**DEPOSITION OF WITNESS**

**(Chapter XXIII code of Criminal Procedure)**

**In the Court of XI Additional Special Judge for CBI Cases**

**(CBI Cases Relating to Banks and Financial Institutions)**

**Chennai - 600 001.**

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|---|---|---|
| Calendar Case | : | C.C. No. 06/2006 |
| Deposition of witness for | : | PW 20 |
| Name | : | Mr.A.Sivasankar |
| Father's / Husband's Name | : | S/o.S.Athinathan |
| Address for Communication | : | HUDCO, Lodhi Road, New Delhi |
| Village | : | |
| Taluk | : | |
| Calling | : | General Manager (Finance) |
| Religion & Caste | : | |
| Age | : | 53 years Mobile:94861 77430 |

Solemnly affirmed in accordance with the provisions of Act X of 1873 on this the 03rd day of March, 2020.

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**Chief Examination:**

Presently, I am working as General Manager, Finance in HUDCO Corporate Office, New Delhi. During the period between 2001 to 2003, I was working Deputy Manager, Finance and was responsible for looking into the financial aspects of the Credit Appraisal Report after the technical appraisal done by Technical Team in the Credit Proposals received by HUDCO, Chennai. At that time, V.Arulkumar (A1) was the Regional Chief and Head of HUDCO Regional Office, Chennai.

Normally, the loan release was recommended by the technical team after following their due diligence and on completion of all legal formalities including documentation. Based on their recommendation, sanctioned loan will be released as recommended by the Finance Department on preparation of cheques in the name of the applicant. During the said period, I was In-charge of the financial functions of HUDCO Niwas and my duty includes checking the fixed obligations to income ration which should be 45% of the total income of applicants and the income to installment ratio which should be 35% of the applicants' monthly income. After satisfying this criteria I put up the respective loan file through my Senior Managers for approval of the competent authority i.e. Regional Chief. After getting sanction from the Regional Chief and on completion of all legal documentations, the legal officer informs the status of the legal documentation in the legal technical check list. After recommendation of the Legal Officer, the Technical Officer gives his recommendation and informs in writing the amount to be disposed. We from finance side effect the loan release after obtaining funds from the head office. I am also one of the authorized signatories for signing the cheque along with our Senior Manager – Mr.Muralidharan.

During the period from January -2002, it was informed in one of the review meetings in the held in the Regional Office, Chennai chaired by the Regional Chief -Mr.V.Arul Kumar (A1) including our Senior Managers-Mr.Muralidharan and Mr.Subramanian instructed to process the release of housing loans as per the sale agreement and sale agreement value instead of the estimated value. In one of the subsequent meeting wherein it was brought out, in various cases where the loans were subsequent released has been withheld due to bouncing of the cheques issued by the customers. This was done as a precautionary measure and to avoid accumulation further default. In the Review Meeting, it was decided that the customer clears the entire default and provide all the post dated cheques we can make subsequent loan release.

In one of the subsequent meetings, when the issue of giving loan release cheques to the authorized persons of the beneficiaries, it was informed from the finance side since this is a long tenure with a period of 15 years it is better for us to see the customers instead of giving the cheque to an authorized person/builder. This was over ruled in the review meeting citing the reason that this practice of giving release of loan by way of cheques to an authorized person is already existing for the project and other HUDCO Niwas cases and it is suggested that there is no need for a separate rule for insisting the presence of applicant to receive the cheques. At the time of March-2002, when we have released only the 1st installment of loan and the subsequent installments were released only after receipt of the original sale deed as "mortgage". Hence, during March-2002, we have received a note put up by our two Senior Managers – Mr.Muralidharan and Mr.Subramanian which was also counter signed and approved by our Regional Chief -Mr.V.Arul Kumar (A1) instructing us to rely on 85% of the cost of valuation report given by the Panel Valuer or the sale agreement executed, whichever is lower. In one of the review meeting of HUDCO Niwas, Chennai, it was informed to the Regional Chief -Mr.V.Arul Kumar (A1) by the Finance Team that the default in the PLOT Cases is on the higher side when compared to the default in other PLOT Loans given under Tamil Nadu Housing Board and Chennai Metro-Politan Co-Operative Housing Societies. In this regard, I have been examined by CBI.

**CROSS EXAMINATION BY A1**: The Learned Counsel for A1 filed the Defer Application. Heard both side and dismissed.

**CROSS EXAMINATION :** A2, A3, A5, A6 reported no cross.

**Re-Examination:** Nil.