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Invoke KPID Act in Raghavendra Coop Bank: HC

**Court tells ED, CID
to submit report**

24/7/20
BENGALURU, DHNS

The High Court has directed the government to invoke the provisions of the Karnataka Protection of Interest of Depositors in Financial Establishments Act (KPID) in the Sri Guru Raghavendra Co-operative Bank Ltd case.

A division bench headed by Chief Justice Abhay Shreeniwas Oka observed that the government did not invoke the provisions in spite of the recommendation by the Registrar of Societies.

"Unfortunately, the state has not invoked the provisions of the KPID Act. There was a proposal submitted by the registrar of societies on June 30, 2020 in this regard. In fact, it is not necessary for the state to wait for the recommendation of the registrar of co-operative societies. If the state is satisfied, it must act immediately and the action on attachment will have to be taken immediately. We direct the state to take immediate action on this behalf," the bench said.

Meanwhile, the government informed that between June 30 and July 21, amounts have been returned to 1,849 investors. With this, amounts of 14,950 investors have been returned so far.

The state also submitted that as part of recovery of the outstanding loan amount, a sum of Rs 2.9 crore has been recovered in cash and a sum of Rs 3.62 crore in the form of post-dated cheques received between June 30 and July 21. The court directed the administrator of the bank to act in accordance with law if any of the post-dated cheques are dishonoured.

The division bench also directed the Enforcement Directorate (ED) and Criminal Investigation Department (CID) to submit an investigation report by the next date of hearing. The CID and other departments concerned have been directed to furnish all documents to the ED officials.

In an Interlocutory Application filed, the bench directed the state to ensure that the auditing, especially the forensic auditing, is taken up expeditiously and reports are furnished at the earliest. The bench said a clear picture of the financial condition of the bank will only emerge once the audit is completed.