

IN THE HIGH COURT OF KERALA AT ERNAKULAM
PRESENT

THE HONOURABLE MR.JUSTICE K. BABU

FRIDAY, THE 30TH DAY OF JANUARY 2026 / 10TH MAGHA, 1947

WP(C) NO. 5292 OF 2025

PETITIONER/S:

K.V SABU
AGED 55 YEARS
S/O K.E VASU, KALLUVEETIL HOUSE, PACHALAM P.O,
ERNAKULAM, PIN - 682012

BY ADVS.
SHRI.JOY GEORGE
SMT.PRAICY JOSEPH
SRI.ARJUN RAGHAVAN
SMT.TANYA JOY

RESPONDENT/S:

- 1 REGISTRAR OF CO-OPERATIVE SOCIETIES
(JOINT DIRECTOR, CENTRAL RANGE) FISHERIES
DEPARTMENT (ERNAKULAM), ERNAKULAM, PIN - 682030
- 2 FISHERIES DEVELOPMENT OFFICER
REGIONAL EXICUTIVE OFFICER (UNIT-5), ERNAKULAM,
PIN - 682018
- 3 ADMINISTRATOR (SENIOR CO-OPERATIVE INSPECTOR,
UNIT-4)
ERNAKULAM WEST RURAL FISHERMEN DEVELOPMENT AND
WELFARE COOPERATIVE SOCIETY LTD NO F€
114/96/CZ, PIN - 682030
- 4 ERNAKULAM WEST ULLNADAN MALSYA THOZHILALI
VIKASANA KSHEEMA SAHAKARANA SANGAM
REPRESENTED BY ITS SECRETARY, ERNAKULAM WEST

W.P.(C). No. 5292 of 2025

..2..



2026:KER:8791

ULLNADAN MALSYA THOZHILALI VIKASANA KSHEEMA
SAHAKARANA SANGAM, PACHALAM, KOCHI, PIN - 682012

OTHER PRESENT:

ADV C SHEEJA SR GP

THIS WRIT PETITION (CIVIL) HAVING COME UP FOR
ADMISSION ON 30.01.2026, THE COURT ON THE SAME DAY
DELIVERED THE FOLLOWING:



“C.R.”

K. BABU, J

W.P.(C). No. 5292 of 2025

Dated this the 30th day of January, 2026

JUDGMENT

The petitioner is the former President of the Ernakulam West Rural Fishermen Development and Welfare Co-operative Society Ltd., a primary co-operative society. Pursuant to a democratic process, the Managing Committee of the society assumed charge on 30.10.2020.

2. The Registrar of Co-operative Societies, Fisheries Department (Ernakulam) (respondent No.1) issued an order under Section 66 of the Kerala Co-operative Societies Act (for short “the Act”) directing an inspection into the functioning of the Society. The office bearers of the Society cooperated with the inspection and participated in the inquiry.



3. The Registrar (respondent No.1), as per the order dated 13.01.2025, superseded the Board of Directors and appointed a part-time Administrator for the Society on the ground that the Managing Committee had indulged in illegal actions. The order of supersession of the Managing Committee under Section 32(1) of the Act, (Ext.P15) is under challenge in this proceeding.

4. I have heard the learned counsel for the petitioner and the learned Senior Government Pleader.

5. The learned counsel for the petitioner confined the challenge on Ext.P15 on the ground that it is in violation of sub-section (2) of Section 32 of the Act.

6. The learned counsel for the petitioner submitted that before issuing an order superseding the Managing Committee of a society, the Registrar shall consult the Financing Bank and the Circle Co-operative Union or the State Co-operative Union, as the case may be.



7. The learned Senior Government Pleader submitted that consultation as provided under sub-section (2) of Section 32 of the Act does not arise in the present case, as respondent No.4 society has not been affiliated to the Circle Co-operative Union and, further, that there is no financing bank in respect of Fishermen Development and Welfare Co-operative Society. It is submitted that the District Co-operative Bank/State Co-operative Bank can only be considered as Financing Bank within the meaning of sub-section (2) of Section 32 of the Act.

8. The learned counsel for the petitioner submitted that the apex society in the case of respondent No.4 primary society, is Matsyafed (Kerala State Co-operative Federation for Fisheries Development Limited No.F(T) 738).

9. It is relevant to extract Section 32 of the Act.

32. Supersession of Committee(1) If the Registrar, after an inquiry by himself or through his subordinates or on a report of the financing bank, or the Vigilance, and Anticorruption Bureau of the



Government or the Vigilance Officer or otherwise, is satisfied that the committee of any society,-

- (a) persistently makes default or is negligent in the performance of the duties imposed on it by this Act or the rules or bye-laws or does anything which is prejudicial to the interests of the society; or
- (b) wilfully disobeys or fails to comply with any lawful order or direction issued under this Act or the rules; or
- (c) makes any payment contrary to this Act or the rules or the bye-laws or causes any loss or damage to the assets of the society, by breach of trust or wilful negligence; or
- (d) misappropriates or destroys or tampers with the records or causes the destruction of records to cover up any misconduct or malpractice,

He may, after giving the committee an opportunity to state its objections, if any, by order in writing, remove the committee and, appoint in its place, one administrator or an administrative committee consisting of not more than three individuals, one among them as convenor, who need not be members of the society, to manage the affairs of the society for a period not exceeding six months.

Provided that in the case of Co-operative Society, carrying on the business of banking, the provisions of the Banking Regulation Act, 1949 (Central Act 10 of 1949) shall also apply;

Provided further that in the case of a Co-operative Society, carrying on the business of Banking, appointment of Administrator/administrative committee shall not exceed one year in the aggregate.

Provided also that the Board of Co-operative Society shall not be superseded or kept under suspension where there is no Government share holding or loan or financial assistance or any guarantee by the Government or any Board or Institutions constituted by the Government.

- (e) Every member of the Committee superseded under this Section shall from the date of order of such supersession stand disqualified to contest in the



election to or to be nominated to the committee of any society or to be appointed as an administrator in any society for two consecutive terms.

- (2) The Registrar shall consult the financing bank and Circle Co-operative Union or State Co-operative Union, as the case may be, before passing an order under sub-section (1).
- (3) Notwithstanding anything contained in sub-section (1) or sub-section (2) it shall not be necessary to give an opportunity to the committee to state its objections and to consult the Unions and financing banks, in cases where the Registrar is of the opinion that it is not reasonably practicable to do so, subject however to the condition that in such cases, the period of supersession shall generally be for six months and in case a new committee, cannot be constituted or enter upon office in accordance with the bye-laws of the society within the period of supersession the period may be extended for a further period not exceeding six months-
 - (a) in the case of a Co-operative society only after consulting the Circle Co-operative Union concerned; and
 - (b) in the case of an Apex Society or a Central Society only after consulting the State Co-operative Union.
- (4) The committee or administrator or administrators so appointed shall, subject to the control of the Registrar and to such instructions as he may from time to time give, have power to exercise all or any of the powers and functions of the committee or of any officer of the society and take such action as may be required in the interests of the society.
- (5) The committee or administrator or administrators shall, before the expiry of its or his or their terms of office, arrange for the constitution of a new committee in accordance with the bye-laws of the society.
- (6) Every order made by the Registrar under sub-section (1) shall be communicated to the Circle Co-operative Union.



10. I shall first consider the question whether Matsyafed, the State Co-operative Federation for Fisheries Development Limited, is a financing bank within the meaning of sub-section (2) of Section 32 of the Act.

11. Section 2(j) of the Co-operative Societies Act defines “Financing Bank”. Section 2(j) reads thus:-

“(j)Financing bank” means a co-operative society having as its members only other co-operative societies and the main object of which is to raise money and lend the sum to its members;

12. Section 2(j) makes it clear that a co-operative society having other co-operative societies as its members and where the object of such society is to raise money and lend the same to its members would constitute a “financing bank”. Admittedly, the primary societies like respondent No.4 society are the only members of the Apex Society/ Matsyafed. Micro finance credit facility is being extended to respondent No.4 society from the funds



of the Matsyafed/the apex society for the purpose of disbursing loans, which would make the Apex Society the “financing bank” of respondent No.4 society.

13. The argument of the learned Government Pleader that the District Co-operative Bank/State Co-operative Bank can only be treated as the financing bank is resisted by the learned counsel for the petitioner on the ground that the statutory provision does not so provide, coupled with the fact that only primary credit societies are members of the State Co-operative Bank (erstwhile District Co-operative Banks). The learned counsel for the petitioner further submitted that, if the interpretation advanced by the learned Government Pleader is accepted, there would be no financing bank for primary non-credit co-operative societies. I find force in the argument of the learned counsel for the petitioner. I am of the considered view that the Apex Society, the Matsyafed, would be the



“financing bank” in the case of primary societies like respondent No.4.

14. Now, I turn to consider the contention regarding non-consultation of Circle Co-operative Union by the Registrar.

15. Admittedly, respondent No.4 society has not been affiliated to the Circle Co-operative Union.

16. Sub-section (2) of Section 32 of the Act makes it clear that before passing an order of supersession of a Managing Committee, the Registrar shall consult the Financing Bank and the Circle Co-operative Union or the State Co-operative Union, as the case may be.

17. The challenge raised by the learned Government Pleader on the applicability of sub-section (2) of Section 32 of the Act, in the case of respondent No.4 society, is that it has not been affiliated to the Circle Co-operative Union.



18. Chapter XIV of the Act, deals with Co-operative Unions. As per Section 88 of the Act, the Government shall, by notification in the Gazette, constitute a Circle Co-operative Union for each circle in the State consisting of members elected from various categories of affiliated societies, members elected by employees, a woman member, an SC/ST member, a member elected by the District Co-operative Bank Board, and certain ex-officio members. Each Circle Co-operative Union shall elect one of the members, other than an ex-officio member, as its Chairman.

19. Chapter XIII of the Kerala Co-operative Societies Rules, 1969, also deals with Co-operative Unions. Rule 139 of the Rules deals with functions of the Circle Co-operative Union. Rule 139 reads thus:-

“139. Functions of the circle co-operative union.--The functions of a circle co-operative union shall be-

- (i) to organize, assist and generally develop co-operative societies within the circle;



(ii) to carry on co-operative propaganda and to spread education on co-operative principles and practices according to the instructions of the Registrar and the State Co-operative Union;

(iii) to offer views on matters relating to registration of societies, registration of amendments to the Bye-laws of societies, amalgamation and division of societies, supersession of committees, winding up of societies and other matters referred to it by the registrar;

(iv) to settle all matters of common interest, to advise and assist the primary societies in the circle and to further their interests in every way.

(v) to undertake any other functions or discharge such duties as may be entrusted to it by the Registrar or the State Co-operative Unions."

20. Having regard to the structure of the Circle Co-operative Union and its functions, I am of the view that the intention of sub-section (2) of Section 32 of the Act is to rule out the arbitrariness of proceedings of supersession by the Registrar. The mandate of consultation with the Circle Co-operative Union or the State Co-operative Union, a democratic body, protects the arbitrary supersession of a Committee elected in a democratic process. The character of the Circle Co-



operative Union as provided in Section 88 of the Act indicates its democratic structure. The consultation provided in sub-section(2) of Section 32 of the Act is intended to keep a check on the arbitrary exercise of powers by the Registrar. The provision for consultation is a unique and key feature of the Kerala Co-operative Societies Act and Rules, 1969 (for short 'the Rules').

21. The learned Government Pleader submitted that the Managing Committee of the co-operative society has violated Section 90 of the Act, which mandates that every co-operative society in the State shall get itself affiliated to the State Co-operative Union. The learned counsel for the petitioner submitted that the consequences of non-affiliation are provided in sub-section (4) of Section 90 of the Act, which reads thus:-

“90 - Co-operative Societies to affiliate to State Co-operative Union

xxxxx

(4) If any co-operative Society fails to affiliate to the State Co-operative Union as required by sub-section (1) or to renew such affiliation as required by sub-section (2), such society



shall not be entitled to any of the privileges conferred on a co-operative society under Chapter V of this Act.”

22. The learned counsel for the petitioner submitted that non-affiliation of a society would disentitle it from the privileges conferred on a co-operative society, but it would not confer the Registrar the power to supersede such a society without consultation with the Union.

23. A survey of precedents on the subject is beneficial.

24. In ***Vallapuzha Service Co-operative Bank Ltd. v. Joint Registrar*** (2009 (3) KLT 838), this Court held that supersession of a democratically elected committee is a very drastic and extreme step, which cannot be taken lightly for trivial violations. This Court further held that only if the findings against the committee are such that the continuance of the committee would be extremely prejudicial to the interests



of the Society, the exceptional and rare action under S.32 shall be taken. Findings on the culpability of the committee on their improper action should inform the action of the Registrar while initiating proceedings under S.32. The Registrar's decision to initiate proceedings under Section 32 of the Act should be based on the findings regarding the committee's culpability for its improper actions, this Court held.

25. In ***State of Kerala v Urukunnu Service Co-Operative Bank Ltd*** (2013 (2) KLT 74), this Court held that if supersession is found inevitable under exceptional circumstances, the authority should scrupulously follow the procedure prescribed in Section 32 of the Act. This is because if a Managing Committee is superseded under Section 32, the same would attract disqualification of every member of the Managing Committee in the matter of contesting future elections to the Managing Committee for two consecutive terms. This Court further held that, it



is in view of the drastic nature of the power that the legislature has incorporated safeguards in the matter of exercise of such powers, so that it will not be arbitrary.

26. In ***Krishnan Nair v Joint Registrar of Co-operative Societies*** (2014 (1) KLT 116), this Court held that the hedged-in safeguards cannot be reduced to an empty formality rendering the process a mere farce. It is added that S.32 cannot be reduced to a naming ceremony, intended only at hanging the named one and it also cannot be assumed that the consultants would have concurred with the Registrar.

27. In ***Jose Kuttiyani and Others v The Registrar of Co-operative Societies*** (1981 KHC 210), this Court held that though it is for the Registrar to be satisfied that whether circumstances exist for supersession of the Society, such satisfaction cannot be arbitrary. The legislature has prescribed very strict formalities before



embarking upon the act of supersession of an elected body.

28. In ***Johny Kachappally v. Joint Registrar of Co-operative Societies, Thrissur*** (2022 (1) KHC 182), a Division Bench of this Court held that the object behind sub-section (2) of Section 32 is that the financing bank and the Circle Co-Operative Union concerned shall have a say in the matter of the Registrar exercising the power under sub-section (1) of Section 32 of the Act to supersede the Managing Committee of a society. The requirement in terms of sub-section (2) of Section 32 of the Act is therefore not a mere formality, but one to be complied with by the Registrar in its letter and spirit.

29. In ***Sajeevan B. and Others v. Joint Registrar of Co-operative Societies (General)*** (2015 KHC 748), this Court observed that a perusal of Section 32 of the Act leaves no manner of doubt in anybody's mind that it has been couched in mandatory terms that the Registrar shall consult the financing bank and the Circle Co-operative Union before



inflicting any supersession. Further, if there were to be any dispensation of consultation, cogent reasons ought to be specified.

30. An understanding of the statutory provisions on the touchstone of the precedents discussed above leads me to the conclusion that the Registrar before passing an order under Section 32(1) of the Act to supersede the Committee shall consult the Circle Co-operative Union or the State Co-operative Union, as the case may be under sub-section (2) irrespective of the fact that the society concerned is affiliated to the Circle Co-operative Union or the State Co-operative Union or not.

31. The learned Senior Government Pleader, relying on the statement filed by respondent No.1, highlighted certain irregularities in the functioning of the Co-operative Society. The learned Government Pleader submitted that the Managing Committee failed to produce the documents required by the Inspecting Officer



in the proceedings under Section 66 of the Act. The learned Government Pleader submitted that the Managing Committee did not cooperate with the inspection. The learned counsel for the petitioner submitted that the President of the Society produced the relevant documents on 16.09.2023 and had taken back the same on 25.09.2023 for General Body Meeting and later the documents were produced on 06.10.2023 and taken back on 18.10.2023 for official purposes.

32. The impugned order reads thus:

"In the inquiry report conducted under Section 66 of the Kerala Co-operative Societies Act in respect of Ernakulam West Inland Fishermen Development and Welfare Co-operative Society Ltd., Registration No. F (E.) 114/96, it was revealed that, despite calling for an explanation as per remark (2) therein, the same was not furnished. Further, during the course of inspection, correct accounts and records were not produced. It was also found that the meetings of the Managing Committee and the Annual General Body, as stipulated in the bye-laws of the Society, were not convened and that such situation continued. In the above circumstances, exercising the powers vested in me under the Rules, 1969, I



hereby order the dissolution of the existing Managing Committee and further order, under Section 34(1) of the Kerala Co-operative Societies Act, 1969, for attachment of the accounts and records.

In view of the above circumstances, in order to avoid administrative vacuum in the Society, I hereby appoint the Senior Co-operative Inspector, Unit-4, Ernakulam, as Administrator under Section 32(1)(d) of the Kerala Co-operative Societies Act, 1969. The Administrator shall forthwith take charge of all records of the Society and all assets in its possession and in banks, as per the charge list, and shall submit a copy of the charge list before the Registrar without delay.

The term of the Administrator shall be effective from the date of this order, and the Administrator shall take such steps as may be necessary in accordance with law."

33. No exceptional reasons for not invoking sub-section (2) of Section 32 of the Act have been placed in the order. Therefore, there is a violation of sub-section (2) of Section 32 of the Act. Since no sufficient and cogent reasons have been given to dispense with the consultation as described in Section 32 of the Act, I am of the opinion that Ext.P15 order is liable to be interfered with.



The Writ Petition is therefore disposed of as below:-

Ext.P15 and the consequent direction to the Administrator to take over the administration of the Society are set aside. The Managing Committee shall be restored to Office forthwith. It is made clear that respondent No.1 is not precluded from proceeding afresh against the Managing Committee in accordance with law. It is further made clear that this Court has not gone into the merits of the allegations raised against the Managing Committee under Section 66 of the Act. This Court has only considered the procedural irregularities in the order of supersession.

**Sd/-
K.BABU,
JUDGE**



APENDIX OF WP(C) NO. 5292 OF 2025

PETITIONER EXHIBITS

Exhibit P1	A TRUE COPY OF REGISTRATION CERTIFICATE DATED 13 DECEMBER 2016
Exhibit P2	A TRUE COPY OF ORDER OF THE FISHERIES JOINT DIRECTOR, ERNAKULAM DATED 22 JUNE 2023
Exhibit P3	A TRUE COPY OF THE INVENTORY DATED 16 SEPTEMBER 2023
Exhibit P4	A TRUE COPY OF RELEVANT PAGES OF THE MINUTES BOOK
Exhibit P5	A TRUE COPY OF THE BUDGET FOR THE YEAR 2024-25
Exhibit P6	A TRUE COPY OF THE WORKING REPORT FOR THE YEAR 2023-24
Exhibit P7	A TRUE COPY OF THE AUDIT REPORT FOR 2023-24
Exhibit P8	A TRUE COPY OF THE NOTICE DATED 18-9-2024
Exhibit P9	A TRUE COPY OF RELEVANT PAGES OF THE LEDGER
Exhibit P10	A TRUE COPY OF THE STATEMENT ISSUED FROM THE DISTRICT CO-OPERATIVE BANK, DURING MARCH-2023
Exhibit P11	A TRUE COPY OF THE CONFIRMATION CERTIFICATE DATED 24-7-2023
Exhibit P12	A TRUE COPY OF THE STATEMENT DATED 6-12-2023
Exhibit P13	A TRUE COPY OF THE STATEMENT DATED 22-7-2024 SUBMITTED BY THE SOCIETY TO THE SECOND RESPONDENT
Exhibit P14	A TRUE COPY OF THE STATEMENT DATED 05-09-2024
Exhibit P15	A TRUE COPY OF THE ORDER OF JOINT DIRECTOR OF FISHERIES DATED 13-01-2025



RESPONDENT ANNEXURES

- Annexure R1 (f) True copy of the Letter No. SC1-Unit 4/114/2024 dated 03-06-2024
- Annexure R1 (a) True copy of the Letter No. SC/unit-4/114/2022 dated 11.08.2022 of the Unit Inspector
- Annexure R1 (b) True copy of the Letter No.SC1/Unit 4/114/2022 dated 02.12.2022
- Annexure R1 (c) True copy of the Letter No. SC1/unit 4/114/2023 dated 20-04-2023
- Annexure R1 (d) True copy of the enquiry Report dated 24.01.2024
- Annexure R1 (e) True copy of the Letter No. JDFEKM/23/2024-C2 dated 11.03.2024 of the Fisheries Joint Director, Ernakulam
- Annexure R1 (g) True copy of the Letter No. JDFEKM/23/2024-C2 dated 05-08-2024 of the Fisheries Joint Director, Ernakulam
- Annexure R1 (h) True copy of the Reply Letter dated 02-12-2024 of the Vice president of the Society

PETITIONER EXHIBITS

- EXHIBIT- P16 A true copy of the show cause notice dated 23-09-2024 issued to the vice president from the society
- EXHIBIT- P17 A true copy of the Communication dated 07-10-2024 issued from the society
- EXHIBIT- P18 A true copy of the communication dated 07-10-2024, issued by the society to the Co-operative inspector along with copy of resolution