

IN THE COURT OF THE XXI ADDITIONAL CITY CIVIL
AND SESSIONS JUDGE & PRL. SPECIAL JUDGE FOR
CBI CASES, BENGALURU (CCH-4)

Dated this the 17th day of February 2021

PRESENT:

SMT. MANJULA ITTY, B.A.L., LL.B.,
XXI Additional City Civil and Sessions Judge
& Prl. Spl. Judge for CBI Cases, Bengaluru.

MISC.NO:96/2021

PETITIONER: The Competent Authority and
Special Officer for IMA,
Represented by Sri.Harsh Gupta, IAS,
Age – 49 years, Office at Second Floor,
BMTc Complex, Shantinagar,
Bengaluru-560 027.

(By Sri.Narayana Reddy.M,
Special Public Prosecutor)

Vs

RESPONDENT: NIL

**ORDER UNDER SECTION 8 R/W SECTION 11(1) &
11(2)(b), (e) & (f) OF THE KPIDFE ACT, 2004**

This petition is filed by the Petitioner/Competent
Authority and Special Officer for IMA under section 8
r/w Sec.11(2)(b) (e) & (f) of The Karnataka Protection

of Interest of Depositors in Financial Establishments Act, 2004 (in short KPIDFE Act) seeking:

(i) approval of claim verification mechanism,

(ii) approval of calculation of eligible claim amount after adjusting payout amount already paid to the depositors by the IMA Group,

(iii) permission for settlement of claim initially up to Rs.50,000/- for each claimant limiting the total amount to their eligible claim amount,

(iv) permission for settlement of claim to be started from available amount to be continued as and when the additional amounts are available

(v) permission for settlement of claim in order of priority,

(vi) permission for settlement of claim through bank transfer.

2. The Petitioner has also filed three documents along with the petition.

3. I have heard the learned Special Public Prosecutor on the petition. The learned Special Public Prosecutor submits that, the State Government has issued orders for ad-interim attachment of property valuing approximately Rs.475 Crores vide Notification No:RD 20 GRC 2017 (P2) Bengaluru dated 9.7.2019, 6.8.2019, 25.9.2019, 5.12.2019, 2.3.2020, 30.5.2020, 4.9.2020, 19.11.2020, 10.12.2020 and Notification No:RD 20 GRC 2020, dated 4.8.2020 and this court had made absolute the ad-interim attachment order passed by the Government in respect of the property mentioned in Notification No:RD 28 GRC 2020 dated 4.8.2020 and RD 20 GRC 2017 (P2) dated 30.5.2020 valuing a total sum of Rs.7.4 Crores, out of which Rs.5.09 Crores has been realized. He further submits that, the principal deposit amount which is required for satisfying the entire claim of depositors would be approximately Rs.2700 Crores, but the properties which are subjected to attachment would be in the range of valuing Rs.450 to 500 Crores which is wholly inadequate. It is further submitted that, the total claim payable is for 66,258 depositors and this would approximately after adjusting the payouts received by them would come to Rs.1641 Crores as against the

claim amount of Rs.2694 Crores without adjustment of the payout amounts. Therefore, he prays to permit the Petitioner to settle in the manner so as to bring the payable amount closer to the likely available amount. He further submits that, depending upon the additional available amount the claims of depositors for their principal amount would be considered at a later stage. Hence, he seeks the permission of this court for starting the process of settlement of claim from the available amount and for continuing the settlement of claim depending upon the availability of the amount as and when these become available after pronouncement of making absolute the ad-interim attachment by this court. The learned Special Public Prosecutor further submits that, the proposed settlement mechanism would not only provide relief to the depositors at the earliest, but would also be more beneficial to the most deserving i.e., the smaller value depositors.

4. The Petitioner has brought out the salient features of verification of claim application which are as follows:

- a) The claim application have two stages
ie., identification of claimant and submission of

the deposit claim amount and the verification would be taken up stage-wise.

b) The identity verification has been done by matching of claimant's personal particulars with their personal particulars available in the software data base maintained by the IMA and this includes name, photo, mobile number, PAN number and bank account number of the claimant.

c) The above personal particulars have been collected through UIDAI Date Base after Adhaar based authentication basis. The claimants have been permitted to apply through the transaction number related to the bank transaction for Re.1/- from their bank account to the bank account of the Competent Authority and the mobile number of the applicants have been collected through OTP verification.

(d) The personal particulars of the claimants obtained in the above manner have been matched with the personal particulars of the depositors available from the database maintained by the IMA Group.

e) The on-line claim application had four modes of applying;

- i) Adhaar based biometric authentication.
- ii) Adhaar based OTP authentication.
- iii) UTR number based authentication from bank account of the claimant depositors which was used for transaction with IMA.
- iv) UTR number based authentication from bank account of claimant depositor other than the one which was used for transaction with IMA.

(f) The applications have been filtered based on the parameters utilizing the name and photo matching software tool.

(g) 10% of the application filtered were selected randomly and pushed to the login of officers for manual confirmation of the matching percentage provided to the software tool.

h) After manual confirmation of all the randomly selected cases, it was inferred that the balance cases have correct matching percentage provided by the software tool. Hence, all such applications were taken automatically as

identification matched applications. As an additional factor of safety, only such applications is accepted based on the software matching tool where the IMA bank account of the claimants is operational.

i) All other applications which do not satisfy the above mentioned filtering criteria are also pushed to the login of officers for manual verification on the above mentioned parameters.

j) After confirmation of the identity of the claimants based on the above process, the claim amounts submitted by them are matched with the deposit amounts as well as the payout amounts maintained in the IMA software database against their respective names.

k) The deposits received by the IMA group have been in cash on few occasions and through bank in most of the other cases, but the payments of payouts as well as the requested returns of principal amounts have been made by the IMA Group through bank transactions only. The random verifications have revealed that the details mentioned in the IMA maintained software database, which was hosted in the Amazon Cloud

Servers, tally with the principal deposit pay-in and the principal return as well as periodical payout returns of the depositors. Therefore, the IMA maintained software database is relied for claim verification and settlement.

1) The forensic auditors have been asked to carry out independent analysis and confirm the same. The report of the forensic auditors is awaited.

5. The above mentioned are the proposed settlement mechanism adopted by the Competent Authority for disbursement of amount to the depositors.

6. The learned Special Public Prosecutor has filed another application stating that, there are some mistakes which have crept-in in the application and which needs to be corrected. It is stated in the main application that, the Competent Authority received 66,258 claim applications but after verification it was found that 65,258 applications is received. It is also stated in the petition that, the IMA has already made payouts of Rs.1,641 Crores and after adjusting this payouts the remaining amount would be paid to the

depositors. Instead of Rs.1,641 Crores, this has to be read as Rs.1,372 Crores as it was a genuine mistake that had crept-in in the application. It is also stated that, total number of depositors account to be settled fully is 58,856 but it is a mistake it has to be read as 11,492. These amendments are taken on record.

7. The Petitioner further states in his application that, 10,201 depositors' accounts would have nil amount as payable after adjusting the payouts already paid to them leaving 58,856 depositors account to be settled and out of these accounts, a total of 11,492 depositors accounts would have payable less than are equal to Rs.50,000/- which would be settled fully with Rs.32 Crores.

8. From the perusal of the records it can be seen that, in Misc.Petition No:790/2019 the Petitioner/Competent Authority herein had submitted a report under section 7 of KPIDFE Act before this Court and that he had sought permission of this court for extension of period for inviting claims from the depositors and secured creditors when the mandated period of one month i.e., 25.11.2020 to 24.12.2020 had lapsed and due to technical and other issues. As

sought by the Competent Authority this court had extended the period of submission of claims for ten more days i.e., upto 3.1.2021. The Notification with respect to invitation of claim petition was published in English daily newspaper 'The Hindu' and Kannada daily newspaper 'Prajavani' both dated 25.11.2020 and the Petitioner has appended the copy of the said newspapers extracts along with the report and application filed by him under section 8 of KPIDFE Act.

9. From the perusal of the said public notice, it can be seen that, the details of how the claim petition has to be made, has been mentioned in detail both in Kannada and in English language which fulfill the criteria mandated as per Sec.7(2) of KPIDFE Act.

10. On thorough reading of the application filed by the Competent Authority coupled with the detailed hearing on the submission made by the learned Special Public Prosecutor it can be seen that, the Competent Authority has come forward with the settlement mechanism which would not only provide relief to the depositors at the earliest but would also be beneficial to the deserving depositors. Hence, the application filed

under Section 8 of the KPIDFE Act by the Petitioner herein is to be allowed and I proceed to pass the following:

ORDER

Memorandum of Petition filed under Section 8 r/w Sec.11(1) & 11(2)(b), (e) & (f) of The Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004 is hereby allowed.

The claim verification mechanism stated by the Petitioner as per the petition is hereby approved.

The calculation of eligible claim amount after adjusting the payout amount already paid to the depositors by the IMA Group is hereby approved.

The Petitioner is hereby permitted for the settlement of claim initially up to Rs.50,000/- for each claimant, limiting the total amount to each of them to their eligible claim amount.

The Petitioner is hereby permitted for settlement of claim to be started from the

available amount and to be continued as and when additional amounts are available.

The Petitioner is hereby permitted for settlement of claim in order of priority which is in ascending order of the eligible claim amounts and

The Petitioner is hereby permitted for settlement of claims to be made only through bank transfer of the eligible amount to the eligible claimants and only after completion of specified authentication in the claim application i.e., either Adhaar based biometric authentication or based on the UTR number for transfer of at least Re.1/- from the IMA Bank account.

(Typed on my dictation by the Judgment Writer, corrected and signed and then pronounced by me in open Court on this the 17th day of February, 2021)

(MANJULA ITTY),
XXI Additional City Civil & Sessions Judge
& Prl. Spl.Judge for CBI cases,
Bengaluru.