



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
CIVIL APPELLATE JURISDICTION  
WRIT PETITION NO. 13055 OF 2026**

Gajanan Heramb Deo **...Petitioner**

V/s.

State Of Maharashtra Dept of Co Op **...Respondents**  
Represented Thr Additional Chief  
Secretary and Ors

**WITH**

**WRIT PETITION NO. 11140 OF 2022**

Smt. Gayatridevi Ganpatrao **...Petitioner**  
Patwardhan

V/s.

State Of Maharashtra Dept Of Co Op **...Respondents**  
Represented Thr Additional Chief  
Secretary and Ors

**WITH**

**WRIT PETITION NO. 8272 OF 2022**

Shriram Baburao Yadav **...Petitioner**

V/s.

The Authorised Officer Rupee Co- Op. **...Respondents**  
Bank Ltd Pune and Ors

**WITH**

**WRIT PETITION NO. 4892 OF 2023**

Sama Dinesh Kulkarni **...Petitioner**

V/s.

The State of Maharashtra through the **...Respondent**  
Secretary and Ors.

**WITH**

**WRIT PETITION NO.10934 OF 2022**

Ishwardas Premraj Chordia Decd  
Through Lhr Shri. Prateek Ajay  
Chordia

**...Petitioner**

V/s.

The Authorised Officer Rupee Co- Op.  
Bank Ltd Pune and Ors

**...Respondent**

**WITH**

**WRIT PETITION (ST) NO.11705 OF 2022**

Late Kashinath Gangadhar Pemgirikar  
Decd. Thr. Lhrs Sandeep Kashinath  
Pemgirikar

**...Petitioner**

V/s.

Addi. Chief Secretary State Of  
Maharashtra Thr. Ministry Of Co-Op  
and Ors

**...Respondents**

**WITH**

**WRIT PETITION (ST) NO. 16997 OF 2022**

Madhav Vishnu Natu Since Dec Thr  
Legal Heirs

**...Petitioner**

V/s.

State of Maharashtra through Minister  
for Co.op and Ors.

**...Respondent**

**WITH**

**WRIT PETITION NO.10193 OF 2024**

Madhav Narayan Bhandare Since Dec  
Thr His Lr Shriv Allabh Madhav  
Bhandare And Anr

**...Petitioner**

V/s.

The Authorised Officer Rupee Co Op  
Bank Ltd. And Ors

**...Respondent**

**WITH**

**WRIT PETITION NO. 4899 OF 2023**

Mr. Dinesh Kulkarni

...Petitioner

V/s.

The State Of Maharashtra Thru The  
Secretary, Dept. of Co-Op. , Marketing  
And Textiles And Ors

...Respondents

INTERIM APPLICATION NO. 11819 OF 2025

IN

WRIT PETITION NO. 6914 OF 2022

Shashikumar Keshav Bhide

...Applicant/Petitioner

V/s.

The Authorised Officer Rupee Co-Op  
Bank Ltd and Ors

...Respondent

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**Mr.Sagar Amrut Rane** *for Petitioner in WP 13055/2026*

**Mr. Rohan Savant** *with Mr. Rishabh Jadhav 1/by Parinam Law Associates  
for Petitioner in WP 11140/2022*

**Mr.S.C.Wakankar** *for Petitioner in WP 6914/2022, WP 10193/2024 & WP  
16294/2024*

**Mr.G.H.Keluskar,** *for Petitioner in WP 8272/2022*

**Mr.Mr.Rohan Savant** *with Ms. Manorama Mohanty & Ms. Malika Mondal  
i/by S K Srivastava & Co.for Petitioner in WP 4892/2023 & WP 4899/2023*

**Mr.Shriniwas S. Patwardhan** *with Ms.Mrinal Shelar & Mr.A.V.Hardas  
forPetitioner in WP 10934/2022*

**Mr.Shailendra S. Kanetkar** *with Mr. Nikhil Dongre & Mr.Abhishek  
Wakhle for Pertitioner in WP(ST)11705/2022.*

**Mr.S.S.Panchpor** *with Ms. Mahima Sharma & Mr. Parmeshwar Andil for  
Petitioner in WP(ST)16997/2022.*

**Mr.Pramod Patil** *with Mr. Ajit Hon, Mr. Atharva i/by PNP & Deshmukh,  
Mr. Ramesh Deshmukh Associates for Respondent Rupee Co-operative  
Bank.*

**Ms.S.D. Chipade,** *AGP for Respondent-State*

**Mr.P.G.Sawant,** *AGP for Respondent-State*

**Ms. Snehal S. Jadhav,** *AGP for Respondent-State*

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**Ms.P.J.Gavhane, AGP for Respondent-State.**

**Ms. A.A-Nadkarni AGP for All Respondent-state.**

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**CORAM: SANDEEP V. MARNE, J.**

**DATED: 8 OCTOBER 2026.**

**P.C.:**

1) These Petitions involve similar challenges to the action of the Rupee Bank Ltd. in seeking to recover from the Petitioner, the amount of losses suffered by it from the elected directors, expert directors, relatives of ex-directors, etc. The Petitions are moved contending that the same need to be disposed of in the light of this Court remanding the proceeding of the inquiry relating to the employees. Writ Petition No. 16294 of 2024 is not on record at the request of the learned counsel appearing for the Petitioner, the same is taken on record for analogous hearing with other similar Petitions.

2) The Interim Application No. 11819 of 2025 in Writ Petition NO. 6914 of 2022 is filed for bringing on record legal heirs of the Petitioner who has passed away during pendency of the Petition. For the reasons indicated in the Application, the same is allowed. Legal representatives of the Petitioner are permitted to be brought on record. Amendment to be carried out forthwith. Interim Application is **disposed of.**

3) The Petitioners in this Petitions are essentially aggrieved by the order of the Inquiry Officer dated 2 February 2016 passed under Section 88 of the Maharashtra Co-operative Societies Act, 1960 (**MCS Act**) apportioning the alleged amount of losses suffered by the Bank for the purpose of recovery thereof against the Petitioners. Except Writ Petition (Stamp) No. 16997 of 2022, the other eight Petitions are filed by elected directors of the Bank who are held personally liable for repayment of amount of loss caused to the Bank.

4) Writ Petition (stamp) No. 16997 of 2022 is filed by expert director nominated on the board of the Bank who believes that he does not have any personal liability to recoup the amount of alleged losses suffered by the Bank. Writ Petition No. 4892 of 2023 is filed by the daughter-in-law of the ex-director who is aggrieved by an order of attachment of her properties. So far as Writ Petition No. 16294 of 2024 is concerned. The same is filed by the grandson of the original director raising a grievance that his gifted property has been attached.

5) It appears that a common inquiry was conducted by the Inquiry Officer under Section 88 of the MCS Act which led to passing of a common order dated 2 February 2016. The order covers both employees of the Bank as well as the directors. The order passed by the Inquiry Officer has been confirmed in Appeal by the State Government.

6) It appears that employees of the Bank filed a bunch of Petitions in this Court (Writ Petition No. 10750 of 2022 **Sanjiv Bhaskar Pathak V/s State of Maharashtra**) which are decided by this Court by

judgment and order dated 17 October 2025. This Court has found several infirmities in the order passed by the Inquiry Officer. It would be apposite to reproduce the findings recorded by this Court in paragraphs 115 to 143 of the judgment, which read thus:-

115. Having considered the rival submissions and upon examining the record, I find that the matter requires remand to the Authorized Officer for fresh consideration for the following reasons, each supported by the material and the settled legal principles governing proceedings under Section 88 of the MCS Act, 1960 and Rule 72 of the Maharashtra Cooperative Societies Rules, 1961.

116. The order passed by the Authorized Officer does not contain any clear or specific finding showing what exact act or omission by each petitioner caused the Bank to suffer financial loss. The findings are written in general terms and treat all persons alike, without distinguishing between the decision-making powers of the Managing Committee and the limited administrative roles of the officers. The law requires the Registrar or Authorized Officer to find, on the basis of evidence, that a particular act or omission by each officer amounted to misfeasance, breach of trust, or negligence, and that it directly caused measurable loss to the society. Unless these elements are clearly proved and recorded, no personal liability can be fastened on anyone.

117. A officer working as a manager performs administrative functions such as verifying documents, preparing notes, and forwarding proposals for approval. The final authority to sanction or reject the proposal rests with the Managing Committee or Board of Directors. Unless there is evidence that the officer acted dishonestly, manipulated records, or knowingly concealed facts to favour a borrower, he cannot be said to have committed misfeasance or breach of trust. The Authorized Officer's order does not refer to any such material. It does not show which proposal was wrongly recommended, what irregularity was overlooked, or how that led to actual loss.

118. This omission strikes at the very root of the proceedings. Section 88 deals with personal liability, not collective or assumed responsibility. A finding that "officers participated in management" is too vague to establish culpability. The law does not punish officers merely for being part of the process, it punishes only those whose conduct is proved to have caused wrongful loss to the society.

119. Such lack of analysis has caused serious miscarriage of justice. When a statute like Section 88 imposes personal monetary liability, the findings must be based on concrete evidence, not on assumptions or

collective generalisations. The liability under Section 88 is not vicarious. It cannot be inferred merely because an officer held a position in the Bank when the irregularity occurred. Each person's responsibility must be individually determined, with reasons recorded and supported by documents or witness evidence.

120. Therefore, the findings in the impugned order do not meet the legal standard required for holding an officer liable under Section 88. The orders fail to show the connection between the petitioner's conduct and the loss suffered by the Bank. The absence of such clear and specific reasoning renders the conclusions unsustainable in law.

121. Rule 72 of the Maharashtra Cooperative Societies Rules, 1961 lays down a clear and structured procedure for conducting an inquiry under Section 88 of the MCS Act, 1960.

122. First, specific charges must be framed against the officer concerned. Each charge must clearly mention the nature of the alleged act or omission, the date or period during which it occurred, and the extent of loss alleged to have been caused to the society. This helps the officer understand exactly what misconduct he is being accused of.

123. Second, the officer must be given copies of all supporting documents and particulars relied upon by the authority, so that he can properly prepare his defence. The right to defend oneself effectively includes the right to know the exact case one has to meet.

124. Third, the rule requires that the officer should be given a reasonable opportunity to file his written statement and to produce his own documents or witnesses in support of his defence. He must also be allowed to cross-examine witnesses produced by the society or the Authorized Officer.

125. Finally, findings must be recorded separately on each charge. The Authorized Officer has to discuss the evidence, weigh the submissions of both sides, and give a clear conclusion for every charge, whether it is proved, partly proved, or not proved. This is necessary to show that the decision was made after applying mind to each allegation, and not on a general impression or collective assumption.

126. However, in the present case, the material on record shows that these safeguards were not properly followed. Although notices were issued to the petitioners, the order passed by the Authorized Officer does not show whether each charge was properly framed or supported by evidence. There is no discussion showing what evidence was examined for each specific allegation or how the defence of the petitioners was considered.

127. The absence of such a detailed and reasoned finding shows lack of application of mind. It prevents the Court from understanding how the conclusions were reached and whether they are supported by evidence. Such an order cannot stand scrutiny, because it fails to satisfy the requirement of a "speaking order", which must show the reasoning behind the decision.

128. In proceedings under Section 88, where serious civil consequences follow, the inquiry must strictly conform to Rule 72. When liability is fixed without identifying which charge is proved and without recording specific findings supported by credible evidence, the order becomes incomplete and unsustainable in law.

129. In any quasi-judicial proceeding, especially one under Section 88 of the MCS Act, findings cannot rest merely on general references to examination of witnesses. The authority is expected to discuss the evidence in detail. It must show what the witness stated, which documents supported his statement, and whether such evidence was credible, consistent, and sufficient to establish liability. The order in this case does not contain any such discussion. Without analysing evidence, the conclusions drawn lose their foundation in law.

130. The petitioners had, on their part, filed detailed written statements denying the allegations and had raised specific defences. They had pointed out that they were not sanctioning authorities, that their role was limited to forwarding or recommending proposals, and that no material showed any dishonest intention or misfeasance on their part. These defences went to the root of the matter and required specific consideration. However, there is nothing in the impugned order to show that these defences were examined or answered. The omission to consider them violates the basic principles of natural justice.

131. When a statutory authority is empowered to decide questions involving civil consequences, it acts in a quasi-judicial capacity. This means it must record reasons, and base its conclusions on evidence placed on record. Recording of reasons is not a formality. It demonstrates application of mind, and allows the appellate or reviewing authority to understand how the decision was reached. An order that fails to disclose reasoning or assessment of evidence cannot be upheld merely because the authority refers to the existence of a witness or document.

132. In the present case, the order contains conclusions but no reasoning. It does not explain how the oral evidence of the Bank's witness or the documentary evidence proved against the petitioners establishes misfeasance, negligence, or breach of trust. It also does not

specify which part of the petitioners' defence was rejected and why. The absence of such reasoning makes the findings purely conclusory and not judicially sustainable.

133. Therefore, the omission of the Authorized Officer to analyse the evidence, to evaluate the credibility of the Bank's witness, and to deal with the specific defences raised by the petitioners, renders the order defective in law. The findings thus recorded cannot be treated as a valid determination of liability under Section 88. The matter must, therefore, be reconsidered by the competent authority after a proper and reasoned evaluation of all oral and documentary evidence, and after addressing each defence specifically in accordance with law.

134. In the present case, the order of the appellate authority does not show how this connection was established. The order merely states that the petitioners "participated in management" or "processed proposals" which allegedly led to loss, but it does not explain how such participation caused that loss. There is no detailed computation or reasoning showing how the total loss was calculated, nor how much of that loss is attributable to the act of each petitioner.

135. For example, when a Bank or cooperative society suffers loss on account of loans turning bad, it is necessary to show that the loans were sanctioned due to a wrongful recommendation or negligence of a specific officer, that such act violated rules or bye-laws, and that but for such act, the loss would not have occurred. This causal link must be demonstrated through documents, minutes of meetings, or audit reports. Mere assumption that the officer's involvement "must have" contributed to the loss is not enough.

136. The order passed by the Appellate Authority also suffers from a clear lack of independent reasoning and proper application of mind. Instead of re-examining the findings of the Authorized Officer as required by law, the Appellate Authority has merely repeated the same conclusions without any separate or independent analysis. The order reads more like an endorsement than an adjudication.

137. Under Section 152 of the MCS Act, the Appellate Authority has a distinct and important duty. It is not expected to mechanically approve what the lower authority has done. Its role is to review the legality, propriety, and correctness of the order under appeal, both on facts and on law. The appellate authority must satisfy itself that the procedure prescribed under Rule 72 of the Maharashtra Cooperative Societies Rules, 1961 has been strictly followed, that the findings of the Authorized Officer are supported by credible evidence, and that the conclusions drawn are proportionate.

138. In the present case, there is no indication that such scrutiny was carried out. The Appellate Authority has not examined whether the Authorized Officer had framed specific charges as required under Rule 72, whether the petitioners were given full opportunity to defend themselves, or whether the evidence relied upon was sufficient and reliable. The appellate order is silent on these crucial procedural safeguards, which are the foundation of any valid inquiry under Section 88.

139. Another serious omission is the absence of discussion on proportionality of liability. Section 88 permits recovery only to the extent of loss caused by each person's individual act. The Appellate Authority should have examined whether the liability fixed on each petitioner was proportionate to his role and responsibility. Instead, it accepted the findings of collective liability without considering whether all officers bore the same degree of fault or whether their functions were distinct.

140. This shows a complete absence of independent application of mind. The Appellate Authority's duty is quasi-judicial, it must weigh evidence, analyze defences, and arrive at its conclusion. By merely reproducing the reasoning of the Authorized Officer without engaging with the issues raised in appeal, the authority failed to perform its statutory role.

141. Such an approach defeats the very purpose of appellate scrutiny. The appellate stage is meant to correct mistakes of fact or law committed by the lower authority and to ensure that justice is done. When the Appellate Authority fails to examine whether the basic procedural requirements were followed, or whether findings were based on credible evidence, it compounds the error instead of correcting it.

142. In proceedings that impose personal financial liability, the Appellate Authority must act with great care and precision. It must discuss (i) Whether the inquiry under Rule 72 was lawful. (ii) Whether evidence led before the Authorized Officer justifies the findings. (iii) Whether the amount of liability fixed is proportionate and reasonable. None of these aspects are addressed in the appellate order before this Court. The order is thus incomplete, mechanical, and devoid of reasoning. The absence of such independent analysis renders the appellate decision unsustainable in law.

143. The Court finds it impossible to fix personal liability of each petitioner in these writ proceedings. The questions are mainly factual. They require close scrutiny of records, witness testimony and documentary proof. The Court cannot, on the paper now before it, say what exact role each petitioner played. The Court cannot say which

specific acts or omissions are proved against whom. The Court cannot say how much of the total loss, if any, is attributable to each person. These issues call for detailed fact-finding. Only such a detailed process can produce the credible evidence required to fasten individual liability under Section 88. Writ jurisdiction under Articles 226 and 227 is not the right forum for such reappraisal of primary facts. This Court's function in writ proceedings is to test legality, fairness and procedure. It is not to conduct a trial or reweigh evidence afresh. The material before this Court shows gaps in the earlier findings, absence of separate discussion of each charge, and want of proper evaluation of defences and documentary proof. Those defects go to the heart of the inquiry under Section 88 and Rule 72.

7) Accordingly, this Court has set aside the orders passed by the Appellate Authority as well as the order passed by the Inquiry Officer dated 2 February 2016 and has remanded the proceedings before the Inquiry Officer/Authorized Officer for fresh adjudication. The operative directions given by this Court in paragraphs 145 to 148 of the judgment reads thus:-

145. Accordingly, order dated 29 December 2001 passed by the Additional Chief Secretary, Government of Maharashtra acting as the Appellant Authority under Section 152 of the MCS Act, and the order dated 2 February 2016, passed by the Authorized Officer under Section 88 of the said Act, in all Petitions, are hereby quashed and set aside.

146. The matter is remanded to the Authorized Officer for fresh consideration and decision in accordance with law, after giving all concerned parties due opportunity of hearing and following the procedure prescribed under the Act and Rules.

147. The Authorized Officer shall, while conducting the fresh inquiry, strictly follow the procedure laid down in Rule 72.

148. The fresh inquiry shall be completed within a reasonable time, preferably within six months from the date of receipt of this order.

8) The Bank approached the Hon'ble Apex Court challenging the judgment and order dated 17 October 2025, the Special Leave Petitions filed by the Bank are disposed of by order dated 20 April 2026

by granting liberty to the Bank to file Review Petitions seeking review of the judgment and order dated 17 October 2025. The Review Petitions filed by the Bank have been dismissed by this Court by order dated 18 August 2026, paragraphs 31 to 33 of which read thus:-

31. The review petitions are accordingly dismissed. It is clarified that the question of apportionment of individual liability, as referred to in paragraph 68(vi) of the judgment dated 17 October 2025, shall be decided by the Authorized Officer on the basis of evidence on record. Such evidence shall include the relevant resolutions sanctioning the loans or other facilities, wherever applicable, and other relevant material showing the role, duties, authority and participation of every person concerned.

32. The applications filed by the employees and/or their legal representatives for release, recalling or modification of attachment of immovable properties shall be decided by the competent authority according to law, after giving opportunity of hearing to the concerned parties, within four weeks from today.

33. The period for completion of the fresh inquiry directed by the judgment dated 17 October 2025 is extended by one year from today. The Authorized Officer shall proceed with and complete the inquiry in accordance with the judgment under review, the clarifications made in the present order, Section 88 of the Maharashtra Cooperative Societies Act, 1960 and Rule 72 of the Maharashtra Cooperative Societies Rules, 1961.

9) It is submitted by the learned counsel appearing for the Petitioners that since a common inquiry was conducted by the Authorized Officer in respect of the employees and the directors, remand made by this Court by judgment and order dated 17 October 2025 would necessarily entail remand of inquiry even *qua* the directors. I am in agreement with the submissions canvassed by the learned counsel appearing for the Petitioners. A composite inquiry was conducted by the Authorized Officer and a common apportionment order is passed *qua* both employees as well as the directors of the Bank. If inquiry against the

employees is remanded by setting aside the order dated 2 February 2016, necessarily the adjudication *qua* directors also need to be made afresh. A composite adjudication into the acts of the employees and the directors is warranted in the present case, which is apparent from the fact that the Authorized Officer himself conducted a composite and inquiry into the acts of the employees and the directors. In my view therefore, for the reasons recorded by this Court in judgment and order dated 17 October 2025, the order passed by the Authorized Officer on 2 February 2016 *qua* the directors is also required to be set aside. Since Inquiry Officer's order dated 2 February 2016 *qua* erected directors is set aside, the benefit would entail even to the Petitioner of Writ Petition (stamp) No. 16997 of 2022, who claims to be an expert director. In the remanded proceedings, it would be open for Petitioner in Writ Petition (stamp) No. 16997 of 2022 to impress upon the Inquiry Officer that he does not have personal liability to recoup the amount of alleged losses faced by the Petitioner-Bank.

10) So far as Writ Petition No 4892 of 2023 is concerned, the Petitioner therein is aggrieved by attachment of her properties. In paragraph 32 of the review order dated 18 August 2026, this Court has already made an arrangement by providing a remedy to the employees/their legal representatives for securing release/recalls/modification of attachment of immovable properties. The Petitioner in Writ Petition No. 4892 of 2023 shall also be entitled to exercise the said remedies. Same would apply to the Petitioner in Writ Petition No. 16294 of 2024 also.

- 11) I accordingly proceed to pass the following order:-
- (i) Order dated 2 February 2016 passed by the Authorized Officer *qua* the Petitioners in the present Petitions as well as the orders passed by the Appellate Authority are set aside.
  - (ii) The proceedings are remanded before the Authorized Officer for fresh adjudication in accordance with law keeping in mind the directives given by this Court in the judgment and order dated 17 October 2025.
  - (iii) If immovable properties of any of the Petitioners are attached, they shall be at liberty to file application before the Competent Authority in accordance with the law who shall proceed to decide the same keeping in mind the factor that the underlying order of the Inquiry Officer dated 2 February 2016 has been set aside. Such application shall be decided uninfluenced by any previous orders passed by the Competent Authority.
  - (iv) The Authorized Officer shall also adjudicate the issue as to whether the legal representatives of the original delinquent/third party can be held liable under Section 88 of the MCS Act.

(v) Time to conduct and complete the remanded inquiry qua directors as well as employees shall stand extended by period of one year from today.

**[SANDEEP V. MARNE, J.]**