



CNR: KAHC010511182026

NC: 2026:KHC:45563
WP No. 22921 of 2026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 24TH DAY OF AUGUST, 2026

BEFORE

THE HON'BLE MR. JUSTICE ASHOK S.KINAGI

WRIT PETITION NO. 22921 OF 2026 (S-RES)

BETWEEN:

SRI.C N DEVARAJU
S/O. NANJIAH
AGED ABOUT 64 YEARS
CAUVERY MANOR, NO.52
FLAT NO.B-001, KR ROAD
BASAVANAGUDI
BENGALURU-560 004

...PETITIONER

(BY SRI. PRABHULING K NAVADGI, SR. COUNSEL FOR
SMT. DEVI SOWMYA L., ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
REPRESENTED BY ITS SECRETARY
TO DEPARTMENT OF CO-OPERATION
MS BUILDING, DR. AMBEDKAR VEEDHI
BENGALURU- 560 001
2. UNDER SECRETARY TO THE GOVERNMENT-2
DEPARTMENT OF CO-OPERATION
MS BUILDING, DR. AMBEDKAR VEEDHI
BENGALURU-560 001
3. THE STATE OF KARNATAKA
REPRESENTED BY ITS SECRETARY TO
DEPARTMENT OF PERSONAL AND

Digitally
signed by
SHILPA BAI S
Location:
HIGH
COURT OF
KARNATAKA



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ADMINISTRATIVE REFORMS
VIKAS SOUDHA
BENGALURU- 560 001

4. THE KARNATAKA STATE CO-OPERATIVE APEX BANK LTD.,
REGISTERED UNDER KARNATAKA CO-OPERATIVE APEX BANK LTD.,
REPRESENTED BY ITS ADMINISTRATOR
UTHUNGA, NO.1, PAMPA MAHAKAVI ROAD
CHAMARAJPET
BENGALURU - 560 018
5. SRI.A.C. DIWAKARA
S/O. LATE A CHANNEGOWDA
AGED ABOUT 56 YEARS
ADDITIONAL REGISTRAR OF CO-OPERATIVE SOCIETIES OSD AND JOINT SECRETARY
TO GOVERNMENT, M.S.BUILDING,
DR. AMBEDKAR VEEDHI
BENGALURU -560 001

ALSO AT
THE KARNATAKA STATE CO-OPERATIVE APEX BANK LTD.,
PRESENTLY HOLDING THE OFFICE OF CHIEF EXECUTIVE OFFICER
UTHUNGA, NO.1, PAMPA MAHAKAVI ROAD
CHAMARAJPET
BENGALURU - 560 018

6. RESERVE BANK OF INDIA
REPRESENTED BY ITS GENERAL MANAGER
DEPARTMENT OF REGULATION,
CENTRAL OFFICE BUILDING
12/13TH FLOOR, SHAHID BHAGAT SINGH MARG,
FORT, MUMBAI-400001

...RESPONDENTS



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(BY SRI. TILAK RAJ V S , ADVOCATE FOR C/R5 IN CP NO.14270/2026
SRI. P. ANAND, ADVOCATE FOR C/R4 IN CP NO.14322/2026
SRI. MITHUN GERAHALLI, AAG A/W
SRI. G RAMESH NAIK, AGA FOR R1 TO R3
SRI. PRADEEP SAWKAR, ADVOCATE FOR R6 (VK NOT FILED)
SRI. JAYA KUMAR S PATIL, SR. COUNSEL FOR
SRI. RAKSHITH KUMAR, ADVOCATE FOR R5)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO

- A) QUASHING THE NOTIFICATION/ORDER BEARING NO.CO/182/ECA/2026 DATED 09.06.2026 ISSUED BY UNDER SECRETARY TO GOVERNMENT-2, DEPARTMENT OF CO- OPERATION, GOVERNMENT OF KARNATAKA, RESPONDENT NO.2 APPOINTING THE RESPONDENT NO.5 HEREIN AS THE CHIEF EXECUTIVE OFFICER(CEO) OF THE KARNATAKA STATE CO-OPERATIVE APEX BANK LTD., AS PER ANNEXURE - K.
- B) HOLD AND DECLARE THAT THE PETITIONER BY VIRTUE OF THE COMMUNICATION BEARING NO.CO.DOR.HGG.NO.S2117/ 18-11-002/2026-27 DATED 09.06.2026 ISSUED BY THE RESERVE BANK OF INDIA IS ENTITLED TO HOLD AND CONTINUE AS CHIEF EXECUTIVE OFFICER OF THE KARNATAKA STATE CO-OPERATIVE APEX BANK LTD., FOR A PERIOD OF ONE YEAR UP TILL 10.06.2026 AS PER ANNEXURE-H. AND
- C) PASS ANY ORDER OR DIRECTION AS THIS HON'BLE COURT DEEMS FIT UNDER THE CIRCUMSTANCES OF THE PRESENT CASE IN THE INTEREST OF JUSTICE AND EQUITY.

THIS PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:



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CORAM: HON'BLE MR. JUSTICE ASHOK S.KINAGI

ORAL ORDER

1. The petitioner has filed this writ petition seeking the following reliefs:

- "a) Issue a writ in the nature of certiorari by quashing the Notification/Order bearing No.CO/182/ECA/2026 dated 09.06.2026 issued by Under Secretary to Government-2, Department of Co-operation, Government of Karnataka, Respondent No.2 appointing the Respondent No.5 herein as the Chief Executive Officer(CEO) of the Karnataka State Co-operative Apex Bank Ltd., as per ANNEXURE - K.
- b) hold and declare that the Petitioner by virtue of the communication bearing No.CO.DOR.HGG.No.S2117/18-11-002/2026-27 dated 09.06.2026 issued by the Reserve Bank of India is entitled to hold and continue as



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Chief Executive Officer of the Karnataka State Co-operative Apex Bank Ltd., for a period of one year up i.e. up till 10.06.2026 as per ANNEXURE-H.

- c) Pass any order or direction as this Hon'ble Court deems fit under the circumstances of the present case in the interest of justice and equity."

2. Brief facts leading rise to the filing of this petition are as follows:

2.1. The petitioner was earlier appointed as the Chief Executive Officer ('**CEO**' for short) by respondent No.6 – Reserve Bank of India ('**RBI**' for short) from time to time by granting statutory approval, first upto 10.06.2025 and thereafter, upto 10.06.2026. When the State Government attempted to appoint another officer viz., Sri. M.K.Jagadish as a CEO of the Karnataka State Co-operative Apex Bank Limited ('**the KSCABL**', for short) without obtaining prior



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approval of the RBI, both National Bank For Agriculture and Rural Development (**'NABARD'** for short) and RBI have categorically clarified that, such appointment was impermissible under Section 35B(1)(b) of the Banking Regulation Act, 1949 (**'Act of 1949'** for short). This Court, in WP No. 6756 of 2025, vide order dated 17.03.2025, had upheld the petitioner's continuation as the CEO of the KSCABL and held that, the appointment without previous approval of the RBI cannot take effect. It is contended that, the Chairman and Board of Directors of the KSCABL resolved to continue the petitioner as a CEO of the KSCABL for a further period and sought for statutory approval of the RBI. Accordingly, the RBI, vide its communication dated 09.06.2026, granted approval for the petitioner's re-appointment as CEO of the KSCABL upto 10.06.2027. On the very same day, the Government of Karnataka issued the impugned notification appointing respondent No.5 as



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the CEO of the KSCABL, despite the petitioner's valid re-appointment having already received statutory approval from the RBI. Thereafter, respondent No.5 assumed charge on 10.06.2026 pursuant to the impugned notification and Board Resolution. The impugned notification is *ex-facie* illegal, arbitrary and contrary to Section 35B(1)(b) of the Act of 1949 and the NABARD Guidelines, and also the statutory approval granted by the RBI and the order of this Court in WP No. 6756 of 2025. Since the appointment of respondent No.5 was made without obtaining the mandatory previous approval of the RBI, it is *void ab initio* and incapable of taking legal effect. The petitioner has filed this petition challenging the impugned notification/order dated 09.06.2026 wherein respondent No.5 was appointed as the CEO. Accordingly, prays to allow the writ petition.



3. Respondent Nos.1 to 3-State filed a statement of objections denying the averments made in the writ petition. It is contended that, the petitioner has no subsisting legal right or vested right to hold the post of CEO of KSCABL. The petitioner being a retired Officer, was appointed on a contractual basis for fixed tenures, which clearly indicates the non-permanent nature of his engagement. It is also contended that, even his previous appointments were contractual and often involved delayed or post-facto approval from the RBI. The petitioner was initially appointed as the CEO on 30.04.2018 by the Government of Karnataka without prior RBI approval. It is contended that, after his retirement, the Government appointed the petitioner as CEO of the KSCABL on contractual basis for a period of eleven months from 10.08.2023, which ended on 09.07.2024 and the same was extended from time to time. It is contended that, respondent No.1, vide



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Government Order dated 09.06.2026, appointed respondent No.5, an Additional Registrar of Co-operative Societies as the CEO of the KSCABL with the immediate effect. It is contended that, immediately upon the issuance of the said Government order, the KSCABL, vide e-mail dated 09.06.2026, informed the RBI about the appointment of respondent No.5 as CEO and intimated that a detailed proposal for approval would be submitted in due course, and accordingly, the proposal was sent for approval of appointment of respondent No.5 as the CEO. Accordingly, pray to dismiss the writ petition.

4. Respondent No.5 filed a statement of objections reiterating the statement of objections filed by the State. Accordingly, prays to dismiss the writ petition.
5. Heard the arguments of Sri. Prabhuling K.Navadgi, learned Senior Counsel for the petitioner; learned



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Addl. Advocate General for respondent Nos.1 to 3, learned counsel for respondent No.4, Sri. Jayakumar S. Patil, learned Senior Counsel for respondent No.5 and learned counsel for respondent No.6.

6. Learned Senior Counsel for the petitioner submits that, for appointment as a CEO, prior approval of RBI is necessary. He submits that, the appointment of respondent No.5 as a CEO is without prior approval of RBI. Thus, the appointment of respondent No.5 is in contrary to the order passed by this Court in WP No. 6756 of 2025. He further submits that, the KSCABL has recommended for extension of the petitioner to continue as a CEO as per Section 35B(1)(b) read with Section 56 of the Act of 1949, vide application dated 17.04.2026 vide Annexure-G and sought for an approval for extension of tenure of the petitioner for further period of one year with effect from 11.06.2026. He submits that, the RBI has approved the re-appointment of the petitioner for a



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period of one year i.e., till 10.06.2027 vide Annexure-H. He submits that, without considering the approval of the RBI vide Annexure-H, the State Government has appointed respondent No.5 as the CEO of the KSCABL vide notification dated 09.06.2026 vide Annexure-K. The said appointment of respondent No.5 is in violation of Section 35B(1)(b) of the Act of 1949 and the NABARD Guidelines. He submits that, the appointment of respondent No.5 as the CEO of the KSCABL is arbitrary, erroneous, and contrary to the order passed by this Court in WP No. 6756 of 2025. Hence, on these grounds, he prays to allow the writ petition.

7. *Per contra*, learned Senior Counsel for respondent No.5 submits that, the petitioner has no locus to challenge the appointment of respondent No.5. He submits that, earlier, the appointment of the petitioner was approved by the RBI subsequently and that is the practice continued in the KSCABL. He



submits that, first the KSCABL appoints the CEO and thereafter, seek an approval of appointment of the CEO. The said procedure was followed in the case of the petitioner. He submits that, the writ petition filed by the petitioner is not maintainable and the petitioner is not an aggrieved person. He submits that, the continuation of the petitioner without prior approval of the RBI is arbitrary and erroneous. He submits that, the petitioner was appointed on a contract basis and there is no order for continuation of the petitioner as a CEO. He further submits that, the KSCABL, vide application dated 17.06.2026 vide Annexure-R13, the Administrator of the KSCABL requested the RBI to kindly approve the appointment of respondent No.5 as the CEO for a period of one year from 10.06.2026 to 09.06.2027. Hence, on these grounds, he prays to dismiss the writ petition.



8. Learned counsel for respondent No.4-KSCABL adopts the arguments of the learned Senior Counsel for respondent No.5.
9. Learned counsel for respondent No.6-RBI submits that, no prior approval was taken by the KSCABL for appointment of respondent No.5 as a CEO. Subsequently, the KSCABL sought an approval, which is pending for consideration. Hence, on these grounds, he prays to dispose of the writ petition.
10. Perused the records and considered the submissions of the learned counsel for the parties.
11. It is an undisputed fact that the petitioner was appointed as a Chief Executive Officer of the Apex Bank on a contract basis, which was extended from time to time, and the said contract period came to an end on 10.06.2026. The Apex Bank vide application dated 06.07.2024 and sent for an approval of re-appointment of the petitioner as a Chief Executive



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Officer of the Karnataka State Co-operative Apex Bank Limited ("**the KSCABL**", for short) from 10.06.2025. Again, a similar application dated 13.05.2025 was sent to the Reserve Bank of India vide communication dated 12.08.2025 addressed to the KSCABL, informing regarding re-appointment of the petitioner as a Chief Executive Officer of the the KSCABL, for its approval upto 10.06.2026. The said period expired on 10.06.2026. The General Manager of the Apex Bank addressed a letter to the President of the KSCABL, for appointment of the Chief Executive Officer dated 23.01.2025, wherein the prior approval was obtained from the Reserve Bank of India for termination of the petitioner as a Chief Executive Officer and also appointment of a new Chief Executive Officer of the Bank. The Reserve Bank of India, vide communication dated 21.02.2025, informed the Apex Bank, contending that they have not received the copy of the Cadre



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and Recruitment Rules provided by the Government of Karnataka or the posting order of Sri.M.K.Jagadish, as a Chief Executive Officer of the KSCABL, stated to be attached along with the mail. Nonetheless, on an application made by the Bank, the Reserve Bank of India had granted approval for re-appointment of the petitioner as a Chief Executive Officer of the Bank for a term upto 10.06.2025, vide Reserve Bank of India's letter dated 13.11.2024.

12. With regard to the appointment of Mr.Jagdish M.K., as a Chief Executive Officer of the Bank, in place of the petitioner, whose services were consequently got terminated before the end of his specified tenure, and drawn the attention to the provisions of Section 35B(1)(b) read with Section 56 of the Banking Regulations Act, 1949, in terms of which, *inter alia*, no appointment, re-appointment, or termination of the appointment of a Managing Director or the Chief Executive Officer, by whatever name called, shall



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have effect unless such appointment or re-appointment or termination of appointment is made with a prior approval of the Reserve Bank of India.

13. The Reserve Bank of India also invited the attention of the Apex Bank in regard to the order passed by the High Court of Orissa in ***Benu Madhav Tripathy v. State of Odisha and others***¹, wherein the High Court has observed that Section 35-B(1)(b)² of the Banking Regulations Act, 1949 makes it clear in no uncertain terms that appointment or re-appointment

¹ Writ Petition No.8927 of 2022 disposed on 25.01.2023

² 35B. Amendments of provisions relating to appointments of managing directors, etc., to be subject to previous approval of the Reserve Bank.

(1) In the case of a banking company- (a) x x x

(b) no appointment or re-appointment or termination of appointment of a chairman, a managing or whole-time director, manager or chief executive officer by whatever name called, shall have effect unless such appointment, re-appointment or termination of appointment is made with the previous approval of the Reserve Bank.

Explanation. - For the purpose of this sub-section, any provision conferring any benefit or providing any amenity or perquisite, in whatever form, whether during or after the termination of the term of office of the chairman or the manager, or the chief executive officer by whatever name called or the managing director, or any other director, whole-time or otherwise, shall be deemed to be a provision relating to his remuneration.



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of an MD of a Cooperative Society Bank, which would include OP No.8-Bank (Odisha State Co-operative Bank Ltd., Bhubaneswar), cannot have effect unless it is made *"with the previous approval of the Reserve Bank."*

14. M.K.Jagadish, aggrieved by the communication dated 05.03.2025, wherein the M.K.Jagadish was directed to vacate the office of the Chief Executive Officer of the Apex Bank, filed Writ Petition No.6756 of 2025. A Co-ordinate Bench of this Court, vide Order dated 17.03.2025, dismissed the writ petition. While dismissing the said writ petition, the Co-ordinate Bench has recorded its finding in paragraph Nos.14 and 15 as follows:

"14. Under Section 35B(1)(b) of the Banking Regulation Act, appointment, re-appointment, termination of appointment of a chairman, a managing or whole-time director, manager or chief executive officer, shall not have effect unless such



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appointment, re-appointment or termination of appointment, is made with the previous approval of the Reserve Bank.

15. Admittedly, the appointment of the petitioner was not with the previous approval of RBI. Though the petitioner has placed on record the letters indicating that the respondent Nos.1 and 2 had communicated with RBI for approving the appointment of the petitioner, since the appointment of the petitioner itself was not in accordance with Section 29-G of the Act, 1959, letters addressed by the respondent Nos.1 and 2 to RBI have no consequence. Consequently, the impugned communication issued by the respondent No.3 calling upon the petitioner to vacate the office of the Chief Executive Officer is just and proper. Besides this, the term of Mr. C.N. Devaraj, Chief Executive Officer, is till June, 2025. Therefore, the Apex Bank cannot function with two Chief Executive Officers. Hence, the impugned communication issued by respondent No.3



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is just and proper and does not warrant any interference.”

15. From a bare reading of the order passed by the Co-ordinate Bench of this Court, wherein it has recorded a finding that for the appointment as the Chief Executive Officer, a prior approval of the Reserve Bank of India is necessary. The Apex Bank, vide communication dated 17.04.2026 addressed to the Reserve Bank of India regarding prior approval for extension of tenure of the petitioner as per Section 35-B(1)(b) read with Section 56 of the Banking Regulations Act, 1949, as a Chief Executive Officer of the Apex Bank for a period of 1 year with effect from 11.06.2026.
16. The Apex Bank, vide Resolution No.14 of the Meeting of Board of Directors held on 23.04.2026, it was resolved to obtain prior approval of the Reserve Bank of India for continuing the services of the petitioner as a Chief Executive Officer of the KSCABL,



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Bengaluru for a period of 1 year from 11.06.2026 to 10.06.2027 and further resolved to authorise the Administrator for fixing the pay and other allowances of the Chief Executive Officer.

17. The Reserve Bank of India vide communication dated 09.06.2026 approved for re-appointment of the petitioner as a Chief Executive Officer of the KSCABL for a period of 1 year upto 10.06.2027. On the same day, the Government has appointed respondent No.5 as the Chief Executive Officer of the Apex Bank vide Annexure-K. For appointment / re-appointment of the Chief Executive Officer, prior approval of the Reserve Bank of India is necessary.
18. Admittedly, in the instant case, there was no prior approval from the Reserve Bank of India for appointment of respondent No.5 as a Chief Executive Officer of the Apex Bank.



19. Learned counsel for the Reserve Bank of India submits that the said proposal sent by the Apex Bank is still pending for consideration and the Reserve Bank of India has not yet approved the appointment of respondent No.5 as the Chief Executive Officer of the Apex Bank.
20. The respondents have not challenged the approval of re-appointment of the petitioner for a period of one year upto 10.06.2027 and it has attained finality. The action of the State in appointing respondent No.5 without prior approval of the Reserve Bank of India is in violation of Rule 35B(1).
21. In order to consider the case on hand, it is necessary to examine Rule 35B(1) of the *Banking Regulation Act, 1949*, which reads as follows:

"35B. Amendments of provisions relating to appointments of Managing Directors, etc., to be subject to previous approval of the Reserve Bank.-(1) In the case of a banking company-



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- (a) no amendment of any provision relating to the maximum permissible number of directors or the appointment or re-appointment or termination of appointment, or remuneration of a chairman, a managing director or any other director, whole-time or otherwise or of a manager or a chief executive officer by whatever name called, whether that provision be contained in the company's memorandum or articles of association, or in an agreement entered into by it, or in any resolution passed by the company in general meeting or by its Board of directors shall have effect unless approved by the Reserve Bank;
- (b) no appointment or re-appointment or termination of appointment of a Chairman, a Managing or whole-time Director, Manager or Chief Executive Officer by whatever name called, shall have effect unless such appointment, reappointment or termination of appointment is made with the previous approval of the Reserve Bank."

22. From a bare reading of above Rule, it is clear that, in case of a Banking Company, no appointment, or reappointment or termination of appointment of a Chairman, a Managing or Whole-time Director,



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manager or chief executive officer, shall have effect unless such appointment, re-appointment or termination of appointment, is made with the previous approval of the Reserve Bank.

23. Admittedly, in the instant case, the State has appointed respondent No.5 as CEO of respondent No.4-KSCABL. The RBI has not approved the appointment of respondent No.5 as CEO of respondent No.4-KSCABL. The re-appointment of the petitioner as CEO of the KSCABL is approved by the RBI vide order dated 09.06.2026 vide Annexure-H. Respondent No.4, on the next date i.e., on 10.06.2026 resolved to appoint respondent No.5 as the CEO of respondent No.4-Bank, and on the same day, the Government appointed respondent No.5 as CEO of respondent No.4 without obtaining the prior approval of the Reserve Bank of India. Thus, the appointment of respondent No.5 as CEO of respondent No.4-Bank without the prior approval of



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the Reserve Bank is arbitrary. Hence, the same is liable to be quashed.

24. In view of the above discussion, I proceed to pass the following:

ORDER

- i. The writ petition is ***allowed***;
- ii. The impugned notification/order dated 09.06.2026 passed by respondent No.2 vide Annexure-K is hereby ***quashed***;
- iii. Respondent No.4 is directed to continue the petitioner as the Chief Executive Officer of the Karnataka State Co-operative Apex Bank Ltd., till 10.06.2027 or till the termination of the term of office, whichever is earlier.

**Sd/-
(ASHOK S.KINAGI)
JUDGE**

PA: Paras 1-10;
RK: Paras 11 to end
List No.: 1 Sl No.: 2