IN THE HIGH COURT OF JUDICATURE AT BOMBAY

CRIMINAL APPELLATE JURISDICTION

CRIMINAL APPEAL NO. 366 OF 2024

Shree Sidhivinayak Nagari Sahkari Pat Sanstha Ltd., Islampur through Dadasaheb Maruti Chavan .. Appellant

Versus

The Karad Janata Sahkari Bank Ltd., Karad And Ors. .. Respondents

...

Ms. Priyanka A. Babar i/b Mr. Tejpal S. Ingale, for the Appellant.

Mr. Mohan Kumbhar i/b Mr. Dilip Shinde, for the Respondent Nos.2 to 7 and 9 to 19.

Mr. J. P. Yagnik, A.P.P. for the State/Respondent.

...

CORAM : BHARATI DANGRE &
MANJUSHA DESHPANDE, JJ.
DATED : 12th JULY, 2024

P.C:-

1. The Appeal has raised to challenge the order dated 21.03.2023 passed by the Additional Sessions Judge, Islampur, rejecting the Application filed by the co-operative society on the ground that deposit collected by the Scheduled Bank or Co-operative Bank does not come under the MPID Act, and no case under MPID Act is made out.

We are fully convinced with the reasoning adopted by the learned Judge as Section 2(d) defines the term "Financial Establishment" as below -

> *'(d) "Financial Establishment" means any person accepting deposit under any scheme or arrangement or in any other manner but does not include a corporation or a co-opeartive society owned or controlled by any State Government or the Central Government or a banking company as defined under clause (c) of Section 5 of the Banking Regulation Act, 1949;'*

The Complainant/Appellant admittedly is a co-operative society, which has invested the amount in the Respondent No.1 - Karad Janata Sahkari Bank Ltd., which is now under liquidation. The Respondent No.1 being a bank and also a registered co-operative society under the Maharashtra Co-operative Societies Act, merely because it went into liquidation and was unable to repay the amount in form of fixed deposits, despite the maturity date having been attained, the proceedings under the MPID Act are not maintainable, as the MPID Act was enacted with a specific purpose of curbing the mushroom growth of financial establishments with the intention of grabbing money received as deposits from public, with an assurance of higher rate of interest or rewards, but when there is failure to discharge obligation either to refund the money on maturity or awarded interest as assured. Keeping the intention in mind, the legislature has defined the terms under the enactment and accordingly has defined the financial establishment and even the term 'deposit'.

In the light of the scope of the special statute and the acts to be covered under the MPID Act, since a co-operative society which received deposit is not covered, finding no legal infirmity in the impugned order the same is upheld.

The Appeal is dismissed.

(MANJUSHA DESHPANDE,J.) **(BHARATI DANGRE, J.)**