

LANDMARK CASES SERIES

In this week's case in the series, we look at a court order with significant impact on all citizens that are associated with the banking system.

CENTRAL BUREAU OF INVESTIGATION VS JAGJIT SINGH

Supreme Court Judgment dated Oct 1, 2013 in Criminal Appeal No.1580/2010 (Arising out of SLP(CRL) No. 8762/2010)

Cases of financial frauds cannot be closed on grounds of compromise if the offences threaten the wellbeing of society.

CASE BACKGROUND

The Defendant availed loans in the name of his company from a Bank. When the defendant started defaulting on the repayment of loan, an FIR was lodged on the basis of reliable information received in the office of SP, CBI and ACB Kolkata stating that Bank officials had entered into a criminal conspiracy with the Defendant to cause wrongful loss to the Bank. The FIR stated that loans were fraudulently sanctioned, as a result of which the Bank suffered a loss of approx. Rs 1.59 Crores with accrued interest.



Pursuant to an order passed by the DRT - Kolkata, the Defendant settled the dispute with the Bank and paid the amount. The Defendant then moved an application u/s 482 CrPC before the Calcutta High Court and was successful in quashing the proceedings. The Petitioner, the Central Bureau of Investigation ('CBI') then filed a case in the Supreme Court ('SC') to get the Calcutta High Court's order reversed.

DECISION BY COURT



The SC set aside the Calcutta High Court order stating that the latter had "erred in addressing the issue in the right perspective." It was decided that the victim and offender cannot be said to have had a compromise, since the Bank had recovered the debt based on the order passed by the DRT.

It was further held that the offences were u/s 420/471 IPC and the victims included the Bank as well as the customers of the Bank and society in general. Since these offences fall under the category of offences involving moral turpitude committed by public servants while working in that capacity, the SC directed the trial court to proceed the matter in accordance with law and conclude the trial expeditiously.

IMPACT

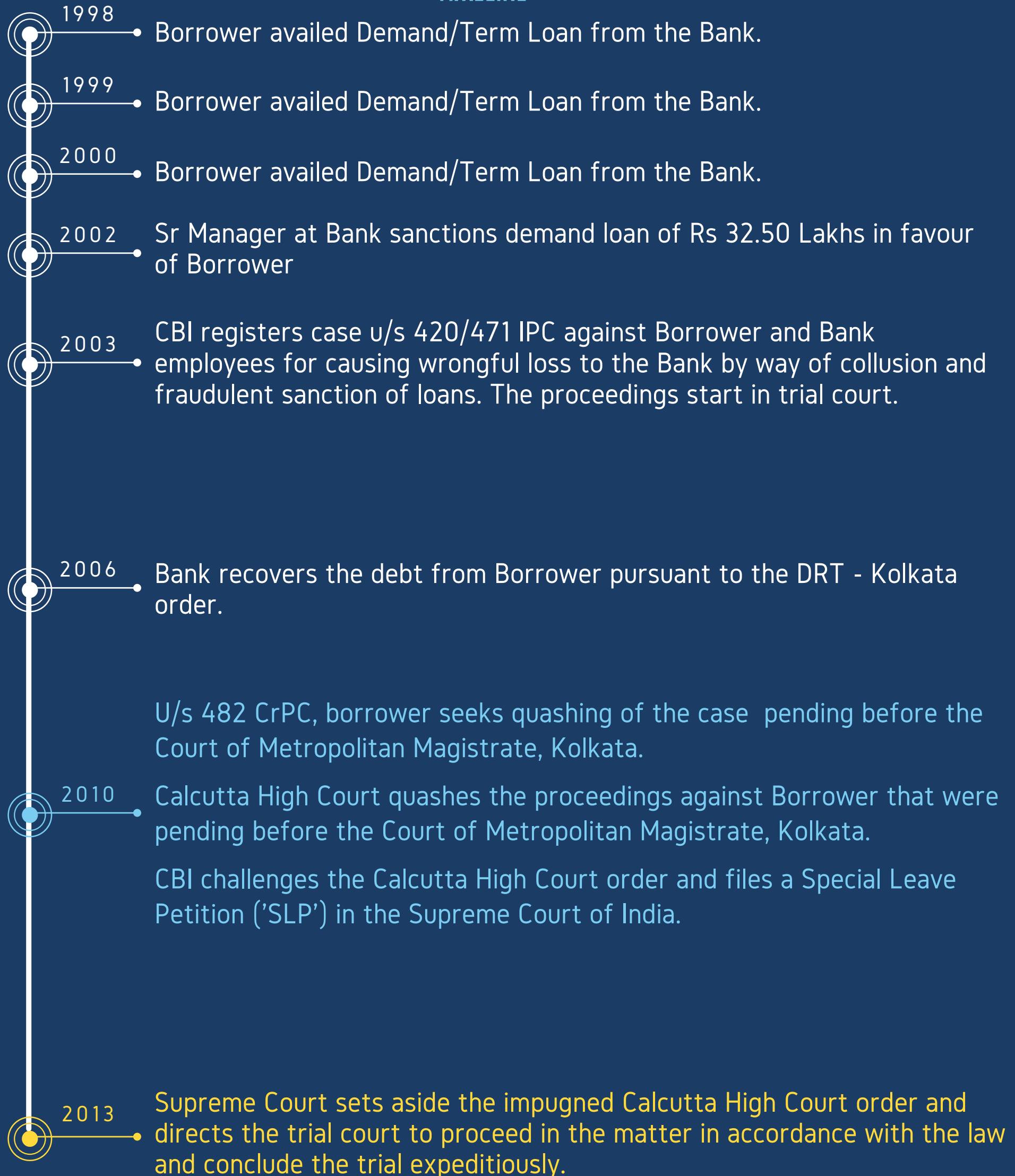
With this verdict it is decided by the Supreme Court that cases of financial fraud that have a harmful effect on the public and threaten the wellbeing of the society cannot be closed on grounds of compromise between parties.



BACKGROUND

- Borrower - Jagjit Singh of M/S Tag Reachers (P) Ltd
- Bank - Indian Overseas Bank (Shreeman Market Branch, Kolkata)
- Related cases were filed in the Court of the Metropolitan Magistrate - Kolkata, the Debt Recovery Tribunal ('DRT') - Kolkata bench and the Calcutta High Court.

TIMELINE



LEGEND

u/s - under section
IPC - Indian Penal Code
IPC 420 - Cheating and dishonestly inducing delivery of property
IPC 471 - Using as genuine a forged document or electronic record

CrPC - Criminal Procedure Code
CrPC 482 - A High Court may, in exercise of its inherent powers u/s 482 CrPC, quash criminal proceedings based on settlement between the parties after conviction.

