

ORIGINAL JURISDICTION

Mr. Justice K. Babu

W.P.(C) No.31103 of 2024

2025 November 17

Managing Committee of Vallapuzha Service Co-operative Bank and another . . Petitioners

v.

Joint Registrar of Co-operative Societies and others . . Respondents

1st petitioner is the managing committee of the 2nd petitioner co-operative society. Petitioners challenge the order passed by 1st respondent in an appeal filed by respondent Nos. 2 to 5 under Section 83(1)(c) of the Kerala Cooperative Societies Act, 1969, whereby the resolution of the general body dated 11.10.2023, expelling them from the membership of the Society, was set aside. Petitioners would contend that the appellate authority erred in interfering the decision of the general body, since the decision is not in violation of any statutory provisions or in violation of principles of natural justice. Dismissing the writ petition, the Court;

Issue for Consideration

Whether the appellate authority is having the power to re-appreciate and interfere with the decision of general body of a co-operative society?

Co-operative Societies Act, 1969 (Kerala Act 21 of 1969)—Sections 17 and 83(1)(c)—A decision of the general body to expel a member is subject to reconsideration by the appellate authority as per Section 83(1)(c), based on relevant materials placed by both sides—Appellate authority under Section 83(1)(c) has the power to reconsider all matters considered by the general body—Co-operative Societies Rules, 1969 (Kerala)—Rules 18 and 124.

Held:

I am of the considered view that the appellate authority, under Section 83(1)(c) has the power to reconsider all matters considered by the general body, as it is a matter of substance. The entire proceedings are left open for consideration in the appeal by the appellate authority. It is the specific case of respondent Nos.2 to 5 that they only made an attempt to save the reputation of the society and fought against corruption committed by the Managing Committee. The materials are insufficient to conclude that respondent Nos.2 to 5 acted against the interests of the society, especially in view of the fact that, a crime has been registered against the Managing Committee.

Respondent Nos.2 to 5 have a further case that facts have been misrepresented before the general body. The expulsion of a member of a society, even if by the general body, is a harsh step. A decision of the general body to expel a member is subject to reconsideration by the appellate authority as per Section 83(1)(c), based on the relevant materials placed by both sides. It appears that the appellate authority has rightly exercised its power under Section 83(1)(c) read with Rule 124 of the Rules. (Paragraphs 22 and 29)

Case Law Cited:

(1) 2009 (2) K.L.T. 145; (2) I.L.R. 2022 (4) Ker. 474 = 2022 S.C.C. Online S.C. 1404; (3) 2015 (4) K.L.T. 919; (4) 2018 (3) K.L.J. 95—*Distinguished*.
(5) 2013 K.H.C. 258—*Relied upon*.

List of Acts:

Kerala Co-operative Societies Act, 1969.

List of Rules

Kerala Co-operative Societies Rules, 1969.

List of Keywords:

General body, Decision, Expel, Membership, Appellate authority, Interfere.

Case Arising From:

Writ Petition filed under Article 226 of Constitution of India.

Appearance of Parties:

Sri P.N. Mohanan, Sri Sabari C.P., Sri Amrutha Suresh and Sri. Gilroy Rozario . . . for petitioner

Sri C.M. Muhammed Iquab, Sri Istinaf Abdullah, Sri. Nesamudheen, Sri P. Abdulla Nishad, Smt. T.H. Raihanath, Smt. Thasneem A.P., Smt. Dhilna Dileep and Smt C.S. Sheeja (Sr. G.P.) . . . for respondents

JUDGMENT

Petitioner No.1 is the Managing Committee of the Vallappuzha Service Co-operative Bank. Petitioner No.2 is the Service Cooperative Bank. The petitioners challenge the order dated 17.08.2024 (Ext.P31) passed by the Joint Registrar of Co-operative Societies (General) [Respondent No.1] in an appeal filed by respondent Nos.2 to 5 under Section 83(1)(c) of the Kerala Cooperative Societies Act, 1969 (hereinafter referred to as “the Act”), whereby the resolution of the general body dated 11.10.2023, expelling them from the membership of the Society, was set aside.

The relevant facts

2. The bank initiated steps to make an appointment to the post of a sub staff. Respondent Nos.2 to 5 convened a press conference on 08.12.2022 and raised certain allegations which were published in the print and visual media.

3. Some members of the bank filed complaints against respondent Nos.2 to 5. The Managing Committee, in its meeting held on 18.04.2023, decided to take action against respondent Nos.2 to 5. The Committee, on 25.04.2023, issued show cause notices to respondent Nos.2 to 5 (Exts.P5 to P8), calling upon them to explain why they should not be removed from the membership of the bank. Respondent Nos.2 to 5 submitted replies (Exts.P9 to P12) refuting the allegations. The Managing Committee considered the explanations submitted by them, in its meeting held on 20.05.2023 and decided to take action against them, holding that the replies submitted by respondent Nos.2 to 5 were not satisfactory. The Managing Committee, again on 23.05.2023, issued subsequent notices to respondent Nos.2 to 5 (Exts.P13 to P16) to show cause why they should not be removed from the membership of the bank. Respondent Nos.2 to 5 filed Exts.P17 to P20 explanations. After considering their replies, the Managing Committee, in its meeting held on 12.06.2023, decided to convene a special general body meeting on 11.10.2023 to consider the matter of removal of respondent Nos.2 to 5 from the membership of the bank.

4. Notices of the general body were published in various dailies dated 25.09.2023 and 26.09.2023, and were personally served on respondent Nos.2 to 5 (Exts.P22 to P25). They challenged Exts.P22 to P25 notices by filing W.P(C) No.31883 of 2023 before this Court. This Court dismissed the Writ Petition, holding that no procedural violations with regard to the moving of the resolution for expulsion had been alleged and the statutory procedure was not liable to be interfered with. Respondent Nos.2 to 5 did not appear in the special general body meeting held on 11.10.2023. The general body unanimously passed a resolution expelling respondent Nos.2 to 5 from the membership of the bank. Respondent Nos.2 to 5, in the meantime, challenged the judgment dated 10.10.2023 passed by this Court in W.P(C) No.31883/2023 by filing W.A No.1917/2023. The Division Bench of this Court closed the Writ Appeal, leaving liberty to respondent Nos.2 to 5 to prefer an appeal before the appropriate authority. Subsequently, respondent Nos.2 to 5 filed an appeal before respondent No.1 under Section 83(1)(c) of the Act. Respondent No.1, in its order dated 17.08.2024, allowed the appeal and directed restoration of the membership of respondent Nos.2 to 5 (Ext.P31), which is under challenge in this Writ Petition.

5. I have heard Sri.P.N.Mohanan, the learned counsel for the petitioners, Sri.C.M.Mohammed Iquab, the learned counsel for respondent Nos.2 to 5 and the learned Government Pleader.

6. The learned counsel for the petitioners submitted that an appellate authority is empowered to interfere with the decision of the general body only on the following grounds:

- (a) Procedural irregularity in the conduct of the general body meeting.
- (b) Violation of any statutory provisions in the process of taking a decision by the general body.
- (c) Violation of the principles of natural justice.

(d) Fraud or misrepresentation in the process of removal.

7. The learned counsel for the petitioners submitted that as per Section 17 of the Act, any member of a society, who has acted, adversely to the interests of the society may be expelled upon a resolution of the general body passed at a special meeting convened for the purpose by the votes of not less than two- thirds of the total number of members, following the procedure under Rule 18 of the Kerala Co-operative Societies Rules, 1969 (hereinafter referred to as "the Rules"). The learned counsel for the petitioners further submitted that in the process of conduct of the general body, there were no procedural violations. The learned counsel submitted that, in an appeal under Section 83(1)(c) of the Act, there cannot be any substitution of the decision taken by the general body by the appellate authority. It is submitted that the appellate authority can only look into the decision making process. Relying on Section 27 of the Act, the learned counsel submitted that the final authority to take a decision regarding expulsion is the society itself. The learned counsel further submitted that, the decision of the general body cannot be interfered with, as there is no procedural irregularity. The learned counsel submitted that, in Ext.P26 judgment, this Court observed that there were no procedural violations with regard to the moving of the resolution for expulsion, and that the appellate authority, in Ext.P31 order, held that all the procedures were strictly followed in the process of expulsion. The learned counsel further submitted that the reasoning applied by the appellate authority in setting aside the decision of the general body is beyond its scope. The learned counsel for the petitioners relied on **Calicut City Service Cooperative Bank Ltd. v. State of Kerala** [2009 (2) K.L.T. 145], **Bengal Secretariat Coop. Land Mortgage Bank & Housing Society Ltd. v. Aloke Kumar** [2022 S.C.C. OnLine S.C. 1404], **Peechi Service Cooperative Bank v. Tessy Varghese** [2015 (4) K.L.T. 919] and **Cochin City Service Co-operative Bank Ltd. v. Joint Registrar of Co-operative Societies (General) Ernakulam and Another** [2018 (3) K.L.J. 95] in support of his contentions.

8. The learned counsel appearing for respondent Nos.2 to 5 submitted that, as per Section 83(1)(c) read with Rule 124 of the Rules, the appellate authority has ample power to appreciate the entire facts to decide whether the decision of the general body is to be sustained or not. The learned counsel submitted that respondent Nos.2 to 5 never made any allegation adverse to the interests of the society. The learned counsel further submitted that they only intended to bring to public notice the corrupt practices and misappropriation by the members of the Managing Committee. The learned counsel submitted that an inquiry under Section 65 of the Act is going on and that criminal cases have also been registered against the members of the Managing Committee.

9. The learned Senior Government Pleader submitted that the Registrar, under Section 83(1)(c) of the Act, has ample power to appreciate the entire facts placed by the parties in the appeal and to reappreciate the materials considered by the general body. The learned Senior Government Pleader further submitted that the allegations levelled against respondent Nos.2 to 5 were not *prima facie* established. The learned Senior Government Pleader submitted that there is misrepresentation of facts before the general body by the Managing Committee.

10. Section 17 of the Co-operative Societies Act deals with "expulsion of members". Section 17 of the Act reads thus:

“17. Expulsion of members.- (1) Any member of a society, who has acted, adversely to the interests of the society, [or has failed to comply with the provisions of the bye-laws], may be expelled upon a resolution of the general body passed at a special meeting convened for the purpose by the votes of not less than two-thirds of the total number of members present and voting at the meeting.

(2) No member shall be expelled under sub-section (1) without being given an opportunity of making his representation.

(3) A copy of the resolution expelling a member shall be communicated to the member within a period of fifteen days from the date of passing of the resolution.

(4) The expulsion from membership may involve forfeiture of shares held by the member.

(5) No member of the society who has been expelled under sub-section (1) shall be eligible for re-admission as a member of that society, for a period of one year from the date of such expulsion.”

11. Rule 18 of the Rules prescribes the procedure for the expulsion of members. Rule 18 of the Rules reads thus:

“18. Procedure for the expulsion of members.— A member who has acted adversely to the interest of the society [or has failed to comply with the provisions of the bye-laws] may be expelled from the society as per S. 17, adopting the following procedure.—

(a) Where any member of a society proposes to bring a resolution for expulsion of any other member he shall give a written notice thereof, to the Chairman of the society. On receipt of such notice or when the Committee itself decides to member concerned to furnish his explanation, if any, in the matter within 15 days from the date of receipt of the notice. The member shall also be given an opportunity for being heard in person, if he so desires.

(b) On obtaining the explanation, if any, and on being heard in person, if he so desires and on giving opportunity to the complainant, to substantiate his allegation or after taking into consideration any written representation which he might have sent to the Committee or General Body, the committee shall decide as to the course of action to be adopted against the member concerned. If the committee decides to expel the member it shall convene a special General Body Meeting after issuing due notice appending the agenda thereto and place the matter before it for decision under Section 17.”

12. Section 83 is the provision dealing with the appeal challenging a decision of the general body expelling any member of the society. Section 83 of the Act reads thus:

"83. Appeals to other authorities.-(1) An appeal shall lie under this section against

- (a) an order of the Registrar made under sub-section (2) of Section 7 refusing to register a society; or
- (b) an order of the Registrar made under sub-section (4) and (6) of Section 12 refusing to register an amendment of the byelaws of a society; or
- (c) a decision of a society refusing to admit any person as a member of the society or expelling any member of the society; or
- (d) an order made by the Registrar under Section 67 apportioning the cost of inquiry held under Section 65 or an inspection made under Section 66; or
- (e) an order of surcharge made by the Registrar under Section 68; or
- (f) an order made by the Registrar under Section 71 directing the winding up of a society; or
- (g) any order made by the Liquidator of a society in exercise of the power conferred on him by Section 73; or
- (h) any order made under Section 76; or
- (i) an order for attachment of any property made by the Registrar under Section 78; or
- (j) any order made by any person exercising all or any of the powers of the Registrar.

(2) An appeal under sub-section (1) shall be made within sixty days from the date of the order or decision,—

- (a) If the order or decision was made by the Registrar, to the Government; and
- (b) in other cases, to the Registrar, and the Government or the Registrar, as the case may be, may pass such order on the appeal as they or he may think fit."

13. Both sides have no contention that there were any procedural irregularities in the conduct of the general body. Respondent Nos.2 to 5 also have no case that the principles of natural justice have been violated in the process of expulsion.

14. The challenge in this Writ Petition is confined to the question of power and scope of the appellate authority, under Section 83(1)(c) of the Act, to interfere with the decision of the general body to expel the members.

15. Under Section 83(1)(c), the decision of a society refusing to admit any person as a member, or expelling any member is appealable. Admittedly, respondent No.1 is the appellate authority. Rule 124 of the Rules deals with presentation and disposal of appeals.

Rule 124 reads thus:

"124. Presentation and disposal of appeals and revision, before other authorities.— (1) An appeal under sub-section (2) of S.83 or an application for revision under sub-section (2) of S.87 of the Act shall be presented by the appellant or by his duly appointed agent, either in person during office hours or sent by registered post, to the appellate or revising authority.

(2) When such an appeal or application for revision is represented by an agent, it shall be accompanied by a letter of authority or the appellant appointing him as such.

(3) Every appeal or application for revision shall be accompanied by the original or a certified copy of the order appealed against or sought to be revised and such number of copies of the petition as there are respondents.

(4) The appeal/application for revision shall be in the form of a memorandum and shall;

- (a) Specify the name and address of the appellant/applicant and also the name and address of the respondent or respondents.
- (b) State by whom the order appealed against or sought to be revised was made.
- (c) Set forth concisely and under distinct heads, the grounds of objection to the order appealed against or sought to be revised together with a memorandum of evidence.
- (d) State precisely the relief which the appellant or applicant claims; and
- (e) Give the date of the order appealed against or sought to be revised.

(5) Immediately on receipt of the appeal or application for revision the appellate or revising authority shall as soon as possible, examine the papers filed and ensure that:

- (a) the person presenting the appeal or the application has the locus standi to do so.
- (b) it is made within the prescribed time limit.
- (c) and it conforms to all the provisions of the Act and these Rules.

(6) The appellate or revising authority may call upon the appellant or the applicant for revision to remedy the defects, if any, or furnish such additional information, as may be necessary, within a period of fifteen days of the receipt of the notice to do so. If the appellant or the applicant for revision fails to remedy the defects or furnish the additional information called for, within the said period, the appeal or the revision petition may be dismissed.

(7) The revising authority may before passing orders obtain from any subordinate officer such further information in regard to the enquiry or the proceedings for the purpose of verifying the regularity of such proceedings or the correctness, legality or propriety of any decision passed or order made therein. The revising authority may also call for and obtain from the parties connected with such enquiry or proceedings such information as is necessary with reference to the examination of the records of enquiry or proceedings.

(8) The appellate or revising authority shall on the basis of the enquiry conducted and with reference to the records examined pass such order on the appeal or on the application for revision as may seem just and reasonable.

(9) An appeal filed under sub-section (1)(c) of S.83 shall be disposed of by the appellate authority within a period of 2 months [and in all other cases the Government or the Registrar shall pass an order in appeal within six months from the date of appeal]."

16. As per sub-rule (6) of Rule 124, the appellate authority may call upon the appellants to furnish such additional information, as may be necessary. Sub-rule (8) says that the appellate authority shall on the basis of the enquiry conducted and with reference to the records examined pass such order on the appeal as may seem just and reasonable.

17. The learned counsel for the petitioners submitted that it is not open to the appellate authority to sit over the wisdom of the general body. The learned counsel relied on **Bengal Secretariat Co-op. Land Mortgage Bank & Housing Society Ltd.** (*supra*) and **Calicut City Service Co-operative Bank Ltd.** (*supra*), to substantiate this argument.

18. The learned Senior Government Pleader relying on **Selvarajan T.S v. Board of Directors, Mankara Service Co-op. Bank Ltd. and Others** [2013 K.H.C. 258] submitted that appeal is a substantive right of a party conferred by the Statute. It is further submitted that an appeal is generally considered to be the continuation of the original proceedings and it envisages reconsideration of all matters brought before the authority concerned. The Senior Government Pleader submitted that the right of appeal where it exists is a matter of substance and not a procedure and in appeal, the entire proceedings are left open for consideration by the appellate authority.

19. In **Bengal Secretariat Coop. Land Mortgage Bank & Housing Society Ltd.**, the Supreme Court considered the decision of the general body of a society to redevelop the property of the Co-operative society, which was interfered by the appellate authority. The Honourable Supreme Court noted that as there are no provisions in the Act or the Rules or any other legal provision curtailing the right of the society to redevelop the property, when the general body of the society takes a decision on it the appellate authority cannot negate the decision of the general body, unless it is shown that the decision was the product of fraud or misrepresentation.

20. In **Calicut City Service Co-operative Bank Ltd.**, the decision of the general body to proceed with a particular project of a bank, this Court held that such policy decisions are to be left predominantly to the wisdom of the general body. In **Calicut City**

Service Co-operative Bank Ltd., this Court was considering the refusal of registration of a decision. The above cited decisions are clearly distinguishable as the powers of the appellate authority under Section 83(1)(c) read with Rule 124 were not considered by the Court therein.

21. The learned counsel for the petitioners highlighted that one of the cardinal principles of co-operative movement is democratic control and therefore, the decision of the general body cannot be interfered with by the appellate authority and the wisdom of the general body will sustain always. The learned counsel for the petitioners relied on **Cochin City Service Co-operative Bank Ltd.** (*supra*), wherein also the scope and power of the appellate authority under Section 83(1)(c) was not the subject matter under consideration. In **Peechi Service Co-operative Bank**, another precedent relied on by the learned counsel for the petitioners, the question under consideration was whether in expelling the petitioners therein from the membership of the bank, the statutory provisions under Section 17 and Rule 18 were violated or not. The powers of the appellate authority under Section 83(1)(c) were not taken into consideration in that decision also. In **Selvarajan T.S**, this Court had drawn a distinction between the power of the appellate authority and the revisional authority under the Act. This Court, in paragraph 6 of the judgment observed thus:

“6. The distinction in the exercise of two jurisdictions, one under the appellate jurisdiction and the other in revisional jurisdiction, necessarily, has to be borne in mind by the Tribunal when it is called upon to exercise any one of the two jurisdictions. So far as an appeal is concerned, it is well settled it is a substantive right of the party if it is so conferred by the Statute. Revision on the other hand is different. That power is given to a superior body or Tribunal to supervise the function of subordinate or inferior body or Court and it is not linked with the right of the party to the proceedings. An appeal is generally considered to be continuation of the original proceedings and the provisions as applicable at the time of institution of the lis would continue to be operative unless it has been taken away by legislation. An appeal is a necessary part of the procedure in an action, but only if so provided, and, where a right of appeal exists. It envisages a reconsideration of all matters brought before the Court or Tribunal the decision of which is appealed. The right of appeal where it exists is a matter of substance and not a procedure. In appeal the entire proceedings are again left open for consideration by the Appellate Authority which has the power to review the entire evidence subject to statutory limitation, if any. However in revision the exercise of power is hedged and limited and it has no power to re-appreciate the evidence unless the Statute expressly confers that power. That limitation is implicit in the concept of revision. Co-operative Tribunal is conferred revisional jurisdiction over proceedings from which an appeal lies to it under S.82 of the Act. That supervisory jurisdiction is conferred “for the purpose of satisfying itself as to the legality or propriety of any decision or order passed by inferior Court / authority and where it appears to the Tribunal that any such order should be modified, annulled or revised, the Tribunal may pass such order thereon as it may deem fit.” A re-appreciation of the evidence to test the correctness, legality or propriety of the inferior Court / authority cannot be done in exercise of revisional jurisdiction unless it is shown that the finding made by the inferior Court or authority is so

perverse or it is against law. Even if two views are permissible so long as the view taken by the inferior Court is not shown to be perverse or against law, the revisional authority cannot substitute its views and interfere with the order under revision. Exercise of revisional power, it has to be taken note, is not an adjunct to the appellate jurisdiction but operate on an entirely different realm subject to the restrictions imposed by the Statute. Anyone aggrieved by the decision of a Court or authority from which an appeal is provided under S.82 of the Act, to have a rehearing of the entire matters on the materials placed, has to prefer an appeal and challenge the order in such appeal. After the expiry of time fixed for preferring an appeal if he prefers a revision, and does not choose to move for condonation of delay to prefer an appeal and entertain such appeal, in such revision he cannot canvass challenges which are available to him only in an appeal. That revision has to be examined within the narrow limits of supervisory jurisdiction conferred on the Tribunal, to satisfy itself the legality or propriety of any decision or order of the inferior Court / authority. Where revisional powers conferred on the Tribunal is intended as a supervisory jurisdiction to examine the legality or propriety of any decision of an inferior Court or authority that has to be exercised strictly within the parameters, and not as an appellate jurisdiction as if the entire proceedings is open for fresh decision by the Tribunal.”

22. I am of the considered view that the appellate authority, under Section 83(1)(c) has the power to reconsider all matters considered by the general body, as it is a matter of substance. The entire proceedings are left open for consideration in the appeal by the appellate authority.

23. Now coming to the facts of the present case. The Managing Committee alleges that respondent Nos.2 to 5 committed the following acts:

1. An attempt was made to influence the depositors of the society to withdraw their deposits from the society.
2. They discouraged the borrowers of the society from repaying their loans, thereby attempting to bring the society into financial ruin.
3. Attempted to undermine the bank's credibility among the public by spreading false allegations against the bank.
4. A press conference was held on 08.12.2022, alleging corruption against the bank's board of directors, defaming the bank and the board of directors before the public and damaging the bank's credibility.” (sic)

24. Respondent Nos.2 to 5, on two occasions, submitted explanations to the show cause notices issued to them. The crux of the explanations submitted by respondent Nos.2 to 5 is as follows:

- “1. In response to the notice received from you, I am hereby providing the following explanation.

2. Your notice has no legal validity. You do not have the authority to issue such a notice.

3. There is no basis for stating that the reply I had given to the notice dated 25.04.2023 is unsatisfactory. The allegation that there are complaints against me is false and baseless, which is why a copy of the complaint has not been provided to me. Providing a copy of the complaint is a requirement of natural justice. Any action taken against me based on a complaint that has not been shared is illegal. Furthermore, the claim that providing a copy of the complaint would affect the security of others has not been substantiated. There is also a reasonable doubt about the claim in your notice that the contents of the complaint have been explained, despite not providing a copy of the complaint. I had already stated in my earlier explanation that a detailed reply would be given upon receipt of the complaint copy. Therefore, there is no legal basis to state that my explanation regarding the allegations against me is unsatisfactory. It is legally untenable to claim that I did not respond to the complaint or that the response was unsatisfactory when the complaint itself has not been shared.

4. The allegations mentioned in the notice regarding the press conference held on 08.12.2022 are incorrect. Neither the notice dated 25.04.2023 nor the one dated 23.05.2023 specifies who made what allegations, which of those allegations are false, or how they affect the bank. Hence, these allegations are to be rejected. Such vague claims do not warrant any response.

5. It was stated in a press conference that Rs.75 lakhs was collected from three candidates, but the notice does not mention who said this or the name of the person who collected the money. Several members of the bank have lodged complaints regarding the above matters with the Cooperative Society Joint Registrar, vigilance authorities, and others, and these complaints are under investigation.

There are writ petitions pending concerning this issue. Until investigation reports from various agencies regarding the truth of the matter are received, nothing conclusive can be said. The facts mentioned in your notice as allegations against me pertain only to such complaints. The fact that various agencies are conducting legal investigations against the society does not in any way affect the bank, its integrity, or its business. It is true that investigations are underway, and all members of the bank are aware of this—not just from press conferences or news reports. My actions have caused no harm to the bank or its business. The statement that depositors feel deposits are unsafe has no basis at all. It is understood from news reports that the state's financial condition is very poor, which is reflected among the people. This may be the reason deposits have decreased, as mentioned in the notice.

Moreover, there is no basis for claiming that deposits have been affected or that deposit mobilization has declined without stating how much the deposits were previously and how much they are now. Your notice admits that due to certain crises in the cooperative sector, many depositors are facing difficulties in

recovering their deposits. Given these circumstances, there is no basis or truth in saying that deposit mobilization has been affected. This is not due to my actions.

6. The press conference I held and the subsequent news reports stating that the bank is collapsing among the defaulting borrowers and that such rumors are spreading among them are entirely false. I have never told anyone that the bank is collapsing or that borrowers will not have to repay their loans. These allegations are completely baseless.

7. The first press conference related to the bank's appointments was held by the president of Vallappuzha Service Cooperative Bank along with some members of the managing committee. Later, another press conference was held by a bank employee and others. These press conferences were reported in various print and electronic media. This is how the bank members and the general public have come to know about the appointments in the bank, the allegations against them, and the investigations. I have no involvement or responsibility in these matters.

8. The first press conference regarding the appointment controversy was held by the bank's president and other managing committee members. It included allegations of corruption and other matters. The accusation that I am acting against cooperative principles is false. Therefore, the claim that my continued membership in the bank affects the existence of the cooperative movement is incorrect. For this reason, my membership should not be canceled. There is no valid reason for that." (sic)

25. It is true that respondent Nos.2 to 5 did not participate in the general body. However, as permitted by the Division Bench of this Court, they preferred the appeal and reiterated those contentions therein. The learned Appellate Authority/respondent No.1, recorded the following reasonings to interfere with the decision of the general body:

"1) Upon examining the allegation that the depositors were alarmed and deposit levels declined due to the press conference held by the appellants on 08.12.2022, the total outstanding deposit balances of the society were reviewed for the dates 30.11.2022 (prior to the press conference), and 31.12.2022, 31.03.2023, and 31.03.2024 (after the press conference). Based on this analysis, it is evident that there has been no depletion or siphoning of deposits in the society.

2) Regarding the allegation that the appellants discouraged borrowers from repaying their loans, thereby attempting to push the society into financial crisis, and also attempted to damage the credibility of the bank among the general public by spreading baseless accusations; and that they violated provisions of the bank's bye-laws —specifically: Bye-law 16(B)(3)-Providing false information or deceiving the bank in any manner, and Bye-law 16(B)(4)-Acting against the objectives or interests of the bank. Upon examining the documents submitted, it was found that no evidence or documents were produced during the hearing to substantiate these allegations.

3) On the issue that a press conference was held on 08.12.2022, wherein allegations of corruption were raised against the bank's governing committee, thereby tarnishing the image of the bank and the committee before the general public and damaging the bank's credibility — it is noted that the matters raised by these members are already under investigation by both the Cooperative Department and the Police Department. The vigilance wing of the Cooperative Department has conducted an inquiry, based on which further action, including registration of police cases, has already been initiated. The true facts related to the matters under investigation can only be ascertained after the inquiries by the Cooperative and Police Departments are completed. Therefore, it cannot be concluded that the appellants acted against the society or its best interests merely by holding a press conference. When serious objections were raised regarding the peon appointment, which could potentially tarnish the bank's reputation and future, the appellants' demand was for a thorough investigation and for disciplinary action if any irregularities or misconduct were found. The mere act of filing a complaint against the bank does not imply that the appellants committed corruption or supported it. Furthermore, as the allegations raised by them are under ongoing investigation by the Cooperative and Police Departments, the governing committee's decision to declare these complaints as false before the conclusion of the investigation is legally unsustainable. This is acknowledged and accepted by the appellants." (sic)

26. It is submitted on behalf of respondent Nos. 2 to 5 that in the appointment of peons to the bank, the Managing Committee committed several malpractices. It is further submitted that respondent No.3 filed a representation before respondent No.1 seeking an inquiry, pursuant to which, an inquiry under Section 66 was ordered.

27. The learned counsel for respondent Nos.2 to 5 relied on Ext.R2(a) to substantiate his contentions. Exhibit R2(b), an FIR, shows that a crime has been registered by the Cherpulassery Police alleging offence under Section 420 read with Section 34 of the IPC, based on a complaint filed by the Assistant Registrar of Co-operative Societies against the President and certain staff members of the society.

28. The specific case of respondent Nos.2 to 5 is that, it was on the belief that they instigated the Assistant Registrar to file criminal cases against the managing committee members and some of the staff members, the petitioners with vengeance initiated proceedings for expulsion.

29. It is the specific case of respondent Nos.2 to 5 that they only made an attempt to save the reputation of the society and fought against corruption committed by the Managing Committee. The materials are insufficient to conclude that respondent Nos.2 to 5 acted against the interests of the society, especially in view of the fact that, a crime has been registered against the Managing Committee. Respondent Nos.2 to 5 have a further case that facts have been misrepresented before the general body. The expulsion of a member of a society, even if by the general body, is a harsh step. A decision of the general body to expel a member is subject to reconsideration by the appellate authority as per Section 83(1)(c), based on the relevant materials placed by both sides. It appears that the appellate authority has rightly exercised its power under Section 83(1)(c) read with Rule 124 of the

Rules.

30. This Court finds no irregularity, impropriety or illegality in the decision taken by the appellate authority to exercise its jurisdiction under Section 226 of the Constitution of India.

The Writ Petition fails, and it stands dismissed.

Result of the Case:

Dismissed.

Headnote prepared by A.R.
