



Judgment

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

CRIMINAL APPLICATION (APL) NO.1209 OF 2024

1. Ramanrao s/o Musalaih Bolla,
aged about 48 years, occupation:
business, r/o 250 Bharat Nagar,
behind Hotel Satya, Nagpur-440 035.
(presently in the Central Jail Nagpur).

2. Vijaylaxmi Ramanrao Bolla,
aged about 41 years, occupation:
housewife, r/o 250 Bharat Nagar,
behind Hotel Satya, Nagpur-440035.
(presently in the Central Jail Nagpur).

3. Tirupatirao s/o Musalaih Bolla,
aged about 50 years, r/o plot No.
74, Santh Dyaneshwar Society,
Bharatwada Road, Nagpur-440035.
(presently in the Central Jail Nagpur). **Applicants.**

:: VERSUS ::

1. The State of Maharashtra,
through PSO Mauda,
PS Nagpur (Rural).

2. Economic Offences Wing,
Nagpur (Rural), Civil Lines, Nagpur-
440 001.

3. Ramkrushna s/o Manikrao

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Nimbulkar, aged: major, occupation:
business/farmer, r/o 41, ward No.2,
r/o Hingna Barabai, Parseoni,
P.S.Mouda, Nagpur (Rural), district:
Nagpur.

4. Union Bank of India, a body
Corporate Constituted under the
Banking Companies (Acquisition and
transfer of undertaking Act, 1980)
having one of its branches at
National Insurance Building, SVP
Marg, Kingsway, Nagpur-440 010,
through its authorized officer. **Non-applicants.**

**Shri A.S.Mardikar, Senior Counsel assisted by Shri M.Anil
Kumar, Advocate for the Applicants.
Shri N.B.Jawade, Addl.PP for NA Nos.1 & 2/State.
Shri Vedant Raut, Counsel for NA No.3.**

**CORAM : URMILA JOSHI-PHALKE &
NANDESH S.DESHPANDE, JJ.**

CLOSED ON : 19/11/2025
PRONOUNCED ON : 03/12/2025

JUDGMENT (Per : Urmila Joshi-Phalke)

1. Heard learned Senior Counsel Shri
A.S.Mardikar for the applicants, learned Additional Public
Prosecutor Shri N.B.Jawade for non-applicant Nos.1 and

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2/State, and learned counsel Shri Vedant Raut for non-applicant No.3. **Admit.** Heard finally by consent of learned counsel appearing for parties.

2. The present application is preferred by the applicants under Section 528 of the BNSS for quashing of FIR in connection with Crime No.0783/2023 and consequent proceeding arising out of the same bearing Special Case No.67/2024 pending before learned District Judge-13 and Sessions Judge, Nagpur under Sections 109, 409, 413, 420, 467, 468 and 471 of the IPC and 66(d) of the Information Technology Act, 2000 (the IT Act) and 3 of The Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (the MPID Act).

3. As per the contentions of the applicants, applicant Nos.1 and 2 are husband and wife and applicant No.3 is brother of applicant No.1. The applicant No.1 was

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dealing in the business of trading Grams, Dal, Tur, and other food-grains.

4. The crime is registered against the applicants on the basis of a report lodged by Ramkrishna Manikrao Nimbulkar alleging that he and his friends Vijay Dadaram Wankhede and Nilkanth are farmers. The applicant No.1 owns a Warehouse at Gumthala (Mauda), Nagpur and deals in business of paddy, pulses, and other food-grains like grams. One Roshan Pande, working as driver with co-accused V.S.Wakalpuddy, approached the complainant and other farmers and informed that the Government is implementing a Scheme granting compensation to small farmers who suffered losses and are victims of natural calamities. On the basis of the same, co-accused V.S.Wakalpuddy took the complainant and other farmers to bank. Their documents like Aadhar Cards, Photographs, and Identity Proofs were obtained on a

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pretext of opening of bank accounts for depositing compensation amounts. At the relevant time, co-accused V.S.Wakalpuddy introduced them with applicant No.1 who informed the complainant and other farmers that for receiving the compensation, bank accounts are to be opened in bank and their accounts are required for the same. They were also administered liquor.

5. After some days, the complainant and other farmers received Notices from Corporation Bank dated 9.4.2018 asking them to repay loan amounts and, therefore, the complainant visited Advocate Chikhale to find out why the notices were issued to them and he and other farmers came to know that the bank advanced loans in favour of the complainant and the other farmers and loan amounts are outstanding against them. Thereafter, the complainant met co-accused V.S.Wakalpuddy and the applicant No.1 and informed

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them about notices issued to them. They both assured them that whatever loans shown in their names are secured and the same shall be refunded within two years. As co-accused V.S.Wakalpuddy and the applicants obtained signatures of the complainant and other farmers and obtained loans in their names behind their back, they approached the police station and lodged the report on the basis of which the crime was registered.

6. Learned Senior Counsel for the applicants submitted that as far as applicant Nos.2 and 3 are concerned, they are not at all concerned with any of activities. They are only partners along with the applicant No.1. As far as applicant No.1 is concerned, even accepting the allegations as it is, by no stretch of imagination it can be said that it was “deposit” within the meaning of Section 2(c) of the MPID Act and, therefore,

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the offence under Section 3 of the MPID Act is not made out against him.

He submitted that he is restricting his submission regarding quashing of the FIR to the extent of application of Section 3 of the MPID Act.

As far as other offences are concerned, he is not pressing the application for quashing of the FIR.

He invited our attention towards definition of “deposit” defined under Section 2(c) of MPID Act. He has also invited our attention to the definition of “Financial Establishment” given under Section 2(d) of the MPID Act and submitted that neither the applicants are coming under the definition of “Financial Establishment” nor the alleged transactions entered into by applicants by using documents of the farmers can be said to be “deposit” and therefore, the offence under Section 3 of the MPID Act is

not made out. In view of that, the application deserves to be allowed.

7. In support of his contentions, learned Senior Counsel for the applicants placed reliance on the decision of Single Bench of this court wherein one of us is Member (Urmila Joshi-Phalke, J.) in **Criminal Revision Application No.238/2022 and connected application (Rakesh s/o Upendra Singh vs. State of Maharashtra and anr)** decided on 23.6.2025 and on the decision in the case of **State of Maharashtra vs. 63 Moons Technologies Limited**, reported in (2022)9 SCC 457.

8. *Per contra*, learned Additional Public Prosecutor for the State strongly opposed the application and submitted that considering the allegations levelled against the applicants, who have obtained loans in the names of various farmers including the complainant under a pretext of depositing the compensation amounts under the

Government Scheme for their loss of grains and by using the documents, had obtained loans. Thus, the applicants are coming under the definition of Financial Establishments as well as there is *prima facie* material to connect the applicants to show their involvement in the alleged offence. Overall 158 cases of such loan transactions were reported and investigation was carried out in this regard. The investigating agency has also collected documents relating to these loan cases. The statements of the witnesses under Section 161 was recorded and various documents, relating to the transactions and purchase of stock by the applicant No.1 from the market, which was shown in the names of the farmers and kept in godown of the accused, were seized. The bank account statements, showing money transferred from accounts of farmers to accounts of applicant No.1, were also seized by the investigating agency. The account

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statements of the applicant No.1 and applicant Nos.2 and 3, who are relatives of applicant No.1, account statements of the firms in which the amounts were transferred were collected. The material collected by the investigating agency clearly shows that the victims in the present crime are agriculturists, who were lured by the applicants to open the bank accounts, in which it was falsely assured that the Government is going to deposit the money by way of compensation and obtained the loans in their names. Believing the said assurances, the bank accounts were opened and the accused persons got loan amounts deposited in accounts of these farmers and utilized by accused persons for themselves. The poor farmers received notices from the bank for recovery of the loan amounts and, thereafter, they realized that fraud is committed against them. The accused persons conspired

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to commit the said crime and, therefore, the application deserves to be rejected.

9. After hearing both the sides and perusing the investigation papers, it reveals that the report is lodged on allegation that the complainant, who is farmer, and other farmers, who are either landless or less land, were selected and called by co-accused V.S.Wakalpuddy through his Driver Roshan Pande. They were induced on a pretext that they can receive compensation against natural calamities and their documents were obtained and by using the said documents, bank accounts were opened in their names and 184 loan proposals were prepared in their names. The farmers were not aware about this fact and when they received notices from the bank, they came to know that they were duped and, therefore, they approached the police station and lodged the report on the basis of which the crime was registered. During investigation, it was

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revealed that the bank accounts were opened in the names of the farmers and cheque books and other documents were misused. The scam is worth of Rs.145,25,00,168/- involving three banks namely Corporation Bank, IDBI Bank, and Vaishya Bank. 158 loan cases were prepared with Corporation Bank, 22 loan cases were prepared with IDBI Bank, and 3 cases were prepared with the Vaishya Bank. It further revealed that the accused persons and other co-accused used to apply for loans by mortgaging crops with their beneficiaries. The other co-accused who were grain merchants used to purchase grains from open market and the said grains were used for obtaining the loans in the names of the persons having either landless or less land. While keeping grains as mortgaged, co-accused V.S.Wakalpuddy along with applicant No.1 used to keep 50% of the grains and 50% of chaff as mortgage. The officers of the NCML, who were supervising, were also

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managed by giving pecuniary benefits, forged reports were prepared and by showing forged data of food-grains by showing the same as mortgage loans, amounts were obtained and the same were misappropriated. The statements of various witnesses show involvement of co-accused V.S.Wakalpuddy as well as applicant No.1 in the said crime. As far as applicant Nos.2 and 3 are concerned, they are also beneficiaries of the said transactions as some amounts are transferred either to their firms or to their personal accounts. Perusal of the investigation papers shows that loans were obtained in the names of various farmers who were either landless or less land. The certificates issued by the Talathi show list of the persons having either no land in their names or less land. The investigating officer has also collected copy of the application filed by co-accused V.S.Wakalpuddy before the DRT for one time settlement. The copy of the application

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was seized by the investigating officer. The said application as well as statements of the farmers shows involvement of applicant No.1 in the alleged offence. The statement of bank official Gauri Patankar also substantiates the allegations that loans were obtained in respect of food-grains, stored in godown of applicant No.1 and bogus release orders were issued by NCML officers and said food-grains were disposed of from the godown. Regarding the said incident, farmers raised their grievances before the District Collector also.

10. As far as sanction of loans is concerned, confidential reports of the Executive Director and the Chief Executive Officer of Fraud Monitoring Cell also point out that the loans were sanctioned against the agricultural produce stored in the godown owned by applicant No.1, co-accused Rakesh Singh, and Nutan Singh. It further

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points out that the irregularities and illegalities are committed while sanctioning the loans also.

11. Thus, it is crystal clear from the investigation papers that it was applicant No.1 along with other co-accused approached the various farmers and promised them that they will get compensation and thereby by obtaining their documents, loan amounts were sanctioned against their names and the amounts were siphoned. The applicant Nos.2 and 3, who are Directors along with applicant No.1 in various firms, also received benefits from the said transactions.

12. Thus, as far as the offences under 109, 120-B, 409, 413, 420, 467, 468, 471 of the IPC 66(d) of the IT Act are concerned, there is ample material against the applicants.

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13. Learned Senior Counsel for the applicants fairly submitted that he is pressing for quashing of the FIR as far as offence under Section 3 of the MPID Act is concerned as even accepting the allegations as it is, it nowhere shows that the said amounts or the said transactions can be fitted within the definition of “deposit” in view of Section 2(c) of the MPID Act. He further submitted that Sections 411 and 413 of the IPC are not attracted.

14. Now, only question is, whether the allegations levelled against the applicants establish offence under Section 3 of the MPID Act.

15. Before referring Section 3 of the MPID Act, it is necessary to refer Section 2(c) of the said Act, which provides for definition of term “deposit”, which reads as under :

“2(c) “deposit” includes and shall be deemed always to have included any receipt of money or acceptance of any valuable commodity by any Financial Establishment to be returned after a

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specified period or otherwise, either in cash or in kind or in the form of a specified service with or without any benefit in the form of interest, bonus, profit or in any other form, but does not include —

(i) amount raised by way of share capital or by way of debenture, bond or any other instrument covered under the guidelines given, and regulations made, by the SEBI, established under the Securities and Exchange Board of India Act, 1992 ;

(ii) amounts contributed as capital by partners of a firm;

(iii) amounts received from a scheduled bank or a co-operative bank or any other banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 ;

(iv) any amount received from,—

(a) the Industrial Development Bank of India,

(b) a State Financial Corporation,

(c) any financial institution specified in or under section 6A of the Industrial

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Development Bank of India Act, 1964,
or

(d) any other institution that may be
specified by the Government in this
behalf ;

(v) amounts received in the ordinary course
of business by way of,—

(a) security deposit,

(b) dealership deposit,

(c) earnest money,

(d) advance against order for goods or
services ;

(vi) any amount received from an individual
or a firm or an association of individuals not
being a body corporate, registered under
any enactment relating to money lending
which is for the time being in force in the
State ; and

(vii) any amount received by way of
subscriptions in respect of a Chit.

Explanation I.—“Chit” has the meaning as
assigned to it in clause (b) of section 2 of
the Chit Funds Act, 1982;

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Explanation II.— Any credit given by a seller to a buyer on the sale of any property (whether movable or immovable) shall not be deemed to be deposit for the purposes of this clause.”

16. At the same time, definition given under Section 2(d) of “Financial Establishment” is also required to be perused, which states that “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-operative 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.

17. In the light of the above definitions, if the facts of the present case are taken into consideration, it shows that as per allegations against the applicants, they have

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obtained money by using documents for loan proposals and obtained loans in the names of various farmers. The transaction of amounts obtained by the accused persons whether covers under the definition of “deposit” defined under Section 2(c) of the MPID Act. If nature of transaction is taken into consideration, it would disclose that there was a loan transaction between the bank with the help of documents of various farmers.

18. In the present case, it is nobody's case that applicants are running any “financial establishment” and they have collected “deposits”, but it is case that they have misrepresented agriculturists, collected documents from them, obtained loans in their names, and loan amounts are misappropriated by them.

19. Thus, the entire controversy revolves around question as to whether loans' amounts obtained by

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applicants in names various agriculturists are within the definition of “deposit”.

20. Thus, definitions of “deposit” and “financial establishment” are rather expansive. The inclusive definition of “deposit” covers any receipt of money or acceptance of any valuable commodity, except those amounts which have been specifically excluded by sub-clauses (i) to (vii) thereof. Thus, any person accepting deposits under any scheme or in any other manner satisfies the description of financial establishment except a corporation or a co-operative society owned or controlled by any State Government or the Central Government or a banking company defined under the Banking Regulation Act.

21. The Hon’ble Apex Court, in the case of **State of Maharashtra vs. 63 Moon Technologies Limited**, reported

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in (2022)9 SCC 457, dealt with the scope and ambit of “deposit” and “financial establishment” and held as under:

“(i) the expression 'deposit' is conspicuously broad in its width and ambit for it includes, not only any receipt of money but also the acceptance of any valuable commodity by a financial establishment under any scheme or arrangement;

(ii) the money or commodity must be liable to be returned. However, such return need not necessarily be in the form of cash or kind but also in the form of a service, with or without any benefit such as interest;

(iii) it is not necessary that the return should be with the benefit of interest, bonus or profit. Therefore, if the financial establishment is obligated to return the deposit without any increments, it shall still fall within the purview of Section 2(c) of the MPID Act, provided that the deposit does not fall within any of the exceptions;

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(iv) the phrase 'valuable commodity' cannot be restricted to only mean precious metals. Agricultural commodities which NSEL trades in will fall within the purview of the term, and

(v) the definition is broadly worded to include even the possession of the commodities for a limited purpose.”

22. Thus, The expression “deposit” is conspicuously broad in its width and ambit for it includes, not only any receipt of money but also the acceptance of any valuable commodity by a financial establishment under any scheme or arrangement. The expression ‘any’ is used in the substantive part of the definition of the expression 'deposit' on five occasions namely;

- (i) Any receipt of money;
- (ii) Any valuable commodities;
- (iii) By any financial establishment;
- (iv) With or without any benefit; and

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(v) In any other form.

The Hon'ble Apex Court further explains that there is nothing in the definition of the term "deposit" to mean that the acceptance of the commodity should be accompanied by a transfer of title to the commodity. Even if the financial establishment is only in "custody" of the commodity, it would still fall within the purview of the phrase "acceptance of commodity".

23. According to the second ingredient of Section 2(c), the money or commodity must be liable to be returned. However, such return need not necessarily be in the form of cash or kind but also in the form of a service, with or without any benefit such as interest. It needs to be recalled that clause (v) of Section 2(c) states that a deposit of money or commodity made as a security deposit,

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dealership deposit or an advance amount is excluded from the definition of the phrase “deposit”.

24. On going through the entire record and investigation papers, the prosecution case, on the basis of statements of witnesses, revolves around facts that applicants along with co-accused obtained loans in names of farmers and said loan amounts were transferred in accounts of said farmers and from accounts of farmers transferred said amounts to various accounts and various proprietary concerns. These proprietary concerns are in the names of applicants and their close relatives.

25. Thus, the entire investigation papers show that amounts are obtained by way of loans in names of farmers. Thus, loans advanced in names of farmers, which are required to be repaid to the concerned bank, would not amount to “deposit” within the meaning and for the purpose of the MPID Act.

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26. The object of the aforesaid enactment was clarified by the Hon'ble Apex Court in the case of **M/s.New Horizon Sugar Mills Ltd. vs. Government of Pondicherry, thr.Additional Secretary and anr**, reported in (2012)10 SCC 575 and it has been observed that the object of this enactment is mainly to protect the interests of small depositors from fraud perpetrated on unsuspecting investors, who entrusted their life savings to unscrupulous and fraudulent persons and who ultimately betrayed their trust. The said enactment was enacted to protect the interests of small depositors from fraud perpetrated on unsuspecting investors, who entrusted their life savings to unscrupulous and fraudulent persons and who ultimately betrayed their trust that was stated to be the main object indicated in the statement of object and reason of the enactment. The nature of legislation is to protect the interests of small depositors, who invest their life's

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earnings and savings in schemes for making profit floated by unscrupulous individuals and companies, both incorporated and unincorporated which needs to be kept in mind while testing the provisions of the said Act.

27. In the aforesaid view of the matter, loans obtained by applicants in names of farmers would not amount to “deposit” within the meaning and for the purposes of the said Act.

28. Even, “financial establishment” under Section 2(d) defines, “as any person accepting a deposit”.

29. On going through the definition of “financial establishment”, admittedly, the applicants do not fit in the definition of “financial establishment” and, therefore, the contention of learned Senior Counsel for applicants requires to be accepted that amounts obtained by applicants, allegedly by obtaining loans in names of

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farmers, does not come within the definition of “deposit” and the applicant also are not covered under the definition of “financial establishment”.

30. Section 3 of the MPID Act, deals with fraudulent default by financial establishment. On going through the ingredients of the said Section, it shows that whoever fraudulently defaults any repayment of deposit on maturity along with any benefit in the form of interest, bonus, profit or in any other form as promised or fraudulently fails to render service as assured against the deposit, every person including the promoter, partner, director, manager or any other person or an employee responsible for the management of or conducting of the business or affairs of such Financial Establishment shall, on conviction, shall be punished.

31. Here, in the present case, even accepting the allegations as it is, no offence is made out against the applicants under Section 3 of the MPID Act.

32. The applicants are also charged for offences under Sections 411 and 413 of the IPC. Section 411 of the IPC deals with dishonestly receiving stolen property and Section 413 of the IPC deals with habitually dealing in stolen property. There are no such allegations in the FIR against the applicants and, therefore, the offences under Sections 411 and 413 of the IPC are also not made out against them.

33. After going through the entire investigation papers and considering entire material on record, it is difficult to hold that Section 3 of the MPID Act is attracted against the applicants as allegations levelled against them are that they obtained money in the names of the farmers by obtaining loans and transferred to their accounts and

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siphoned the same to the accounts of their firms which does not come within the definition of “deposits.”

34. In this view of the matter, the application deserves to be allowed partly. Hence, we proceed to pass following order:

ORDER

(1) The Criminal Application is **allowed partly**.

(2) The FIR in connection with Crime No.0783/2023 and consequent proceeding arising out of the same bearing Special Case No.67/2024 pending before learned District Judge-13 and Sessions Judge, Nagpur under Sections 109, 409, 413, 420, 467, 468 and 471 of the IPC and 66(d) of the Information Technology Act, 2000 and 3 of The Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 are hereby quashed and set aside to the extent of Section 3 of the MPID Act

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and Sections 411 and 413 of the IPC in respect of the applicants.

35. The prosecution will continue against the applicants under Sections 109, 120-B, 409, 413, 420, 467, 468, 471 of the IPC and 66(d) of the IT Act.

Application stands **disposed of**.

(NANDESH S.DESHPANDE, J.)

(URMILA JOSHI-PHALKE, J.)

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