

# SUPREME COURT OF INDIA

General Manager.R.B.I

Vs.

N.Venkateshaiah & Ors.

S.L.P.No.30412 of 2010

(Kurian Joseph and R.F.Nariman,JJ.)

02.02.2016

## JUDGMENT

**Kurian Joseph, J.**

1. Leave granted.

2. The dispute in these appeals arose in the background of the supersession of two Co-operative Banks in the State of Karnataka, one Grain Merchants Co-operative Bank and the other Kannika Parameshwari Co-operative Bank. The supersession of the Board of the Managing Committee was pursuant to a written requisition made by the Reserve Bank of India, under Section 30(5) of the Karnataka Co-operative Societies Act, 1959 which reads as follows:

“(5) Notwithstanding anything contained in this Act, the Registrar shall, in the case of a co-operative bank, if so required in writing by the Reserve Bank of India in public interest or for preventing the affairs of the co-operative bank being conducted in a manner detrimental to the interest of the depositors or for securing the proper management of the co-operative bank, by order in writing, remove the committee of that co-operative bank and appoint an administrator to manage the affairs of the co-operative bank for such period as may, from time to time, be specified by the Reserve Bank of India. Thus in terms of the above provision, the Registrar of the Cooperative Societies is bound to supersede the Managing Committee of the Co-operative Bank when a requisition is made by the Reserve Bank of India in writing.”

3. Supersession was subject matter of challenge before the High Court. In the impugned judgment dated 20th April, 2010 at paragraph 17, the High Court has taken the view that a pre-decisional hearing by the Reserve Bank of India is mandatory.

4. Learned counsel appearing for the respondents submits that during the pendency of the appeals before this Court, elections to the Managing Committee have been held twice and, therefore, is not necessary for this Court to go into the question of law. Shri Jaideep Gupta,

learned senior counsel for the Reserve Bank of India also submitted that in view of the intervening developments reported above, the appeals can be disposed of leaving the question of law open. Therefore, the question whether a pre-decisional hearing is required before the Reserve Bank of India before making a requisition in writing to the Registrar of the Co-operative Societies for supersession of the Managing Committee of a Cooperative Bank under Section 30(5) of the Karnataka Co-operative Societies Act, 1959 is left open to be decided in an appropriate case where the situation so warrants. Needless also to say that the impugned judgment will not be treated as a precedent.

5. The appeals are disposed of in the above terms.