IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD

BAIL APPLICATION NO. 2274 OF 2025

BALASAHEB KARBHARI GADEKAR
VERSUS
THE STATE OF MAHARASHTRA
***

Advocate for Applicant : Ms. Rashmi S. Kulkarni
APP for Respondents-State : Mr. C. V. Bhadane
***

WITH
BAIL APPLICATION NO. 2201 OF 2025

RAJENDRA SITARAM GADEKAR
VERSUS
THE STATE OF MAHARASHTRA
***

Advocate for Applicant : Mr. Ajinkya Kale h/f Mr. Talekar And Associates
APP for Respondents-State : Mr. C. V. Bhadane
***

CORAM : SACHIN S. DESHMUKH, J.
Date : 14th January, 2026

ORDER :-

1. The applicants have approached this Court seeking regular bail in connection with FIR dated 14.05.2025 bearing Crime No. 533 of 2025 registered with Shirdi Police Station, Dist. Ahilyanagar for the offences punishable under Sections 420, 406, 465, 468, 364, 419, 471, 120 read with 34 of the Indian Penal Code (hereinafter “IPC” for short), alongwith Sections 3 of the Maharashtra Protection of Interests of Depositors Act (hereinafter

“MPID Act” for short).

2. It is the case of the prosecution that the informant, a Chartered Accountant, was officially appointed as a Government Auditor under Section 81(1)(b) of the Maharashtra Cooperative Societies Act to conduct a statutory audit of the Shraddha Saburi Gramin Bigar Sheti Sahakari Pat-Sanstha, Nimgaon, Tq. Rahta Dist. Ahilyanagar for the financial period of 2023-2024.

3. It is further the case of the prosecution that during the course of this audit, the informant prepared a Audit Report implicating the Chairperson and Vice Chairperson, the present applicants, along with various directors and staff members / co-accused. The Audit Report revealed that the management and employees had committed significant irregularities and were actively engaged in illegal and fraudulent activities by systematically manipulating the society's official records.

4. The said Audit Report unearthed serious accounting discrepancies, including the creation of fictitious cash entries and the unauthorized issuance of loans that exceeded the values of the corresponding fixed deposits. Furthermore, it is alleged that the

management failed to maintain essential statutory records, specifically the loan register and the record of fixed deposits, which facilitated the defrauding of investors and depositors for a total amount of Rs. 41,97,17,040.83/-.

5. Summarily, the prosecution contends that the accused persons acted in concert to misappropriate the society's funds through these fraudulent means. Consequently, based on the gravity of these findings, a report was lodged against the applicant and other co-accused for the commission of the aforementioned offences.

6. The learned counsel for applicants submits that the applicant has been falsely implicated in the present crime primarily due to their position as Chaiman / Vice Chairman, without any specific evidence of personal involvement in the alleged financial transactions. The Audit Report prepared under Section 81(1)(b) of the Maharashtra Cooperative Societies Act lacks direct attribution of criminal intent or "mens rea" to the applicant, who acted in a supervisory capacity rather than managing day-to-day cash entries or loan disbursements.

7. The learned counsel for applicants further submits that the alleged "accounting discrepancies" and "fictitious entries" are essentially matters of clerical errors or procedural irregularities rather than a premeditated conspiracy to defraud. The responsibility for maintaining loan registers and fixed deposit records lies with the Secretary and the accounting staff; therefore, any administrative lapses in record-keeping should not be characterized as criminal misappropriation by the applicants. The investigation is complete and charge-sheet is filed. As such, further incarceration of the applicants is unjustified. Hence, prayed to allow the application.

8. Per contra, the learned APP vehemently opposed the application submitting that the offence is serious in nature and the accused have misappropriated huge amount of informant as well as other depositors. It is further submitted that the present applicants, in their capacity as Chairperson and Vice Chairperson, were the primary custodian of the depositors' trust and the ultimate authority responsible for the financial integrity of the Shraddha Saburi Gramin Bigar Sheti Sahakari Pat-Sanstha. The applicants have actively participated in commission of crime. Hence, prayed for rejection of the application.

9. Upon considering the submission of both the sides and perusing the material on record, including the charge-sheet, the allegations against the applicants involve a serious economic offence concerning the misappropriation of public funds from a cooperative credit society. The Audit Report, submitted by a Government Auditor under Section 81(1)(b) of the Maharashtra Cooperative Societies Act, establishes a prima facie case of a systematic and organized financial fraud. Such offences are not merely against individuals but are crimes against the state and the financial collective, as they undermine the stability of cooperative credit institutions and erode public trust in the banking system.

10. Prima facie, it appears that the applicants i.e. Chairman Vice Chairman of the Society, is held responsible for conducting the business of the bank. As such, the applicant is responsible as contemplated in Section 3 of the MPID Act. The nature of the discrepancies, specifically the creation of fictitious cash entries and the issuance of loans in excess of fixed deposits, points toward a well-planned conspiracy rather than mere clerical negligence.

11. Moreover, as the Chairperson of the society i.e. the

applicants held a fiduciary responsibility toward the depositors. The deliberate failure to maintain mandatory statutory records, such as loan registers and fixed deposit logs, indicates a clear intent to facilitate and conceal the misappropriation of funds.

12. The record clearly indicates that several small investors entrusted their hard-earned money to the applicant and his associates through the Bank. The investors / depositors placed their money in the custody of the applicant in a fiduciary capacity; consequently, the applicants were under a legal obligation to ensure the safety of the funds and to provide the promised returns on such investments. Thus, the evidence unequivocally prima facie satisfies the requirements for the offence of criminal breach of trust.

13. Pertinently, the entrustment is not confined to formal trust arrangements, it covers any situation where one party hands over property or funds to another with a specific purpose, and the recipient obtains dominion over that property with a corresponding obligation to use it in the manner agreed. The delivery of funds with the society, resultantly, it's obligation, express or implied to conversion inconsistent with that purpose is prima facie evident.

14. The material placed by the prosecution does not merely say that there was a simple failure to repay money. However, it claims that large amounts were collected from the public through different investment schemes. The money collected in this way was not kept or used in the normal course of a lawful lending business.

15. Apart from the aforesaid aspect, the material collected by the prosecution about the the fixed deposit receipts were issued on behalf of the Credit Society to many investors, although those receipts were issued. However, no endevour was made to repay those amount which is more serious and eventually, theses funds, prima facie, are diverted or misused.

16. The Hon'ble Apex Court, in the case of **Y.S. Jagan Mohan Reddy Vs. CBI [(2013) 7 SCC 439]**, has held that economic offences involving deep-rooted conspiracies and the massive diversion of public money stand on a different footing. Such offences seriously affect the national economy and erode the trust of the common man in financial systems.

17. The Hon'ble Apex Court in the case of **Tarun Kumar Vs. Assistant Director, Directorate of Enforcement**

[(2024)13 SCC 788], held as under :-

"22. Lastly, it may be noted that as held in catena of decisions, the economic offences constitute a class apart and need to be visited with a different approach in the matter of bail. The economic offences having deep-rooted conspiracies and involving huge loss of public funds need to be viewed seriously and considered as grave offences affecting the economy of the country as a whole and thereby posing serious threat to the financial health of the country. Undoubtedly, economic offences have serious repercussions on the development of the country as a whole. To cite a few judgments in this regard are Y.S. Jagan Mohan Reddy vs. Central Bureau of Investigation8, Nimmagadda Prasad vs. Central Bureau of Investigation9, Gautam Kundu vs. Directorate of Enforcement (supra), State of Bihar and Another vs. Amit Kumar alias Bachcha Rai10. This court taking a serious note with regard to the economic offences had observed as back as in 1987 in case of State of Gujarat vs. Mohanlal Jitamalji Porwal and Another11 as under:-

"5… The entire community is aggrieved if the economic offenders who ruin the economy of the State are not brought to books. A murder may be committed in the heat of moment upon passions being aroused. An economic offence is committed with cool calculation and deliberate design with an eye on personal profit regardless of the consequence to the community. A disregard for the interest of the community can be manifested only at the cost of forfeiting the trust and faith of the community in the system to administer justice in an even-handed manner without fear of criticism from the quarters which view white collar crimes with a permissive eye unmindful of the damage done to the National Economy and National Interest…"

23. With the advancement of technology and Artificial Intelligence, the economic offences like money laundering have become a real threat to the functioning of the financial system of the country and have become a great challenge for the investigating agencies to detect and comprehend the intricate nature of transactions, as also

> *the role of the persons involved therein. Lot of minute exercise is expected to be undertaken by the Investigating Agency to see that no innocent person is wrongly booked and that no culprit escapes from the clutches of the law. When the detention of the accused is continued by the Court, the courts are also expected to conclude the trials within a reasonable time, further ensuring the right of speedy trial guaranteed by Article 21 of the Constitution."*

18. Recently, in ***Gulfisha Fatima v. State (Govt. of NCT of Delhi) [MANU/SC/0009/2026],*** the Supreme Court refined the jurisprudence of bail in cases of a "larger conspiracy." The Apex Court established a "hierarchy of participation," distinguishing between the "architects" who conceptualise a criminal design and the "facilitators" who execute it. The Court held that those with "command responsibility" stand on a "qualitatively different footing" and cannot claim parity with subsidiary actors.

19. In the present facts, the applicants, as Chairperson and Vice Chairperson, held the ultimate fiduciary authority over the said Sanstha, a role which can be considered as "central and formative" rather than merely titular. Just as a mastermind need not be physically present at a crime scene to be held liable for its orchestration, the Chairperson / Vice Chairperson cannot seek immunity for the creation of fictitious cash entries and the colossal scale misappropriation of Rs. 41,97,17,040.83/- claiming lack of

day-to-day involvement.

20. Adhering to the Hon’ble Apex Court's mandate that the statutory bar on bail must prevail when accusations are prima facie true and involve deep-rooted conspiracies affecting the national economy.

21. In view of the aforesaid circumstances and considering the prima facie overwhelming material on record, establishes the entrustment of money, its dishonest misappropriation, and apparent fraudulent intention on the part of the applicant. Therefore, I am of the considered opinion that the prosecution has made out a strong prima facie case for the commission of aforementioned offences.

22. As far as the medical grounds raised for the release of the applicant are concerned, the submissions do not indicate any medical emergency that cannot be adequately addressed by the facilities available to the jail authorities. The record reflects that the Jail Authorities have provided due medical support to the applicant as required. Consequently, there appears to be no such urgency to warrant the applicant's release, and medical grounds cannot be

made the sole basis for bail, especially when weighed against the gravity of the economic offence and the scale of the alleged misappropriation.

23. Nevertheless, in the event of any further medical exigency, the applicant remains at liberty to approach the Trial Court for the appropriate interim relief.

24 In view of the aforesaid discussion, no case is made out to grant bail to the applicants.

25. Accordingly, the bail applications are **rejected**.

(SACHIN S. DESHMUKH, J.)

Omkar Joshi