

भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

[DISCIPLINARY COMMITTEE [BENCH-IV (2024-2025)]
[Constituted under Section 21B of the Chartered Accountants Act, 1949]

ORDER UNDER SECTION 21B(3) OF THE CHARTERED ACCOUNTANTS ACT, 1949 READ WITH
RULE 19(1) OF THE CHARTERED ACCOUNTANTS (PROCEDURE OF INVESTIGATIONS OF
PROFESSIONAL AND OTHER MISCONDUCT AND CONDUCT OF CASES) RULES, 2007.

[PPR/P/398/2017-DD/173/INF/2018-DC/1445/2021]

In the matter of:

CA. Narinder Singh (M. No. 500643)
Proprietor, M/s N Singh & Associates
Chartered Accountants
Shop No. 1, First Floor,
Hardeep Complex, Sehdev Market,
Jalandhar (Punjab) – 144001

....Respondent

MEMBERS PRESENT:

1. CA. Ranjeet Kumar Agarwal, Presiding Officer (In person)
2. Shri Jiwesh Nandan, I.A.S (Retd.), Government Nominee (In person)
3. Ms. Dakshita Das, I.R.A.S. (Retd.), Government Nominee (Through VC)
4. CA. Mangesh P Kinare, Member (In person)
5. CA. Abhay Chhajed, Member (In person)

DATE OF HEARING : 28th MARCH, 2024

DATE OF ORDER : 16th May, 2024

1. That vide Findings dated 05.02.2024 under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Disciplinary Committee was inter-alia of the opinion that **CA. Narinder Singh (M. No. 500643)** (hereinafter referred to as the **Respondent**) is **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part-I of the Second Schedule to the Chartered Accountants Act, 1949.

2. That pursuant to the said Findings, an action under Section 21B(3) of the Chartered Accountants (Amendment) Act, 2006 was contemplated against the Respondent and a communication was addressed to him thereby granting an opportunity of being heard in person/ through video conferencing and to make representation before the Committee on 28th March 2024.

Order- CA. Narinder Singh (M. No. 500643)



भारतीय सनदी लेखाकार संस्थान

(संसदीय अधिनियम द्वारा स्थापित)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Set up by an Act of Parliament)

3. The Committee noted that on the date of hearing on 28th March 2024, the Respondent was present through video conferencing and made his verbal representation. The Respondent stated that he had already submitted his written representation on the Findings of the Committee on 27th February 2024. He further submitted that he had been engaged by the bank for ITR verification since 2005, and except these two ITRs, there was no mistake in other ITRs verified by him. He had no intention to commit any wrongdoing, however, he admitted the mistake. The Respondent pleaded for lenient view. The Committee also noted the written representation of the Respondent dated 19th February 2024 on the Findings of the Committee, which, inter-alia, are given as under:

(a) ITR verification was started when most of the ITRs were filed manually and the chance of changing the amount of income declared in ITR was more, as manual figures could be easily altered.

(b) Bank Branch asked him to verify the Gross Total Income as per ITR filed only and it never asked at that time to verify other facts. In year 2015-16, after creation of Loan Cells by the Bank, the Bank started demanding copy of Form 26-AS and then he started giving the details of tax payable, if any, by assessee.

(c) Bank Branch asked him to verify the Gross Total Income as per ITR filed only and the fact of Gross Total Income is to be verified as per Income Tax records. The purpose of the Bank to start the ITR verification is to check the fake returns, as the amount of loan depends on the gross total income declared in the ITR.

(d) The ITR filing was changed from manual filing to e-filing w.e.f. A.Y. 2008-09, but in the initial years, less number of people were filing through online mode. The ITR of Ms. Veena Handa for A.Y. 2008-09 pertained to the era of manual filing and ITR of Mr. Suresh Seth for A.Y. 2012-13 pertained to the era of e-filing.

(e) As both the ITR's pertained to different periods, the procedure of A.Y. 2008-09 could not be applied to ITR of A.Y. 2012-13.

(f) There was no intention to cheat the Bank while doing the certification work. The Respondent was engaged with the Bank since 2005 and till date, he is doing certification of ITR of different branches and never compromised with his duty of certification and the same fact could be verified from the Bank Branch Officials.

4. The Committee considered the reasoning as contained in Findings holding the Respondent 'Guilty' of Professional Misconduct vis-à-vis written and verbal representation of the Respondent. The Committee noted that the issues/ submissions made by the Respondent as aforesaid have been dealt with by it at the time of hearing under Rule 18.

Ans



भारतीय सनदी लेखाकार संस्थान
(संसदीय अधिनियम द्वारा स्थापित)
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)

5. Thus, keeping in view the facts and circumstances of the case, material on record including written and verbal representation of the Respondent on the Findings, the Committee was of the view that the Respondent failed to adopt proper procedures to address the verification of the Income Tax Returns of both borrowers. Further, the Respondent's admission that he verified the Income Tax Returns telephonically with the officials of the Income Tax Department, demonstrated his negligence in conducting his professional duties for the assignment given by the Bank. The Committee held that the charges against the Respondent hold merit, and the Respondent failed to exercise due diligence as was expected from him under the circumstances. Hence, the Professional Misconduct on the part of the Respondent is clearly established as spelt out in the Committee's Findings dated 05th February 2024, which is to be read in consonance with the instant Order being passed in the case.

6. Accordingly, the Committee was of the view that the ends of justice would be met if punishment is given to him in commensurate with his Professional Misconduct.

7. Thus, the Committee ordered that the Respondent i.e., CA. Narinder Singh (M. No. 500643), be REPRIMANDED and also imposed a fine of Rs. 25,000/- (Rupees Twenty five thousand) upon him, which shall be paid within a period of 60 (sixty) days from the date of receipt of the Order.

Sd/-

(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

Sd/-

(SHRI JIWESH NANDAN, I.A.S. {RETD.})
GOVERNMENT NOMINEE

Sd/-

(MS. DAKSHITA DAS, I.R.A.S. {RETD.})
GOVERNMENT NOMINEE

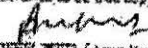
Sd/-

(CA. MANGESH P KINARE)
MEMBER

Sd/-

(CA. ABHAY CHHAJED)
MEMBER

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy


अरुण कुमार / Arun Kumar
वरिष्ठ कार्यकारी अधिकारी / Sr. Executive Officer
अनुशासनात्मक निदेशावली / Disciplinary Directorate
इंस्टीट्यूट ऑफ चार्टर्ड एकाउंटेंट्स ऑफ इंडिया
The Institute of Chartered Accountants of India
आईसीएआई भवन, क्लिफ हाउस, नया दिल्ली-110052
ICAI Bhawan, Vistara Pagar, Shastri, Delhi-110052

CONFIDENTIAL

DISCIPLINARY COMMITTEE [BENCH – IV (2023-2024)]

[Constituted under Section 21B of the Chartered Accountants Act, 1949]

Findings under Rule 18(17) of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

File No.: [PPR/P/398/2017-DD/173/INF/2018-DC/1445/2021]

In the matter of:

**CA. Narinder Singh (M. No. 500643)
Proprietor, M/s N Singh & Associates
Chartered Accountants
Shop No. 1, First Floor,
Hardeep Complex, Sehdev Market,
Jalandhar (Punjab) – 144001**

MEMBERS PRESENT:

**CA. Ranjeet Kumar Agarwal, Presiding Officer (in person)
Ms. Dakshita Das, I.R.A.S. (Retd.), Government Nominee (in person)
CA. Mangesh P Kinare, Member (through VC mode)**

DATE OF FINAL HEARING : 21st November 2023

PARTY PRESENT:

Respondent : CA. Narinder Singh (in person)

1. Background of the Case:

CBI, Anti-Corruption Branch, Chandigarh had registered a case RCCHG2015A0002 on 15th January 2015 based on the complaint made by the Assistant General Manager, Bank of Baroda, Regional Office, Jalandhar (Punjab) regarding fraud committed to the tune of Rs 20.31 crores in various Cash Credits limits, Overdraft Baroda Traders Loans (ODBTLs) and Term

By

Loans for housing and car which were sanctioned in 19 accounts pertaining to various borrowers. The CC limits, ODBTLs and Term Loans to the borrowers and persons were sanctioned with ulterior motive in connivance with each other and Banking Officers, as huge amounts were sanctioned on bogus financial documents and without getting the documents verified properly. In all 19 loan accounts, fraud had been committed against the Bank either by way of submitting fake / ingenuine financial papers with fake attestation of Chartered Accountants, or Fake / ingenuine ITRs and VAT Returns and also the funds were utilized / diverted for the purposes other than for which limits were sanctioned. The Respondent was empanelled as a Chartered Accountant of the Bank of Baroda (hereinafter referred to as the "Bank") for conducting verification of the Income Tax Returns of certain borrowers of the Bank.

2. Charges in brief:

2.1 The Respondent being the empanelled Chartered Accountant of the Bank for conducting the verification of Income Tax Returns had falsely verified the Income Tax Return of Smt. Veena Handa for A.Y. 2008-09 submitted with regard to the loan accounts of M/s Subhash Singh & Co. However, it was found that no such Income Tax Return was filed with the Income Tax Department as per their records and tax was also found to be payable on the date of filing.

2.2 The Respondent has also verified the Income Tax Return of Mr. Suresh Seth for AY 2012-13, concerning the housing loan account of Smt. Anita Seth and Mr. Suresh Seth. The Income Tax Return of Mr. Suresh Seth was not submitted to the Centralized Processing Centre (CPC) of the Income Tax Department, Bengaluru and in the absence of which the said Income tax returns filed electronically was invalid. Further a huge amount of tax was also outstanding on the date of filing of said Income-tax return. It was mandatory for the Respondent to mention all facts in his verification report.

3. The relevant issues discussed in the Prima facie opinion dated 02nd June 2020 formulated by the Director (Discipline) in the matter in brief, are given below:

3.1 The Respondent has verified the Income Tax Returns of Smt. Veena Handa for the A.Y. 2008-09 as well as Shri Suresh Seth for A.Y. 2012-13 and verified both returns as true and correct and duly stamped by him. On perusal of the CBI's Investigation statement, the records of the Respondent dated 15th December 2015, the Respondent has stated that he has verified the figures of the Income Tax Returns of the borrowers of the Bank upon receiving a phone from the Income Tax Department. Since, the Respondent managed to verify the particulars of the borrowers of the Bank on phone it creates a significant doubt that the Respondent had failed to properly verify the particulars of the Income Tax Returns of the borrowers of the Bank and to verify the same with books of accounts or Tax Audit Report of the borrowers by applying his technical skills as it was expected of him. Thus, it was viewed that the Respondent had failed to exercise the required due diligence under the circumstances.

3.2 The Director (Discipline) in his Prima Facie Opinion dated 02nd June 2020 has held that the Respondent is prima facie Guilty of Professional Misconduct falling within the meaning of Item (7) of Part – I of the Second Schedule to the Chartered Accountants Act, 1949. The said Item of the Schedule to the Act, states as under:

Item (7) of Part I of the Second Schedule:

"A Chartered Accountant in practice shall be deemed to be guilty of professional misconduct if he:

(7) does not exercise due diligence or is grossly negligent in the conduct of his professional duties."

3.3 The Prima facie opinion formed by the Director (Discipline) was considered by the Disciplinary Committee at its meeting held on 07th April 2021. The Committee on consideration of the same, concurred with the reasons given

by CA

against the charges and thus, agreed with the prima facie opinion of the Director (Discipline) that the Respondent is GUILTY of Professional Misconduct falling within the meaning of Item (7) of Part – I of the Second Schedule to the Chartered Accountants Act, 1949. Accordingly, it was decided to proceed further under Chapter V of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007. The Committee also directed the Directorate that in terms of the provisions of sub-rule (2) of Rule 18, the prima facie opinion formed by the Director (Discipline) be sent to the Respondent including particulars or documents relied upon by the Director (Discipline), if any, during the course of formation of prima facie opinion and the Respondent be asked to submit his Written Statement in terms of the provisions of the aforesaid Rules, 2007.

4. Date(s) of Written submissions/Pleadings by parties:

The relevant details of the filing of documents in the instant case by the parties are given below:

S. No.	Particulars	Dated
1.	Date of 'Information Letter'	10 th July 2018
2.	Date of Written Statement filed by the Respondent	03 rd August 2018
3.	Date of Prima facie Opinion formed by Director (Discipline)	02 nd June 2020
4.	Date of further submissions filed by the Respondent	29 th July 2021 and 06 th May 2023

5. Further written submissions filed by the Respondent:

- 5.1 The Respondent vide his additional written submissions dated 29th July 2021 and 06th May 2023 submitted that the Income Tax Return of Smt. Veena Handa for the A.Y. 2008-09, as certified by him as correct, seemed to be a

✓

misunderstanding of the Assessment Year and Financial Year as the same was verified telephonically. Further, the Income Tax Return of Mr. Suresh Seth for the A.Y. 2012-13 was certified correct as the same was filed online though it was not submitted to CPC, Bengaluru. The Respondent stated that CPC gives a time of 120 days to submit the certified Income Tax Return at CPC, Bengaluru. The Respondent verified the Income Tax Return before the expiry period of 120 days, and hence, it was not treated as invalid at the time of certification.

5.2 The Respondent also stated that as the bank branches generally ask Chartered Accountants to certify gross total income, hence, only the gross total income was certified on the copy of acknowledgement itself and no separate report was issued at that time which was never asked by any branch which have been mandated. But at present, he was issuing separate reports which got started after the creation of loan cells by Banks. Regarding tallying of ITRs with the books of accounts or tax audit reports etc., the Respondent stated that he was empanelled to verify the ITR filed with the Income Tax department and was not supposed to meet the assessee personally.

5.3 The Respondent also requested not to take the matter as a case of gross negligence and to decide the matter in a sympathetic way as there was no bad intention to cheat the Bank while doing the certification work. The Respondent also submitted that he was related to the Bank since 2005 and he had done the said ITR's certification work of different branches and never compromised with his duty.

6. **Brief facts of the Proceedings:**

6.1 The details of the hearing(s) fixed and held/adjourned in said matter is given as under:

Particulars	Date of meeting(s)	Status
1 st time	22 nd May, 2023	Part heard and adjourned.
2 nd time	21 st November, 2023	Hearing concluded and decision taken.

2/CAK

- 6.2** On the day of first hearing on 22nd May 2023, the Committee noted that the Respondent along with his Counsel, was present through Video Conferencing Mode for the hearing. Thereafter, the Respondent was put on oath and the Committee enquired from the Respondent as to whether he was aware of the charges; and the same as contained in Para 2 above, were also read out and the Respondent replied that he is aware about the charges but pleaded 'Not Guilty' on the charges levelled against him. Thereafter, in view of Rule 18(9) of the Chartered Accountants (Procedure of Investigation of Professional and Other Misconduct and Conduct of Cases) Rules, 2007, the Committee adjourned the case to a later date and accordingly, the matter was part heard and adjourned.
- 6.3** On the day of next hearing on 21st November 2023, the Respondent was in person. The Committee asked the Respondent to present his submissions. The Respondent made submissions as mentioned in Paras 5.1 and 5.2 above and mentioned that there was a panel of Chartered Accountants in the Bank for verifying the ITRs and he acted as an independent Chartered Accountant. He reiterated that the Income Tax Return of Smt. Veena Handa for the A.Y. 2008-09 was verified telephonically, and that the Income Tax Return of Mr. Suresh Seth for A.Y. 2012-13 was certified correct as the same was filed online and was not treated invalid as the period of 120 days, given for verification, was not over at the time of certification. The Respondent further submitted that the bank branches generally ask Chartered Accountants to certify gross total income, hence, only the gross total income was certified on the copy of acknowledgement itself. The Respondent stated that no separate report was issued at that time as the same was never asked by any bank branch. The Respondent further stated that he had certified many income tax returns, but only one income tax return was found to be incorrect and requested to take the matter not as a case of gross negligence or casual approach and to decide the matter sympathetically.
- 6.4** After detailed deliberations, and on consideration of the facts of the case, various documents / material on record as well as the oral and written submissions, the Committee concluded the hearing in the instant case.

W/ CAK

7. **Findings of the Committee:**

7.1 On consideration of overall facts, submissions and documentary evidence(s)/material on record, the Committee thoroughly considered the charges against the Respondent, which alleged that he falsely verified the Income Tax Returns of two borrowers namely Smt. Veena Handa in respect of loan account of M/s Subhash Singh & Co. and Mr. Suresh Seth in respect of housing loan account of Smt. Anita Seth and Mr. Suresh Seth. The Committee noted that the Respondent had verified the Income Tax Returns of both borrowers namely Smt. Veena Handa and Mr. Suresh Seth for A.Y. 2008-09 and A.Y. 2012-13 respectively. In respect of verification of Income Tax Return of Smt. Veena Handa, the Committee took note of the statement of the Respondent recorded before the CBI dated 15th December 2015, wherein he submitted that the Income Tax Return of Smt. Veena Handa for the A.Y. 2008-09 was verified telephonically with the officials of the Income Tax Department. The Committee also considered the statement of the Respondent in his submissions dated 29th July 2021 and took note of his admission that verification of her Income Tax Return as correct seemed to be misunderstanding of Assessment Year and Financial Year as the same was verified telephonically by him.

7.2 In respect of verification of another Income Tax Return of Mr. Suresh Seth, the Committee considered the arguments put forth by the Respondent that the Income Tax Return of Mr. Suresh Seth for the A.Y. 2012-13, this return was filed online on income tax department's portal, was certified by him as correct. It was not treated as invalid even though it was not submitted to CPC, Bengaluru. Since the period of 120 days, in which an assessee is required to submit the ITR at CPC, Bengaluru, had not lapsed as on the date of his certification. However, the Committee noted that these assertions of the Respondent lacked any substantiating evidence as this Income Tax Return was claimed to have been verified online. The Committee also took note of the Respondent's submissions that for the verification of Income Tax Returns conducted by him, he had neither kept a copy of the return filed nor maintained the details of its verification. In this context, the Committee took

by 

note of the statement of the Respondent recorded before CBI dated 15th December 2015, specifically stating that he verified the ITR through e-filing portal with the login credentials of the assessee namely Mr. Suresh Seth. The Committee also took note of another statement of the Respondent recorded before CBI specifically stating that as per procedure, one should visit the Income Tax Department to verify the Income tax return. Thus, the Committee noted these conflicting statements made by the Respondent, implying an indirect admission that he did not adhere to the proper procedure for verifying the Income Tax return.

7.3 Thus, the Committee observed that the Respondent failed to adopt proper procedures to address the verification of the Income Tax Returns of both borrowers. Further, the Respondent's admission that he verified the Income Tax Returns telephonically with the officials of the Income Tax Department, demonstrated his negligence in conducting his professional duties for the assignment given by the Bank. In light of the overall examination of the evidence/material and submissions, the Committee concluded that the charges against the Respondent holds merit, and the Respondent failed to exercise due diligence as was expected from him under the circumstances. Thus, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

8. Conclusion:

In view of the findings stated in above paragraphs, vis-à-vis material on record, the Committee gives its charge wise findings as under:

Charges (as per PFO)	Findings	Decision of the Committee
Para 2.1 and 2.2 as above	Para 7.1 to 7.3 as above	Guilty – Item (7) of Part I of Second Schedule

Handwritten signature/initials

9. In view of the above observations, considering the oral and written submissions of the Respondent and material on record, the Committee held the Respondent **GUILTY** of Professional Misconduct falling within the meaning of Item (7) of Part I of the Second Schedule to the Chartered Accountants Act, 1949.

Sd/-
(CA. RANJEET KUMAR AGARWAL)
PRESIDING OFFICER

Sd/-
(Ms. DAKSHITA DAS, I.R.A.S. {RETD.})
GOVERNMENT NOMINEE

Sd/-
(CA. MANGESH P KINARE)
MEMBER

DATE: 05/02/2024
PLACE: New Delhi

सही प्रतिलिपि होने के लिए प्रमाणित
Certified to be true copy
Charan Singh
Charan Singh / Charan Singh
कार्यकारी अधिकारी / Executive Officer
अनुशासनात्मक निदेशालय / Disciplinary Directorate
भारतीय सनवी लेखाकार संस्थान
The Institute Chartered Accountants of India
आईसीएआई भवन, विश्वास नगर, शाहदरा, दिल्ली-110032
ICAI Bhawan, Vishwas Nagar, Shahdara, Delhi-110032