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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION**

WRIT PETITION NO.707 OF 2025

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**Maharashtra State Cooperative Bank
Ltd.,** An Apex Cooperative Society,
having its registered and administrative
office, Sir Vitthaladas Thackersay Memorial
Building, Maharashtra Chamber of
Commerce Lane, Fort, Mumbai 400 001
through it's Authorized Officer,
Mr. Dilip Narayan Khaire,
Age 55 years, Occupation Service

... Petitioner

V/s.

The Liquidator,
Parivartan Cooperative Bank Limited,
02, Guru Kripa, N.C. Kelkar Road,
Opposite Plaza Cinema, Dadar (West),
Mumbai 400 028

... Respondent

Mr. Shrivallabh S. Panchpor for the petitioner.

Mr. Hemant Ghadigaonkar for the respondent.

CORAM : AMIT BORKAR, J.

RESERVED ON : NOVEMBER 24, 2025

PRONOUNCED ON : NOVEMBER 28, 2025

JUDGMENT:

1. This writ petition challenges the Judgment and Order dated 16 February 2023 passed by the Maharashtra State Cooperative Appellate Court in Appeal No. 52 of 2022. The Appellate Court

confirmed the Judgment and Award dated 18 December 2021 passed by the Cooperative Court dismissing Dispute No. 117 of 2016. The petitioner Bank had filed the said dispute under Section 91 of the Maharashtra Cooperative Societies Act, 1960 for recovery of the loan claimed to be due from the respondent Bank.

2. The material facts leading to the filing of this petition are stated below. The petitioner Bank is an Apex Cooperative Bank under the MCS Act. It provides loan facilities to sugar factories, milk societies and urban cooperative banks. The respondent Bank was registered as an Urban Cooperative Bank under the MCS Act. It was enjoying a clean cash credit facility of Rs. 180 lakh which was renewed annually. In the year 2003, this facility was increased to Rs. 400 lakh with the stipulation that the amount would be repaid on or before 31 May 2004.

3. On 7 May 2004, the respondent Bank sought renewal of the cash credit facility with an enhanced limit of Rs. 1 crore. This request was supported by a Board Resolution dated 30 April 2004. The enhancement resulted in a total sanctioned limit of Rs. 5 crore. The petitioner Bank communicated this to the respondent Bank by its sanction letter dated 24 May 2005.

4. On 9 June 2004 and 16 June 2004, the Board of the respondent Bank passed resolutions accepting the terms and conditions mentioned in the sanction letter. On 16 June 2004, the respondent Bank also executed a demand promissory note acknowledging its liability.

5. Despite repeated notices and reminders, the respondent Bank did not repay the outstanding dues. As a result, the petitioner Bank filed Dispute No. 117 of 2006 before the Cooperative Court on 19 June 2006. The petitioner sought recovery of Rs. 493.23 lakh which included interest at 11 percent up to 31 March 2006 along with further penal interest at 1 percent per annum. The respondent Bank appeared through the Administrator and filed its written statement denying the loan liability.

6. The petitioner Bank examined PW-1 Bajirao Jondhale, Assistant Manager, and produced documents to support its claim. It also examined Mr. Pramod Purandare and Mr. Suhas Wadatkar, who produced the statement of accounts along with the certificate as required under the Information Technology Act.

7. The Cooperative Court, by its Judgment dated 18 December 2021, dismissed Dispute No. 117 of 2006 on the ground that the petitioner Bank had not proved its claim. The petitioner Bank filed Appeal No. 52 of 2022 challenging the said decision. The Appellate Court dismissed the appeal by the impugned Judgment dated 16 February 2023. The petitioner Bank has therefore approached this Court through the present writ petition.

8. Learned Advocate Mr. Panchpor for the petitioner submitted that the petitioner examined Mr. Prasad Purandare who produced the ledger statement of account along with the certificate under the Information Technology Act. He also produced the letter dated 16 July 2016 by which the respondent Bank sought balance confirmation and the statement of account for the period from 1

April 2015 to 31 March 2016. He submitted that the Trial Court committed an error in holding that these documents were not proved only because they were not executed in the presence of the witness.

9. He invited my attention to the evidence of Mr. Wadatkar. The said witness stated that on the request of the petitioner Bank, the respondent Bank by its letter dated 12 October 2017 supplied copies of the balance sheet for the period ending 31 May 2016. In the said balance sheet, the respondent Bank admitted its liability in respect of the loan transaction. He submitted that all the witnesses examined by the petitioner Bank have clearly stated in paragraph 2 of their affidavits that the documents relied upon were part of the record maintained by the petitioner Bank in the ordinary course of its business. He submitted that in such circumstances, personal knowledge of the witnesses regarding each entry carries no weight. He relied on Section 34 of the Indian Evidence Act which recognises entries in books of account kept in regular course of business. He further submitted that Section 4 of the Banker's Books Evidence Act makes certified copies of entries in bankers' books admissible as prima facie evidence.

10. Referring to the material on record, he submitted that the Liquidator of the respondent Bank had addressed a letter to the petitioner Bank and had annexed the balance sheet for the year 2015-2016. The said balance sheet disclosed borrowings from the petitioner Bank.

11. He submitted that the Appellate Court was not right in rejecting the application under Order 12 Rule 6 of the Code of Civil Procedure by observing that the respondent Bank had no opportunity to explain the circumstances in which the Liquidator issued a letter acknowledging liability. He submitted that there is no requirement to issue a separate notice of admission if the documents are proved in accordance with law. He submitted that the respondent Bank had a full opportunity to rebut the petitioner's evidence but failed to do so. He therefore submitted that the Judgments of both the Courts below deserve to be set aside.

12. In reply, learned Advocate Mr. Ghadigaonkar for the respondent Bank submitted that all three witnesses examined by the petitioner Bank admitted in cross-examination that none of the documents relied upon were signed in their presence or executed in their presence. He submitted that the documents placed on record to show utilisation of the cash credit facility do not satisfy the requirements of certification under the Banker's Books Evidence Act. This fact has also been admitted by witness Jondhale in his cross-examination. He submitted that such documents could not have been admitted in evidence. He further submitted that the petitioner Bank has not proved any resolution showing that the agreed rate of interest was 11 percent. According to him, the petitioner Bank failed to prove its claim, since it failed to prove its foundational documents, including the statement of accounts.

13. He submitted that the dispute was pending since 20 June 2006. Therefore, any provision made in the balance sheet for debts

payable to the petitioner Bank was only a contingent provision. Such a provision does not represent an actual debt unless the contingency occurs. He submitted that a provision of this nature in the balance sheet cannot be treated as an admission of liability. He placed reliance on the judgment of the Supreme Court in *Kesoram Industries and Cotton Mills Limited vs Commissioner of Wealth Tax (Central)*, (1966) 59 ITR 767.

14. He submitted that the petitioner Bank did not issue a notice to admit the letter at Exhibit 7, the balance sheet or the statement of accounts as on 31 May 2016. He submitted that the fact that the petitioner Bank received the letter dated 12 October 2017 along with the balance sheet and statement of accounts in the course of official business does not amount to an admission by the respondent Bank of the contents of those documents. He submitted that the petitioner did not give the respondent Bank an opportunity to explain the contents of the documents relied upon. Therefore, the Courts below were correct in refusing to pass a decree on admission. He prayed that the writ petition be dismissed.

15. After hearing both sides and examining the record, the Court finds it necessary to settle the issues on clear principles of law. The matter concerns a money claim founded on entries in the books of account of the petitioner Bank and certain correspondence exchanged between the parties. The Cooperative Court and the Appellate Court dismissed the claim on the ground that the petitioner failed to prove its documents. The question before this Court is whether such findings are justified.

16. The petitioner Bank has relied on ledger extracts, statements of accounts, balance confirmation letters, and the balance sheet forwarded by the Liquidator. The petitioner examined witnesses who stated that the documents produced were part of the record maintained in the ordinary course of banking business. Section 34 of the Evidence Act recognises entries made in regular books of account. Section 4 of the Banker's Books Evidence Act gives certified copies of entries in bankers' books a statutory presumption, subject to proof that the books are maintained in regular course of business.

17. The petitioner has placed on record the statement of account accompanied by the certificate mandated under the Information Technology Act. Along with this, the petitioner has produced correspondence addressed by the respondent Bank, including letters seeking balance confirmation and supplying statements of account. These documents form part of the ordinary course of dealings between two banking institutions. The respondent has not brought on record any material to show that the entries contained therein are erroneous, fabricated, or made without authority. The record before the Court is silent on any challenge to the correctness of the accounts maintained by the petitioner.

18. In this backdrop, the objection that the witnesses lacked personal knowledge of every transaction cannot carry weight. Banking activity rests on the strength of institutional record keeping. Officers who depose do so on the basis of records maintained systematically and consistently over the years. The law recognises this reality. Section 34 of the Evidence Act gives due

regard to entries made in books of account kept in regular course of business. Section 4 of the Banker's Books Evidence Act accords a statutory presumption in favour of certified copies of entries in bankers' books. Once such documents are tendered along with the necessary certificate, they assume evidentiary value unless rebutted by cogent evidence.

19. The respondent has not discharged this burden. It has not pointed out any inconsistency, inaccuracy, or deviation in the accounts produced. The mere denial of liability, unsupported by evidence, cannot weaken the presumption which flows from statutory books of account. When records are maintained in the usual course of business, the Court must attach due weight to them. In the absence of credible rebuttal, such entries become reliable indicators of the transaction in question.

20. The respondent has sought to contend that the entry in the balance sheet is only a contingent provision and cannot be treated as an admission of liability. This argument cannot be accepted in the sweeping manner in which it is advanced. A balance sheet is not a casual document. It is a statutory statement of accounts prepared under binding legal obligations. It is placed before the members of the institution. It is certified by auditors. It reflects the true and fair position of the financial affairs of the establishment as on the relevant date. When such a document records borrowings from another institution, the entry carries weight unless shown to be erroneous or provisional for specific reasons. In matters relating to financial accounting, the balance sheet stands on a higher footing than ordinary correspondence. It is part of a

statutory mechanism which ensures accountability in financial dealings. Once the balance sheet discloses the outstanding amount payable to the petitioner Bank, the burden shifts to the respondent to explain why such entry should be treated as contingent. The respondent was expected to show the nature of alleged contingency, the circumstance in which the liability would or would not arise, and the basis on which the amount was shown in the accounts. No such material has been produced. Merely describing an entry as contingent cannot deprive it of its evidentiary value. Courts proceed on the principle that statutory financial statements carry a presumption of correctness unless rebutted by satisfactory evidence. The respondent has not offered any reasoned explanation, nor has it led evidence to challenge the accuracy of the entry. In the absence of such explanation, the entry in the balance sheet stands as an acknowledgment of the financial obligation reflected therein.

21. The findings recorded by both Courts are contrary to the settled principles governing proof of banking documents. The Courts have rejected the petitioner's claim on technical grounds without addressing the substance of the material placed on record.

22. The record shows repeated renewals of the cash credit limit, execution of a demand promissory note, balance confirmation letters, and entries in the books of account. The respondent Bank has not shown repayment of any part of the amount nor has it brought any material to rebut the petitioner's documentary evidence. Once the petitioner established the entries in its books of account through competent witnesses and statutory certificates,

the burden shifted to the respondent to disprove the liability. The respondent has not discharged this burden.

23. The principles emerging from the law governing such disputes are clear. A banking claim supported by certified statements of account, statutory certificates, and correspondence acknowledging liability must be given due weight. Courts cannot insist upon personal knowledge of every entry by the officer who produces the records. If such a requirement is imposed, banking transactions will become impossible to prove. The law has created mechanisms such as Sections 34 and 65B of the Evidence Act and Section 4 of the Banker's Books Evidence Act precisely to address this.

24. The Cooperative Court and the Appellate Court misdirected themselves by adopting an approach inconsistent with these settled principles. When the material produced by the petitioner satisfied the legal requirements, and the respondent did not lead any convincing evidence to rebut it, the Courts were expected to record a finding in favour of the petitioner.

25. The petitioner has established its claim. The impugned orders cannot be sustained.

26. Hence, following order is passed:

(a) The Judgment and Award dated 18 December 2021 passed by the Cooperative Court in Dispute No. 117 of 2006 and the Judgment and Order dated 16 February 2023 passed by the Maharashtra State Cooperative Appellate Court in Appeal No. 52 of 2022 are quashed and set aside.

(b) Dispute No. 117 of 2006 is allowed.

(c) The respondent Bank, through its Liquidator, shall pay to the petitioner Bank an amount of Rs. 493.23 lakh along with interest at the rate of 11 percent per annum and penal interest at 1 percent per annum from 1 April 2006 till realisation, subject to liquidation proceedings and priorities recognised by law.

(d) The respondent Bank, through the Liquidator, shall bear the costs throughout.

(e) The writ petition stands allowed. No costs.

27. Ordered accordingly.

(AMIT BORKAR, J.)