IN THE HIGH COURT OF JUDICATURE AT BOMBAY
BENCH AT AURANGABAD

WRIT PETITION NO. 57 OF 1998

Amrut Chandmanl Munot
Age : Major, Occupation : Business,
Sole Proprietor, 'Chandan Printers',
R/o : Pardeshi Galli, Ahmednagar,
District Ahmednagar

Petitioner

VERSUS

1. Nagar Urban Co-operative Bank
Ltd. Bank Road, Ahmednagar

2. Ashok son of Chandmal Munot
Age : Major, Occupation : Service,
R/o : Savedi Road, Nagar Urban Bank Colony,
Ashirwad Colony, Ahmednagar, Dist. Ahmednagar

3. District Dy. Registrar,
Cooperative Society, Ahmednagar

Respondents

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Advocate for the Petitioner : Mr. V. D. Khivesara h/f Mr. A. S. Bajaj
Advocate for Respondent No. 1 : Mr. N. S. Raole h/f Mr. V. J. Dixit
Advocate for Respondent No. 2 : Mr. V. N. Upadhye
AGP for Respondent No. 3-State : Ms. Chaitali R. Chaudhari

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CORAM : SACHIN S. DESHMUKH, J.

Date : 1st July, 2026

JUDGMENT :-

1. The petitioner raised a challenge to the judgment and order dated 07.11.1996 rendered by the learned Maharashtra State

Co-operative Appellate Court, Mumbai at Aurangabad in Appeal No. 35 of 1996, endorsing the judgment and order dated 29.02.1996 rendered by the learned Judge, Co-operative Court No. 1, Ahmednagar in Dispute Bearing No. 185 of 1995.

2. The Petitioner carries on commercial business under the name and style of 'M/s Chandan Printers' at Ahmednagar. The Petitioner maintained a Special Savings Account (bearing No. 13921) with Respondent No. 1 Bank, which was opened on 16.01.1980.

3. Respondent No. 2, happens to be the biological brother of the Petitioner, was employed in a responsible position with branch of Respondent No. 1 Bank. Due to cordial familial relations, Respondent No. 2 used to manage and look after the banking transactions and retain custody of the passbook and relevant account documents belonging to the Petitioner.

4. Following the untimely demise of his wife in December 1990, the Petitioner suffered severe mental distress, forcing him to temporarily disengage from his business and financial affairs until mid-1992. On resuming active business management, the

Petitioner discovered that an aggregate amount of Rs. 17,50,394.50/- had been illegally withdrawn from his Savings Account between 01.01.1990 and 13.01.1991.

5. The case of the Petitioner is that Respondent No. 2, leveraging his influential position as a bank employee and acting in collusion with other bank officials, forged the Petitioner's signatures to execute these unauthorized withdrawals. Respondent No. 1 Bank lodged a criminal complaint (F.I.R.) on 16.06.1994 at Kotwali Police Station, Ahmednagar, under Sections 420, 468, and 34 of the Indian Penal Code. The F.I.R. falsely alleged that the fraudulent withdrawals were a result of a mutual conspiracy and collusion between the Petitioner and Respondent No. 2.

6. Left with no alternative, the Petitioner filed dispute under Section 91 of the Maharashtra Co-operative Societies (MCS) Act, 1960, before the Co-operative Court No. 1, Ahmednagar (bearing Case No. CS/T/ABN/185/95). The dispute prayed for the recovery of Rs. 21,37,321/- (inclusive of interest) along with future interest at the rate of 18% per annum.

7. The Respondents contested the maintainability of the

action, asserting that a dispute involving allegations of fraud and forgery does not fall within the scope of Section 91 of the Act. Vide judgment dated 29.02.1996, the learned Judge of the Co-operative Court No. 1, Ahmednagar, dismissed the same.

8. Aggrieved by the dismissal, the Petitioner preferred a statutory appeal (bearing Appeal No. 35/1996) before the Maharashtra State Co-operative Appellate Court, Mumbai (Aurangabad Bench). The learned Appellate Court, vide its impugned judgment and order dated 07.11.1996, dismissed the appeal and upheld the trial court's order, affirming that the Co-operative Court lacked the inherent jurisdiction to try the matter.

9. The Petitioner approached this Court under Article 227 of the Constitution of India, challenging the concurrent orders of dismissal passed by both the Courts below.

10. The learned Counsel for the Petitioner submits that both the Courts below failed to appreciate that the core dispute involves the wrongful release of funds from a savings account by a banking institution, which directly touches upon the "business of the society" under Section 91 of the Maharashtra Co-operative

Societies Act, 1960. Since the Petitioner and Respondent No. 2 are both registered members and shareholders of Respondent No. 1 Bank and the transaction occurred within the banking framework, the statutory jurisdiction under Section 91 of the Act is attracted despite allegations of forgery.

11. The learned counsel for petitioner further contends that even if the Co-operative Court reached a conclusion that it lacked jurisdiction, it committed a grave error of law by dismissing the recovery suit entirely instead of returning the plaint to the Petitioner for presentation before the proper civil court, thereby denying him any remedy for a massive financial fraud. As such, prayed to allow the petition.

12. The learned Counsel for the Respondents No. 1 and 2 and learned AGP for State support the findings of the Courts below and submits that allegations of a serious criminal nature, such as criminal conspiracy, cheating and forgery of signatures, fall entirely outside the jurisdiction of the Co-operative Court. Such complex disputes do not "touch the business of the society" within the legislative intent of Section 91 of the Maharashtra Co-operative Societies Act, 1960, but rather constitute independent tortious and

criminal liabilities requiring exhaustive trial and expert evidence. Since the Respondent Bank itself has already lodged an F.I.R. against the Petitioner and Respondent No. 2 for collusion and fraud, the civil dispute is not maintainable under the Act and the Courts below rightly rendered the orders.

13. Having heard the learned Counsel for the parties and perused the record, the question for determination is whether a dispute involving deep-rooted fraud, forgery of signatures and criminal conspiracy by a bank employee can be adjudicated by the Co-operative Court under Section 91 of the Maharashtra Co-operative Societies Act, 1960.

14. While the term "touching the business of the society" under Section 91 possesses a wide connotation, it cannot be stretched to encompass act of forgery. The legislative intent behind establishing Co-operative Courts is to provide a mechanism for resolving routine administrative, financial and operational disputes between a society and its members. A plea that a bank employee forged signatures and siphoned off large sums of money in collusion with other officers requires extensive formatting of oral evidence, cross-examination and expert hand-writing analysis.

Such an inquiry fundamentally changes the nature of the suit from a co-operative dispute into a complex civil fraud and criminal trial, which cannot be effectively tried in a summary proceeding under the Act.

15. Furthermore, the record indicates that Respondent No. 1 Bank has already lodged a criminal complaint at Kotwali Police Station against both the Petitioner and Respondent No. 2, alleging mutual collusion to defraud the bank. The existence of these serious, disputed questions of fact and criminal charges removes the matter from the domain of the Co-operative Court.

16. Moreover, I also find no merit in the Petitioner's alternative plea that the Courts below should have returned the plaint instead of dismissing it. Since the Co-operative Court concluded that it lacks the jurisdiction to entertain allegations of fraud and forgery under Section 91 of the Act, a dismissal of the maintainability of the dispute was the correct legal course. The Petitioner remains at liberty to pursue his remedies before a competent Civil Court or through appropriate criminal proceedings.

17. In that view of the matter, there is no error or

perversity in the impugned orders passed by the Co-operative Court and the Co-operative Appellate Court. As such, the petition deserves to be dismissed.

18. Consequently, the Writ Petition stands **dismissed**. No order as to costs.

19. Rule stands **discharged**.

(SACHIN S. DESHMUKH, J.)

Omkar Joshi