli. He purchased the said property for a sum of Rs.48,000/-whereas he availed a loan of Rs.2,46,000/-.Ex.P144 is a loan file relating to K.Ganesan. He purchased the said property for a sum of Rs.24,000/-whereas he availed a loan of Rs.1,23,000/-. Ex.P145 is a loan file relating to P.Sampath. He purchased the said property for a sum of

Rs.48,000/-whereas he availed a loan of Rs.2,46,000/-. Ex.P146 is a loan file relating to R.Yasodha. She purchased the said property for a sum of Rs.30,000/-whereas she availed a loan of Rs.1,54,000/-Smt.S. Vijayalakshmi (A2) had prepared the legal technical checklist, loan agreement, Demand Promissory Note, Special Power of attorney and Letter evidencing title deposit apart from letter of guarantee executed by the guarantor. Generally the Law officer or Senior Manager will execute the loan agreement. In this case, Smt.Vijayalakshmi had prepared the loan agreements. She had put her signatures on the rear side of the legal technical checklist referred to above. I can identify the signature of the Vijayalakshmi in the above mentioned Exhibits. (He identified and confirmed). In this case Shri P.M.Sankaran, Value Auditor had given the valuation reports.

The Public Prosecutor put the specific question regarding the valuation report given by P.M.Sankaran as to whether it is fall in line with normal valuation report?

The witness gives following answer for the above questions.

Generally valuation report indicates the ground reality of the valued property. But in this case the loans sanctioned to the borrowers includes two components one value for the plot and the 2nd component is the development of the purchased plot. Valuer report of this case indicates the price of the developed plots being purchased the borrowers which is not in line.

(The A1's counsel is present and raised objection when 161 Cr.P.C statement was shown for refreshing memory.)

In this aspect I have been examined by CBI.

Cross examination by A1 Counsel.

It is correct to say that the Retail finance unit of Hudco was established in various cities and towns in the country to exclusively cater to the individual housing loan portfolio of Hudco. Mr.Arulkumar had functioned as Regional Chief of Hudco Chennai Regional office (Niwas Offices) at Chennai, Coimbatore, Nagercoil, Madurai, Pondicherry and Portblair were opened. (By showing the unmarked document) It is correct to say that as per the office order No.1906/1999 dated 31/3/1999 issued by Hudco Office, Delhi I was posted as Law Officer of the newly formed Chennai Niwas Office. That Certified xerox copy of Office Order No.1906/1999 dt.31/3/1999 is marked as Ex.D8 (one sheet). It is correct to say that when I was Law officer in Hudco Niwas, I was reporting to Branch Manager of Niwas office. When I was posted in March 1999, V.T.Subramaniam, Senior Manager was the branch head of Chennai Niwas Office.I cannot recollect whether Muralidharan replaced V.T.Subramaniam as Branch Manager at the level of Senior Manager in January 2000. I cannot recollect whether Subramanian who was much junior to Muralidharan was posted in October 2001 to Chennai Niwas Office and designated as Senior Manager. Niwas office was functioning with sufficient manpower. The Branch Manager is Niwas Office's Head and other staff members are subordinates to him. The branch Manager had to prepare Annual Performance Appraisal Report(APAR) for the all officials attached under him. Witness explained that for some bottom level staff members, immediate controlling officer can prepare such reports. (Witness is shown with Ex.P1 in connected C.C.No.9/2006).Annexure S.1 found in Page-185 to 192 is the base document for preparation of Credit appraisal cum sanction note for approval the CMD/DF/ED(Zone)/Regional Chief. Whether Niwas officials based on Credit Appraisal submit the Credit Appraisal cum sanction for sanction of loan to the Sanctioning Authority in the same format prescribed in the above mentioned Annexure - S1. With this document as the base document the respective credit appraisal cum sanction note was prepared for each loan sanction. It is incorrect that Mr.Arulkumar as stipulated under 5.1sanction procedure of NIWAS Guidelines will put his signature on the four pages credit appraisal cum sanction note to accord sanction based on recommendation of technical finance law officer as well as the branch incharge. The witness explains that the entire files went to Thiru V.Arulkumar for sanction.

Question. Ex.P107 under credit appraisal cum sanction note item no.6 the cost of the property is Rs.1,86,667/-and under -8 (4) it is RS.1,28,000/- and as per handwritten put note cost of plot as per the valuation is Rs.1.45 lakhs per ground. Is it correct?

Answer. It is incorrect to say so. As per Credit appraisal cum sanction note clause-6 (VI) indicates total cost as Rs.1,86,667/- and below cost is it is handwritten that value of the plot as per valuation is Rs.1,10,000/- per ground and under clause -8(IV) with nomenclature loan details loan amount recommended with Rs.1,28,000/-.

Question. Under item-13(a)certificate of verification and confirmation of the four page credit appraisal cum sanction note for R.C. whether the technical member of the sanctioning committee, Finance Member of the sanctioning committee and Law officer of the sanctioning committee had confirmed that documentary evidence in respect of income, cost including employment verification certificate and its authenticity have been checked and verified?

W.Answer. Yes.

Question. Under 13(c) whether the technical member of the sanctioning committee, finance member of the sanctioning committee and Law officer of the sanctioning committee had confirmed that title of the property has been verified including its marketability?

W.Answer. Yes.

Question. Under item-13(d)whether technical member of the sanctioning committee Finance member of the sanctioning committee and Law officer of the sanctioning committee had confirmation that the reasonableness of cost, incidental and contingency charges have been verified?

W.Answer. Yes.

Question. Under item13(e) whether the technical member of the sanctioning committee finance member of the sanctioning committee and Law officer of the sanctioning committee had confirmed that sources of meeting contribution of application including continuity of income of applicant/co-applicant has been verified?

W.Answer. Yes.

Question. Under item 13(f) whether the technical member of the sanctioning committee finance member of the sanctioning committee and Law officer of the sanctioning committee had confirmed repayment capacity has been assessed with reference to IIR applicants personal and social obligation ?

W.Answer. Yes.

Question. Is it correct that under recommendation No.15A of the Credit Appraisal cum sanction not for RC the technical member of the sanctioning committee finance member of the sanctioning committee and Law officer of the sanctioning committee had recommended the loan for sanction?

W.Answer. Yes. recommended the loan.

Question. Under Ex.P107 whether after sanction of the NIWAS loan by the Regional Chief all the post sanction activity such as issue of sanction letter documentation, progress monitoring, site inspection, disbursement of loan are processed recommended and approved in the file entirely at NIWAS Office level?

W.Answer. As an Law officer I cannot speak on the activity carried out by finance team, technical team which are under direct control of Regional Chief.

Question. Ex.P108 under credit appraisal cum sanction note item no.6 the cost of the property is Rs.3,73,000/-and under -8 (4) it is Rs.2,56,000/- and as per handwritten put note cost of plot as per the valuation is Rs.1.95 lakhs per ground. Is it correct?

W.Answer.It is incorrect to say so. As per Credit appraisal cum sanction note clause-6 (VI) indicates total cost as Rs.3,73,000/- and below cost is it is handwritten that value of the plot as per valuation is Rs.1,95,000/- per ground and under clause -8(IV) with nomenclature loan details loan amount recommended with Rs.2,56,000/-.

Question. Ex.P109 under credit appraisal cum sanction note item no.6 the cost of the property is Rs.3,98,000/-and under -8 (4) it is Rs.2,72,000/- and as per handwritten put note cost of plot as per the valuation is Rs.1.45 lakhs per ground. Is it correct?

W.Answer.It is incorrect to say so. As per Credit appraisal cum sanction note clause-6 (VI) indicates total cost as Rs.3,98,000/- and below cost is it is handwritten that value of the plot as per valuation is Rs.1,45,000/- per ground and under clause -8(IV) with nomenclature loan details loan amount recommended with Rs.2,72,000/-.

(At request Continuation of Cross examination of A1 is adjourned)