

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY,
BENCH AT AURANGABAD**

WRIT PETITION NO.7034 OF 2013

1. Namdeo s/o Natha Sanap,
Age 50 years, Occu.Agri. &
Service, R/o Khadakwadi,
Taluka Patoda, Dist.Beed
2. Dinkar s/o Sitaram Bangar,
Age 48 years, Occu.Agri.,
R/o Bhayala, Taluka Patoda,
District Beed

.. Petitioners

Versus

1. The State of Maharashtra,
Through its Secretary,
Co-operative Department,
Mantralaya, Mumbai
2. Commissioner for Co-operation
and Registrar of Co-operative
Societies, Maharashtra State,
Pune-1
3. Assistant Registrar (Adm)./
Liquidator, Office of District
Deputy Registrar, Beed
4. The Mahatma Phule Urban
Co-operative Bank Ltd.,
Patoda, Taluka Patoda,
District Beed through its
Chairman
5. Reserve Bank of India,
through Executive Director,
Central Office Building,
Shahid Bhagatsingh Marg,
Mumbai 400 001

6. Reserve Bank of India,
Through Deputy General
Manager, Urban Bank
Department, Nagpur
Regional Office,
Additional Office Building,
East, High Court road,
Nagpur 440 001.

..Respondents

Mr V.J.Dixit, Senior Counsel i/b Mr A.N.Nagargoje, Advocate for
petitioners
Mr D.V.Tele, A.G.P. For respondents 1 to 3
Mr C.V.Thombre, Advocate for respondent No.4
Mr S.V.Advant, Advocate for respondents 5 and 6
Mr N.R.Jadhav, Advocate for respondents - intervenors

- WITH -

WRIT PETITION NO.7383 OF 2013

Mahatma Phule Urban
Co-operative Bank Ltd.,
Shikshak Path Bhuvan,
Shivaji Chowk, Patoda,
Taluka Patoda, Dist.Beed
through its Chairman,
Sandeep s/o Jagannath Sanap,
Age 30 years, Occu.Chairman
of Bank, R/o Patoda,
Taluka Patoda, Dist.Beed

..Petitioner

Versus

1. The State of Maharashtra,
Through its Secretary,
Co-operative Department,
Mantralaya, Mumbai
2. The Executive Director,
Reserve Bank of India,
Central Office Building,
Shahid Bhagatsingh Marg,
Mumbai

3. Deputy General Manager,
Reserve Bank of India,
Urban Banks Department,
Nagpur Regional Office,
Nagpur, Dist.Nagpur
 4. Commissioner for Co-operation
and Registrar of Co-operative
Societies, Maharashtra State,
Pune-1
- ..Respondents

Mr S.S.Thombre, Advocate for petitioner
Mr D.V.Tele, A.G.P. for respondents 1 and 4

- WITH -

WRIT PETITION NO.7384 OF 2013

1. Sujanrao s/o Lahurao Munde,
Age 55 years, Occu.Agri.,
R/o Patoda, Taluka Patoda,
District Beed
 2. Shivaji s/o Govind Chavhan,
Age 56 years, Occu.Agri.,
R/o Jatnandur, Taluka Shirur
District Beed
 3. Mahadeo s/o Bhanudas Chepte,
Age 55 years, Occu.Agril.,
R/o Khokar Moha, Taluka Shirur
District Beed
 4. Baban s/o Keruba Sanap,
Age 45 years, Occu.Agri,
R/o Varzadi, Taluka Patoda,
District Beed
- ..Petitioners

Versus

1. The State of Maharashtra,
Through its Secretary,
Co-operation and Textile
Department, Mantralaya,
Mumbai 32

2. The Commissioner for
Co-operation & Registrar,
Co-operative Societies,
Maharashtra State, Pune
3. The Assistant Registrar/
Liquidator, Office of the
District Deputy Registrar,
Beed
4. Mahatma Phule Urban
Co-operative Bank Ltd.,
Patoda, Taluka Patoda,
District Beed, through
its Manager/Chairman
5. The Reserve Bank of India,
Through its Executive Director,
Central Office Building,
Shahid Bhagatsingh Marg,
Mumbai 400 001. ..Respondents

Mr R.N.Dhorde, Senior Counsel i/b V.R.Dhorde, Advocate for
petitioners

Mr D.V.Tele, A.G.P. For respondents 1 and 4

Mr C.V.Thombre, Advocate for respondent No.4

Mr S.V.Adwant, Advocate for respondent No.5

CORAM : N.W. SAMBRE, J.

**DATE OF RESERVING
THE JUDGMENT : 8th July 2014**

**DATE OF PRONOUNCING
THE JUDGMENT : 25th July 2014**

JUDGMENT

Rule. Rule returnable forthwith. With the consent of learned
Counsel for the parties, heard finally.

2. In Writ Petition No.7034 of 2013, petitioners are shareholders of the Co-operative Bank who is petitioner in Writ Petition No.7383 of 2013. Petitioner in Writ Petition No.7383 of 2013 is the Co-operative Bank registered under the Maharashtra Co-operative Societies Act, whose Banking Licence is ordered to be cancelled by Reserve Bank of India. In Writ Petition No.7384 of 2013, petitioners are members of Co-operative Bank who is petitioner in Writ Petition No.7383 of 2013.

In all the three petitions, order dated 28th February 2013 passed by the Commissioner, Co-operation and Registrar of Co-operative Societies, Maharashtra State, Pune - Respondent to the petitions, in exercise of powers under Section 110A of the Maharashtra Co-operative Societies Act is questioned.

Since in all these petitions, a common issue is involved as the petitioners have questioned the order dated 28th August 2013, passed by Commissioner for Co-operation and Registrar of Co-operative Societies, Maharashtra State, Pune, petitions are being disposed of by common judgment.

3. The writ petition by the shareholders of the respondent No.4 - Bank, the respondent No.4 - Bank has suffered an order under Section 110A (ii) of the Maharashtra Co-operative Societies Act,

1960 (hereinafter referred to as “M.C.S. Act” for the sake of brevity), whereby the respondent – Commissioner of Co-operation and Registrar of Co-operative Societies, Maharashtra State, Pune in exercise of powers conferred under the provisions of M.C.S. Act and in compliance with the directions issued by the Reserve Bank of India ordered winding of the respondent No.4- society under Section 110A (ii) of the M.C.S. Act and appointed Assistant Registrar Mr V.S. Jagdale as Liquidator.

4. The respondent No.4 – Bank is registered under the Maharashtra Co-operative Societies. Act 1960. After the registration of the same, having regard to the aim and object of said co-operative society, the respondent – Reserve Bank of India has granted banking licence to respondent No.4 on July 23, 1998 in view of provisions of Section 22 of the Banking Regulation Act, 1949.

5. The said Bank is required to conduct its business strictly in accordance with the provisions of the Banking Regulation Act and the M.C.S. Act. The respondent – Reserve Bank of India has issued show-cause notice to respondent No.4 – Bank on 9th April 2013 under Section 22 of the Banking Regulation Act. The said show-cause notice relates to the financial position of the respondent No.4 – Bank, as was noticed by the said respondent as on 31st March

2011 and on 31st March 2012. The respondent - Reserve Bank of India has categorically taken note of the financial position of the Bank and has called upon the respondent No.4 - Bank to show-cause as to why, the licence granted to it on July 23, 1998 to carry on the banking business under Section 22 of the Banking Regulation Act, should not be cancelled and liquidation of the Bank cannot be ordered.

6. While responding to the above referred show-cause notice, the respondent No.4 - Bank, by its reply dated May 14, 2013 denied the allegations made in the show-cause notice and pointed out the progress of the Bank qua the outstanding loans and the recoveries effected. The respondent No.4 in the reply has stated that the Directors of the respondent No.4 have taken serious note of the show-cause notice in its meeting held on April 30, 2013 and has prepared an action plan for recovery, which will be implemented strictly. The Bank sought six months' time to take corrective action and to repose the improvement in financial condition of the Bank.

7. Having regard to the explanation tendered by the respondent No.4 - Bank, the respondent - Reserve Bank of India passed order on August 20, 2013 thereby cancelling the Banking licence of respondent No.4 - Bank. The respondent - Reserve Bank of India

recorded its satisfaction that allowing the respondent No.4 - Bank to carry on the banking business would be detrimental to the interest of the present and future depositors and as such proceeded to cancel the licence. The said order passed by the respondent - Reserve Bank of India, cancelling the banking licence issued under Section 22 of the Banking Regulation Act, mandates the respondent No.4 - Bank to stop conducting the banking business within the meaning of Section 5 (b) of the Banking Regulation Act, which includes acceptance and repayment of deposits with immediate effect.

8. It is informed at Bar that the said order dated 20th August 2013 passed by respondent - Reserve Bank of India, in exercise of powers under Section 22 of the Banking Regulation Act, cancelling the licence of respondent No.4 - Bank is a subject matter of appeal and the appeal is not decided till date.

9. Subsequent thereto, it appears that the respondent - Reserve Bank of India issued a communication to the respondent No.2 - Commissioner of Co-operation who also happens to be Registrar of Co-operative Societies, which reads thus :

“UBD.CO.BSD.-II.RLC/1/12.22.739/2013-14

August 20, 2013

89SECRET

**Mahatma Fule Urban Co-operative Bank Ltd.,
Patoda, District Beed (Maharashtra) - Action
under Section 110A of the Maharashtra Co-
operative Societies Act, 1960 read with Section
2 (gg) and 13-D of the Deposit Insurance and
Credit Guarantee Corporation Act, 1961**

Reserve Bank of India, being satisfied that the affairs of **Mahatma Fule Urban Co-operative Bank Ltd., Patoda, Dist. Beed, Maharashtra**, are being conducted in a manner detrimental to the interests of depositors, that the bank has failed to comply with the requirements specified under Sections 11(1), 22(3) (a) and 22(3) (b) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) and that it is therefore necessary in the public interest and for preventing the affairs of the bank being conducted in a manner detrimental to the interests of the depositors, to wind up the affairs of the bank, hereby requires the Registrar of Cooperative Societies, Maharashtra State, in terms of Section 110A of the Maharashtra Co-operative Societies Act, 1960, read with section 2 (gg) and section 13-D of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, to make an order for winding up Mahatma Fule Urban Co-operative Bank Ltd., Patoda, District Beed, Maharashtra, and appoint a Liquidator thereof. “

10. Having regard to the said requisition, the respondent - Commissioner of Co-operation, by its order dated 28th August 2013 has passed the order impugned in exercise of powers under Section 110A of the M.C.S. Act and has appointed Liquidator.

11. The order passed by the respondent - Commissioner in exercise of powers under Section 110A (ii) of the M.C.S. Act is the subject matter of these petitions. The said order is assailed by the petitioners on the following ground.

12. The learned Counsel for the petitioner submit that even though the order is required to be passed under Section 110A (ii) of the M.C.S. Act, it is mandatory on the part of respondent - Commissioner to give show-cause notice to the office bearers of the Bank and the Bank and to hear them. The petitioner further submits that the provisions of Section 102 of the M.C.S. Act required to be read while exercising powers under Section 110A (ii) of the M.C.S. Act. The learned Counsel further submit that the order, which is impugned in the present petitions since is having adverse consequences over the rights of the petitioners, in sense, the banking licence of the society is cancelled with whom the petitioners have deposits, it is necessary that the order impugned, without hearing ought not to have been passed. Learned Counsel submit that the provisions of winding up of respondent - society

are expressly dealt with in Chapter X of the M.C.S. Act. Attention of this Court was drawn to the provisions of Section 102 of the M.C.S. Act so as to submit that there has to be an enquiry before taking draconian action under Section 110A of the M.C.S. Act. Learned Counsel submits that the law on the said issue is well-settled. Learned Counsel has invited attention of this Court to the judgment of this Court in the matter of **Chandrapur Zilla Sahakari Krushi and Gramn Bahuudeshiya Development Bank Ltd., Vs. State of Maharashtra and ors.**, reported in **2004 (1) Mh.L.J. 232**, particularly observations made by the High Court in paragraphs 14 and 15 of the said judgment, so as to demonstrate that the order impugned should have been succeeded with the show-cause notice and opportunity of hearing.

13. The learned Counsel submits that the impugned order also contains the directions of liquidation. He submits that before ordering liquidation, it was expected of the respondent - Commissioner to apply its mind independently. He submits that the Reserve Bank of India has not recommended the liquidation of the respondent No.4 - Bank. As such, it is the submission of the petitioner that the impugned order to the extent of ordering liquidation, is also liable to be quashed and set aside.

14. While countering the above referred submissions, the learned Assistant Govt. Pleader who is representing respondents 1 to 3 has

invited my attention to the provisions of Section 110A of the Act. He submits that the said provisions are applicable to the insured co-operative Banks. He submits that there is separate statute Deposits Insurance and Credit Guarantee Corporation Act, 1961 which also contemplates the similar action in case, if the Bank is not in a position to return the deposits to its depositors. He submits that the action is based upon scheme laid down under Section 110A of the M.C.S. Act. He has further urged that the section itself is not providing for the show-cause notice and opportunity of hearing. From the record, he tries to stress upon the submission that the action of respondent - Commissioner of issuing order impugned is based upon mandates of the Reserve Bank of India which is required to be followed in toto by respondent No.2. The respondent No.2 has no authority to look into the legality and validity of the directions dated 20th August 2013 in view of the scheme under Section 110A of the Act.

15. The learned Counsel for respondent No.5 and 6 submits that the order of Reserve Bank of India is based upon the financial position of respondent No.4 - Bank which was assessed from last four years. He has taken me through the show-cause notice issued by the respondent - Reserve Bank of India under Section 22 of the Banking Regulation Act. He submits that the order of cancellation of banking licence of respondent No.4 - Bank is a speaking order,

as the respondent No.4 - Bank was served with show-cause notice and their explanation was taken into account. He further submits that even if the appeal preferred by respondent No.4 against the order of cancellation of banking licence under Section 22 of the Banking Regulation Act is pending, that does not entitle the present petitioners who are depositors to claim the relief of appointment of Liquidator and ordering winding up of the Bank. He submits that the locus of the petitioner that of depositor or member of the co-operative society. Since the society itself is in appeal before the Reserve Bank of India, against the order of cancellation of banking licence, all these issues will be looked into by the Reserve Bank of India including that of recovery, after the show-cause notice.

16. He further submits that the plain reading of Section 110A of the M.C.S. Act itself implies that the mandate of the Reserve Bank of India is required to be implemented by the respondent No.2 - authority under the M.C.S. Act as it is. There is no option or discretion vested in the respondent No.2 to take different stand or different decision than that of the directions issued by the respondent - Reserve Bank of India. As such, he has prayed for dismissal of the writ petition.

17. Having considered the rival contentions of the parties, it is necessary to dwell upon the Section 110A (1) (ii) of the M.C.S. Act. The said section reads thus :

“ 110A. Order for winding up, reconstruction, [suspension or] supersession of committee, etc., of insured Co-operative bank, not to be made without sanction or requisition of Reserve Bank of India

(1) Notwithstanding anything contained in this Act, in the case of an insured co-operative bank -

(i) ,,,

(ii) an order for the winding up of the bank shall be made [by the Registrar] if so required by the Reserve Bank of India in the circumstances referred to in section 13-D of the Deposit Insurance Corporation Act, 1961;]

18. The Section 110A is part of Chapter XA, which deals with the insured co-operative Bank, who are insured under the Deposit Insurance Corporation Act, 1961. The object of the insertion of the said section is to safeguard the interest of the depositors who transact business with such co-operative Banks. The insertion of the Section 110A is in public interest and in the interest of depositors who deposit their money in the Bank like respondent No.4. The said chapter was inserted w.e.f. 1st Mach 1961 wherein some of the provisions of the Banking Regulation Act are extended to the co-operative Banks. The insurance cover under the Deposits

Insurance and Credit Guarantee Corporation Act, 1961 which is incorporated with an intention to safeguard the interest of the depositors, is also sought to be extended to the depositors in a co-operative Bank like respondent No.4. The object of the said section also appears to have effective control of the Reserve Bank of India over the activities of the co-operative Banks like respondent No.4, as the respondent No.4 - Bank is also required to have banking licence under Section 22 of the Banking Regulation Act, from the Reserve Bank of India. It is worth to observe here that by incorporation of said section, the powers are vested in Reserve Bank of India to control the activities of co-operative Banks in the State of Maharashtra.

19. The bare perusal of sub-section (ii) of Section 110A of the M.C.S. Act mandates that an order of winding up of a Co-operative Bank is required to be made by respondent No.2 - Registrar of the co-operative societies, if so required by the Reserve Bank of India in the circumstances referred to in Section 13-D of the Deposits Insurance and Credit Guarantee Corporation Act, 1961. The plain reading of section no way provides for an opportunity of hearing or a show-cause notice to the Bank against whom such order is required to be passed by the Reserve Bank of India. In view of the mandate provided in the said Section, principles of natural justice cannot be read in said section.

20. The fact that the order under said Section, which is impugned in the present petition was preceded with a show-cause notice by the Reserve Bank of India and the cancellation of the banking licence under Section 22 of the Banking Regulation Act based upon the financial position of the respondent No.4 - Bank, is as per mandate of the Section 110A of the Maharashtra Co-operative Societies Act.

21. The law laid down by this Court in the matter of **Mahendra Husanji Gadakari Vs. State of Maharashtra and ors.**, reported in **1992 (2) Mh.L.J.1442**, more particularly paragraphs 6 and 7 read thus :

6. The petitioners want us to read in section 110A an implied embargo even on the power of the Registrar under section 78 of MCS Act to remove the Committee even in the situations not mentioned in section 110A. We see no justification to do so, for variety of reasons.

7. In the first place, the plain language of section 110A does not warrant that conclusion. Had that been the legislative intention, simplest thing to do was to add the word "removal" in sub-section (I) of section 110A. The absence of the said word goes a long way to infer that entire jurisdiction of the Registrar in the matter of removal of the Committee was not intended to be taken away and only limited embargo (the extent of which is

specified) was intended to be put. In this context, section 102 of the MCS Act may be noticed. It provides for Registrar's specific power of winding up. Considering the scheme of the DIC Act in general and sections 15 and 16 of the said Act in particular, Registrar's power in the matter of winding up has been hedged and ultimate authority in the matter is bestowed upon the RBI. This is fortified also from the provisions of sub-section (ii) under which even the RBI can take initiative in the matter. There is no justification whatsoever for placing the order for winding up of the Bank and order of removal of Committee at par when the Legislative has not chosen to do so."

In view of above referred observations, the contention of the petitioner that the power vested in Reserve Bank of India in ordering winding up of respondent No.4 - Bank and appointment of Liquidator has to be termed as absolute.

22. The contention of the petitioner that an opportunity of hearing should have been offered to the office bearers of the respondent No.4 - Bank before passing the order impugned, is also looked into by this Court in the matter of **Shri Ishwardas Premkumar & anr., Vs. The State of Maharashtra, reported in 2002 (2) ALL MR 892** dealing with the claim of opportunity of hearing. While passing the order under Section 110A (ii) of the MCS Act, this Court has examined the said section from both the

perceptions i.e. whether there are any express provisions hearing and in absence of express provision whether there are any implied powers as regards issuance of show-cause notice and giving opportunity of hearing. This Court, in paragraphs 4 and 5 of the said judgment observed thus:

“4. The question is : whether under section 110A of the Maharashtra Cooperative Societies Act, 1960, respondent No.5 was duty bound to give a show cause notice to the petitioners herein. In the first instance, the section does not provide for a show cause notice. Once that be so, the question is : whether it can be implied in the absence of provision of show cause notice whether by implication it is required that a show cause notice must be issued as it involves civil consequences. Subsection (3) of section 110A of the Maharashtra Societies Act, 1960, came up for consideration before a Division Bench of this Court in the case of **Mahendra Husanji v. State of Mah., (1992) Mh.L.J. 1442.** The Division Bench of this Court, after considering the provisions of subsection (3) of section 110A of the Maharashtra Co-operative Societies Act, has held that the Reserve Bank of India can issue directions only when the situation contemplated by section 110A of the Act exists. The directions issued are binding on the Registrar. In other words, once a direction is issued by the Reserve Bank of India, the Registrar has no discretion in the matter, but to supersede and appoint an Administrator. Once that be so, and as there is no discretion left in

respondent No.5, it must mean that the right of hearing is excluded. Once that be so, there was no question of issuing a show cause notice to the petitioner herein before passing the impugned order. In fact, though not directly in issue in the case of **L.V. Sasmile v. State of Maharashtra, 1992 CTJ 729**, another Division Bench, considering the material on record, had directed the appointment of an Administrator under section 110A of the Maharashtra Co-operative Societies Act. That also would indicate that there is no requirement under section 110 for hearing.

5. The object introducing section 110A of the Maharashtra Cooperative Societies Act is in public interest. There are a large number of small depositors who deposit their monies in such banks. Public interest, therefore, requires that the statutory institutions, like the Reserve Bank of India which oversees the functioning of such banks, are empowered where public interest requires to issue direction to the Registrar. The issue of show cause notice, or hearing, or opportunity to show cause will arise if the direction issued by the Reserve Bank of India a directory and not mandatory. Once the Reserve Bank of India issues direction to the Registrar, it is binding on the Registrar. The language used is : 'If so desired by the Reserve Bank of India.' Once, therefore, the Reserve Bank of India issues a direction desiring that the Board of Directors should be superseded, there is no discretion left in the Registrar, but to issue notice. The right to issue show cause, or hearing, or fair opportunity from the Registrar before

issuing of the order is excluded. It was contended on behalf of the petitioners that they had no knowledge whatsoever about the material based on which the said direction was given. That is belied by the letter dated 4th February, 2002, written on behalf of the Bank to the 3rd respondent - Reserve Bank of India. One of the items set out there is :

'The present Board of Directors may either be dissolved or nominees of RBI and/or State Govt. shall be appeared on the board.'

In other words, the petitioners were aware that the Reserve Bank of India, after inspection, was contemplating a drastic action in matter. In my opinion, the powers conferred under section 110A of the Maharashtra Cooperative Societies Act should not be hindered by reading into it the requirement of a show cause notice. The Reserve Bank of India is the apex statutory body overseeing the functioning of the financial institutions, including banks. Whether there is compliance by the Reserve Bank of India in issuing a report or not is irrelevant to section 110A. Even otherwise, the Reserve Bank of India has submitted the report to respondent No.7 for compliance. The order of respondent No.5 discloses the reasons as to why action has been taken. From the excerpts from the report of the Reserve Bank of India, it cannot be said that these reasons are irrelevant or not germane. Even otherwise, as pointed out earlier, it was not open for respondent No.5 to consider whether the reasons are germane."

23. The Honourable Apex Court had an occasion to consider the similar issue under Karnataka Cooperative Societies Act, 1959. The observations made by the Apex Court in the matter of **Reserve Bank of India Vs. M.Hanumaiah and others**, reported in **(2008) 1 Supreme Court Cases 770**, more particularly, in paragraphs 2 and 20 are required to be referred, which read thus:

“2. Whether the principles of natural justice have any application at the stage when the Registrar, Cooperative Societies, on being so required in writing by Reserve Bank of India passes an order removing the Committee of Management of a Cooperative Bank and appointing an administrator to manage its affairs for such period, as may be specified by Reserve Bank of India ? This is the question that falls for consideration in this case.

20. On hearing Mr Trivedi, counsel for the appellant, and on a careful consideration of the relevant provisions of law and the decisions cited before us we have no hesitation in accepting the submissions made on behalf of the appellant. We accordingly answer the question (framed in the beginning of the judgment) in the negative and hold and find that on receipt of a requisition in writing from Reserve Bank of India, the Registrar, Cooperative Societies is statutorily bound to issue the order of supersession of the Committee of Management of Cooperative Bank. At that stage the affected bank/its Managing Committee has no right of hearing or to raise any objections.”

24. The submissions of learned Counsel for the petitioner while inviting attention of this Court to the provisions of Section 102 in Chapter X of the Maharashtra Cooperative Societies Act which deals with liquidation that the provisions of said section are required to be read harmoniously with section 110 of the M.C.S. Act and as sought to place reliance on the judgment of this Court in the matter of **Chandrapur Zilla Sahakri Krushi and Gramin Bahuudeshiya Development Bank Ltd., Vs. State of Maharashtra and ors.** (cited supra), is also required to be rejected in view of the fact that the scheme under the said chapter X cannot be read in the scheme under Section 110A i.e. Chapter XA of the Maharashtra Co-operative Societies Act which deals with insured co-operative Banks involves the Apex bodies like Reserve Bank of India and the Depositors Insurance Corporation.

As such, the contention that Section 102 of the M.C.S. Act is required to be read harmoniously with Section 110A of the Act, is also liable to be rejected.

25. The Parliament has enacted The Banking Laws (Application to Co-operative Societies Act, 1965 to amend the Reserve Bank of India 1934 and the Banking Co-operative Act 1949 for the purpose of regulating the banking business of certain Co-operative societies and for matter connected therewith. In view of application of Reserve Bank of India Act, 1934 and Banking Regulation Act 1949

with certain modification, the Reserve Bank of India has certain powers of control, directions and supervision over Co-operative Banks.

The position of Section 110A of the Maharashtra Co-operative Societies Act appears to have been made in public interest. The cause of action ordered by the Reserve Bank of India was made known to the Board of Directors before proceeding to pass an order of cancellation of licence.

26. In that view of the matter, the contention of the petitioner that the respondent No.4 - Bank or its office bearers should have been given an opportunity of hearing, is of no consequence, as the section does not provide so. As has been held by this Court that the powers of Reserve Bank of India under Section 110A of the M.C.S. Act are absolute and cannot be stretched upto granting opportunity of hearing to the office bearers of the respondent No.4 - Bank, or the respondent No.4 - Bank, disentitled for any relief based on the issue of violation of principles of natural justice.

27. The next contention of the petitioner that the order impugned in the petition, passed by respondent No.2 also contains an order of liquidation, winding up of the affairs of the Bank and appointment of liquidator. He submits that though the Reserve Bank of India has not given show cause notice of liquidation, the order to that extent is liable to be quashed and set aside.

28. Subsequent to issuance of order of cancellation of licence of respondent No.4 - Bank, the Reserve Bank of India has issued the requisition dated 20th August 2013, which is reproduced hereinbefore mandating the respondent No.2 to make an order for winding up of respondent No.4 - Bank and for appointment of liquidator thereof. The respondent No.2 in view of mandate of Reserve Bank of India and scheme of Section 110A of the Act has rightly exercised the powers to appoint liquidator. As such, having regard to directives of Reserve Bank of India, the contention of the petitioner that Reserve Bank of India has not mandated the respondent No.2 to appoint liquidator, is liable to be rejected.

29. Perusal of the show-cause notice at Page 27 dated 9th April 2013 issued by respondent - Bank also speaks about the action of liquidation to be initiated against respondent No.4 - Bank. The respondent No.4 Bank in its reply has also dealt with the same.

30. In the light of above, no case for interference made out. As such, the writ petitions fail and same are dismissed.

(N.W. SAMBRE, J.)

At this stage, Mr Nagargoje, learned Counsel for petitioner seeks stay of this Judgment for a period of four weeks. In view of cancellation of the banking licence of respondent No.4, the prayer for staying this Judgment is rejected.

(N.W. SAMBRE, J.

(vvr/7034.13wp)