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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CIVIL APPELLATE JURISDICTION

WRIT PETITION-ASDB-LD-VC-14 OF 2020

Vishwas Utagi & Ors. ...Petitioners

Versus

The State of Maharashtra & Ors. ...Respondents

and
WRIT PETITION-ASDB-LD-VC-42 OF 2020

Arun T. Dhumale & Ors. ...Petitioners

Versus

The State of Maharashtra & Ors. ...Respondents

Mr. Bhavesh Parmar a/w. Rahul Gaikwad i/by Gravitas Legal, Advocate for the Petitioners.

Mr. Venkatesh Dhond, Senior Advocate a/w. Mr. Prasad Shenoy, Parag Sharma, Aditi Phatak i/by Udwadia & Co., Advocate for the Respondent Nos.3 to 5.

Mr. Ashwini Purav, AGP for the Respondent Nos.1 and 2.

CORAM : NITIN JAMDAR and
S.P. TAVADE, JJ.

Date : 19 June 2020.
(Through Video Conferencing)

P.C. :

These Petitions challenge the action of the Respondent - Reserve Bank of India taken on 20 April 2020 cancelling the banking

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licence of CKP Co-operative Bank Ltd.

2. We have heard the learned Counsel for the parties.

3. The Petitioners state that in spite of the remedy of a statutory appeal available to the CKP Bank, now represented by a liquidator, no statutory appeal is being filed, and hence they have filed the present Petitions. Reply affidavits are filed by the Respondent – Reserve Bank of India and the Liquidator. Having gone through the pleadings, we do not find that the Petitions need to be taken up for final disposal by Video Conferencing during the LockDown period. The Petitions be placed on Board for further hearing before the Regular Court.

4. We have considered whether any interim orders are required to be passed.

5. Before the licence of the Bank was cancelled on 24 April 2020, it was preceded by various notices and inspections by the Reserve Bank of India. The Reserve Bank of India has the power of superintendence over the Banks in the country in the interest of the banking policy. Various powers are available to the Reserve Bank of India under the Banking Regulations Act, 1949. An inspection under Section 35 of the Act of 1949 was carried out on 31 March 2009. A further requisition was issued on 23 April 2012. On 30 April 2014, All Inclusive Directions were imposed on the Bank. A statutory inspection carried out by the Reserve Bank of India revealed several irregularities. The financial position of the Bank deteriorated from

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time to time. The Reserve Bank of India found that the affairs of the Bank were conducted detrimental to the interest of the depositors and public. Show cause notice was issued on 11 June 2015. The Bank submitted actions plan in July and November 2016, but the condition did not improve. The financial position of the Bank was considered by Task Force on Co-operative Urban Banks. Inspection as of 31 March 2019 revealed further deterioration. It is in this background that the Reserve Bank of India formed an opinion that the impugned order had to be passed.

6. The scope of interference of writ courts in such decisions of the Reserve Bank of India is extremely narrow. The steps taken by the Reserve Bank of India are for the benefit of the depositors, which the Petitioners claim to be. The Reserve Bank of India is entrusted with powers to take necessary steps in the interest of depositors, banks and public. Prima facie, we do not find that there is any fundamental error in the approach of the Reserve Bank of India to issue any interim directions.

7. Interim relief is refused. The Petitions be listed on Board before the Regular Court on their assigned dates.

8. This order will be digitally signed by the Personal Assistant/Private Secretary of this Court. All concerned to act on production by fax or email of a digitally signed copy of this order.

S.P. TAVADE, J. ***NITIN JAMDAR, J.***

Jyoti P. Pawar

Digitally signed by Jyoti P. Pawar
Date: 2020.06.22 16:20:34 +0530