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**GOVERNMENT OF KERALA**

Abstract

IAS – All India Services (Discipline and Appeal) Rules 1969 – Disciplinary action against Shri. X Anil IAS(KL 1994) – Finalised – Orders issued.

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**GENERAL ADMINISTRATION (SPECIAL A) DEPARTMENT**

**G.O.(Rt)No. 365/2018/GAD**

**Dated, Thiruvananthapuram, 18/01/2018.**

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Read: 1. Letter No.14150/B2/13/Vig dated 25.04.2014 from Additional Chief Secretary, Vigilance Department.

2. Articles of Charges and Statement of Imputations dated 31.07.2017.

3. Written Statement of Defence dated 13.10.2017 from Shri. X Anil IAS

**ORDER**

The Director, Vigilance and Anti-Corruption Bureau furnished Enquiry Report in VE 08/2008/SIU regarding the irregularities in sanctioning loan to Kerala State Agro Co-operative Ltd No.4437 (Agreenco), Kannur from the Kerala State Co-operative Bank. The Vigilance Department had recommended departmental action against Shri. X Anil IAS, the then Managing Director, Kerala State Co-operative Bank Ltd for not strictly observing the guidelines laid down in the bye law of the KSCB Circular No.ILD/9/2001-02 dated 06.08.2001 while sanctioning loan to M/s Agreenco. The following were the allegations for the enquiry;

- i. Loan applications are not submitted through proper channel or evaluated properly due to the influence of the Chairman of the borrower society, who also happened to be the Vice Chairman of the Bank.
- ii. The borrower society violated the agreement condition that the entire banking transactions of the Society shall be routed through the branches of KSCB and provide Government guarantee within six months.
- iii. No collateral securities of 150% of the amount borrowed were furnished by the Society due to the influence of 2<sup>nd</sup> accused.
- iv. Ignoring and over ruling the objections raised by the Managing Directors through their notes submitted before the Executive Committee.

- v. The cash credit limit of Rs.4 crores sanctioned on the basis of letters of credit was treated as ordinary cash credit limit by SO-12 in connivance and collusion with SO-1 to SO-11, of which Shri. X Anil IAS is SO-10.

2. As the enquiry revealed various irregularities in sanctioning of loan to M/s Kerala State Agro Co-operative Ltd, Kannur, departmental action was recommended against Shri. X Anil IAS(KL 1994), the then Managing Director, Kerala State Co-operative Bank Ltd.

3. The Articles of Charges and Statement of imputations were served on the officer read as 2<sup>nd</sup> paper above with the following charges;

- That Shri. Anil X IAS, while holding the post of Managing Director, Kerala State Co-operative Bank Limited, has violated the guidelines laid down in the bye law of the Kerala State Co-operative Bank Limited and Circular No.ILD/9/2001-02 dated 06.08.2001 in sanctioning loan of Rs.1 crore and additional cash credit limit of Rs.4 crores to Kerala State Agro Co-operative Ltd (Agreenco), Kannur. The loan applications were not submitted through proper channel or evaluated properly by the Branch Office due to the influence of the Chairman of the borrower society, who also happened to be the Vice Chairman of the Bank. The borrower society violated the agreement condition that the entire banking transactions of the society shall be routed through the branches of KSCB and provide Government guarantee within six months. No collateral securities of 150% of the amount borrowed were furnished by the Society due to the influence of Vice Chairman of the Bank. The cash credit limit of Rs.4 crores sanctioned on the basis of letter of credit was treated as ordinary cash credit limit by the then Managing Director, Kannur branch in connivance and collusion with the suspect officers including Shri. Anil X IAS.
- The Officer has initially raised objection before the Executive Committee in sanctioning additional cash credit of Rs.4 crores but later supported the decision taken by the Executive Committee to sanction the CC limit.

4. Shri. X Anil IAS has furnished a detailed written statement of defence in the matter read as 3<sup>rd</sup> paper above. He has denied all the allegations levelled against him in the Articles of Charges and Statement of Imputations. He has informed that loan to Kerala State Agro Co-operative Limited (Agreenco) was sanctioned by the Executive Committee of Kerala State Co-operative Bank consisting of nine members viz; the President, Vice President, Registrar of Co-operative Societies, Managing Director and five non-official Directors. The Executive Committee is vested with the powers to sanction loans and advances. The MD does not have any power to sanction loans by himself. The Officer submits that a loan to the tune of Rs.1 crore was sanctioned to M/s Agreenco before his assumption of charge as MD and that he was not at all involved with it. The officer has further informed that the loan application for Rs. 4 crores came up before the Committee within two months from his assumption of charge as Managing Director. The agenda note was prepared by the officers in the Loan Department of the Bank with strong recommendation to reject the loan application. The Officer as MD, had also endorsed all the objections raised by the General Manager in the agenda notes. At the meeting of the Executive Committee he had vehemently opposed sanctioning the loan, but overruling his objections, the Executive Committee had taken the decision to sanction the loan. But the dissent expressed orally at the time of Executive Committee was not recorded since there was no such practice in KSCB of recording dissent by the Managing Director. Later the Officer placed the matter as agenda item before the Executive Committee and the same was accepted by the Committee that the opinion of the Managing Director in the Agenda Notes submitted to the Executive Committee will be taken as his opinion while taking decisions on items in the Agenda Notes in all Executive Committee Meetings.

5. The Officer points out that the Vigilance Enquiry report specifically states that he has opposed the sanctioning of loan and there was no pecuniary advantage to any officials by sanctioning loan to M/s Agreenco. Action is being taken to realize the amount from the Chairman and Directors of M/s Agreenco and an

Arbitration Case No.106/2009 is pending before the Registrar of Co-operative Societies.

6. The Officer was heard by the Chief Secretary on 04.11.2017 at 2 PM. During the hearing the officer re-iterated his contentions in his written statement of defence.

7. Government have examined the matter in detail. Considering the Vigilance Enquiry report and written statement of defence furnished by the Officer, it is clear that the Officer has expressed his dissent in sanctioning loan to M/s Agreenco. But the loan was sanctioned by the Executive Committee, overruling his dissent. There was no pecuniary advantage to the official in sanctioning loan to M/s Agreenco.

8. Considering the above facts, Government are pleased to drop the disciplinary action initiated against Shri. X Anil IAS(KL 1994) exonerating him from the charges of the alleged irregularities in sanctioning loan to Kerala State Agro Co-operative Ltd No.4437, Kannur from the Kerala State Co-operative Bank while he was holding the post of Managing Director, Kerala State Co-operative Bank and to issue orders accordingly:

(By Order of the Governor)

Paul Antony,

Chief Secretary to Government.

To

Shri. X Anil IAS, Secretary(Animal Husbandry and Dairy Development)  
Secretary, Department of Personnel and Training, Government of India,  
New Delhi 110001.

The Director, Vigilance and Anti-Corruption Bureau, Thiruvananthapuram

The General Administration (SC) Department.

The Vigilance Department

✓ The Web and New Media, I&PRD

Copy to: The Chief Principal Secretary to the Chief Minister.

The Private Secretary to Chief Minister.

The Additional Secretary to Chief Secretary.

PA to the Additional Secretary, General Administration (Special A&C) Depts.

Stock File/Office Copy.

Forwarded/By order,



Section Officer.