IN THE COURT OF THE JUDICIAL MAGISTRATE, THENI.

Present: Tmt. V. Bharatha Devi, M.L.,
Judicial Magistrate, Theni.
Wednesday, the 08th day of July, 2026.

Crl.M.P. No.316/2024

CNR No.TNTH020004062024

State Bank of India,
Region IV, Madurai reprsented by
its Assistant General Manager. ... Petitioner

//Versus//

1) The Superintendent of Police,
Theni.

2) The Inspector of Police,
District Crime Branch,
Theni. ... Respondent

3) O.M.S. Velmurugan

4) Mr. Shenbaganathan

5) Mrs. Indhumathi and 235 others ... Respondents

This petition is came up for hearing today, in the presence of learned counsel Thiru.Guru Radhakrishnan, B.A.,B.L., appeared on behalf of the Petitioner, upon perusing the petition and the relevant materials on record and upon hearing both sides arguments, this court passes the following...

Order

1. This petition has been filed by the petitioner under Section 156(3) of the Code of Criminal Procedure to direct the DCB Police to register FIR against the accused.

2. Averments of the Petition:

(i) The petitioner stated that, the State Bank of India (SBI), represented by its authorized Regional Manager, has lodged the complaint on behalf of the Bank regarding a large-scale fraud committed under the Produce Marketing Loan (PML) Scheme. The PML Scheme is a short-term agricultural loan intended to provide financial assistance to genuine farmers against the pledge of agricultural produce stored in warehouses. Loans are sanctioned based on the borrower's land holdings, cultivation details, crop yield, warehouse receipts, and other supporting documents.

(ii) During the relevant period, 235 loans were sanctioned under the scheme through SBI's Periyakulam (151 loans), Theni (28 loans), and Jeyamangalam (56 loans) branches, amounting to approximately Rs.44.96 crores. Out of this, Rs.27.55 crores remains outstanding.

(iii) Initially, the borrowers were believed to be genuine farmers based on the documents submitted, including warehouse receipts, Chitta, Adangal, stock statements, and KYC documents. However, when the borrowers defaulted in repayment, the Bank initiated enquiries and discovered that many of the alleged borrowers were not farmers and claimed to have been unaware of the loans obtained in their names.

(iv) The Bank alleges that the accused, along with his associates, orchestrated a well-planned conspiracy by procuring forged documents, impersonating farmers, and fraudulently obtaining loans. Immediately after disbursement, the loan amounts were transferred from the individual borrowers accounts to the accounts of the accused and his associates, thereby causing wrongful loss to the Bank and wrongful gain to themselves.

(v) The complaint further states that one of the borrowers, Mr. Veyil Muthu, had already lodged a complaint before the Thenkarai Police alleging that the accused and his associates had induced him to sign several documents at the Bank on the pretext of obtaining free insurance and later threatened him when he questioned the transactions. An FIR has already been registered on his complaint. However, the Bank contends that the said FIR pertains to offences committed against the borrower and does not address the substantial financial loss suffered by the Bank.

(vi) The Bank had earlier submitted a complaint to the CBI on 21.05.2022, but the same was returned with instructions to approach the local police since the individual loan amounts were below the prescribed threshold and a related case was already pending before the Thenkarai Police. Thereafter, the Bank submitted complaints to the Superintendent of Police on 18.01.2023 and 21.06.2023, seeking registration of an FIR.

(vii) According to the Bank, the pattern of loan applications, discrepancies in the supporting documents, disproportionate loan sanctions, non-conformity of pledged commodities with the terms of sanction, diversion of loan proceeds to the accused and his associates, and the subsequent defaults clearly establish a criminal conspiracy involving the borrowers, the accused, his associates, and possibly the concerned bank officials who sanctioned the loans.

(viii) The Bank therefore alleges the commission of offences including criminal misappropriation, criminal breach of trust, cheating, forgery, and criminal conspiracy, and seeks a thorough investigation into the fraud involving a loss of approximately Rs.27.55 crores, including the role of the officials who sanctioned the loans.

(ix) The petitioner further submits that, on 18.01.2023 and 21.06.2023, he submitted complaint given to the Superintendent of Police, Theni District, requesting to register the case against the accuseds. However, till date, no action was taken. Therefore, contending that there are sufficient prima facie materials to proceed against the first respondent, the present petition has been filed seeking a direction to the Superintendent of Police, Theni District, to register the case u/s. 120, 420, 465, 468 and 471 and conduct an investigation, and thereafter file the final report before the competent Court.

3. The point for consideration in this petition is whether the petition filed by the petitioner is liable to be allowed or not?

4. Petitioner side heard. Records perused. It is argued by the petitioner counsel that the petitioners bank is having branches at Theni, Periyakulam and Jeyamangalam. The petitioner bank has given loan under the name Produce Marketing Loan to the farmers in a short-term basis. The 151 applications from Periyakulam, 28 applications from Theni and 56 applications from Jeyamangalam received by the bank and totally 235 loans for Rs.44.96 Crore and the amount of Rs.27.055 Crores is outstanding to be recovered from the borrowers. The loan was disbursed to the individual accounts. But the loan was not repaid by the 235 borrowers. The notice was sent to the borrowers and it is came to know that the borrowers are not farmers and actually they are unaware of the loan obtained by them. Further, It is came to know accused 3-5 colluded together and induced the bank to sanction the loan under the PML scheme. The borrowers claimed they were misguided by the accused person and they were brought to the bank by promising that they would arrange insurance to them.

5. Further, the bank approached the CBI by the complaint dated 21.05.2022 and the complaint was returned stating already a complaint was pending before Thenkarai Police Station regarding the same issue and the said complaint was given by one of the borrower against the accused and for some other offenses. The registration of FIR by the Thenkarai PS is not a bar to investigate the matter since huge amount of public money is involved and the huge scam was committed by the accused person and he prayed to allow the application.

6. It is submitted by petitioner side that the branches of petitioner bank at Theni, Periyakulam and Jeyamangalam sanctioned loan to the farmers in a PML scheme. 235 applications were received by these branches and a loan of Rs.44.96 crores was disbursed to the individual accounts. But, the said borrowers were failed to repay the said amount and it is came to know that the borrowers were unaware of the loan and they were brought to the bank by the accused person under the promise to arrange insurance to them. The loan particulars of Periyakulam branch has been enclosed. It is seen that 151 borrowers were sanctioned on various loan amount from 28.04.2017 to 24.10.2017. Further, it is seen from the account statement that all the above 159 borrowers have to repay the loan amount.

7. The loan particular of 28 borrowers from Theni branch has also been enclosed and the 56 borrowers details of Jeyamangalam branch also enclosed by the bank authorities. As per the case of the petitioner, the PML loan is short term loan. That is the loan should be repaid within a period of 12 months. It is stated that all the above 235 borrowers were defaulted in payment. But, the petitioner is failed to mentioned the alleged period of default committed by the borrowers. Further, it is seen from the loan details that every borrower was sanctioned a huge amount of Rupees. Further, the said loan would have been sanctioned after the identification, repayment capacity and the particulars of the borrower. Loan should not be granted to anyone mere saying that he is a farmer. Further, it is claimed in para 7 of the petition that, huge scam was executed by the accused person. But when the scam was brought to the knowledge of the bank officials is not mentioned in the petition.

8. Further, it is stated the one of the borrower Veyil Muthu from Viruthunagar has given complaint against the accused before the Thenkarai Police Station and the FIR was registered u/s.406, 465, 468, 471, 420, 294(b), 506(i) IPC. The said copy of FIR is enclosed as Doc. No.4. On perusal of the FIR, it is came to know that one Veyilmuthu has given complaint that he was brought by accused person to the SBI bank, Periyakulam branch for getting the insurance and his signature was obtained on many papers and he does not know that the signatures were obtained for loan purpose. He came to know about the loan after issuance of demand notice by the bank authorities. Further, the petitioner has approached the CBI for alleged the scam and it was returned by them.

9. Though, FIR was registered before the Thenkarai Police Station on the complaint of the one of the borrower, a detail enquiry is required for the alleged loan involved in this case. Considering the facts submitted by the petitioner this complaint is forwarded to DCB PS, Theni for preliminary enquiry. If cognizable offense is made out during the enquiry then DCB PS is at liberty to register FIR and investigate the matter in accordance with law.

Finally, This petition is allowed.

This order was dictated by me to the Steno-Typist, typed by her, thereafter corrected by me, and pronounced in the open Court on Wednesday, the 08th day of July, 2026.

BHARATHA DEVI

Digitally signed by BHARATHA DEVI
Date: 2026.07.08 19:29:03 +0530

Judicial Magistrate,
Theni.