

HIGH COURT OF ANDHRA PRADESH : AT AMARAVATI

MAIN CASE No.: Writ Petition No.26403 of 2025

PROCEEDING SHEET

SL. NO.	DATE	ORDER	OFFICE NOTE
1)	24.09.2025	<u>SRK, J</u> The Writ Petition is filed seeking to declare the action of the respondents in conducting a biased and sham inquiry into the affairs of 6th respondent Bank, under Section 51 of the AP Cooperative Societies Act, 1964, (for short 'the Act') and unilaterally acting on the inquiry report dated 20.05.2025, without following due procedure as stipulated under the Act and the Rules framed thereunder, as illegal and arbitrary and consequently quash the impugned inquiry report dated 20.05.2025. Heard learned counsel for the petitioner and Sri P. Veera Reddy, learned Senior Counsel appearing on behalf of Sri S. Vijaya Kumar, learned Standing Counsel for respondent No.6 – Bank. Learned counsel for the petitioner submitted that the enquiry under Section 51 of the Act has been initiated at the instance of one B.N. Rajasimhulu @ Dorababu, Ex.MLC and news article published in Eenadu Telugu Daily Newspaper with caption "Sahakaram Praja	

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		Prathinidhi Swahakaryam” on 08.10.2014. He relied upon a decision of the combined High Court for the State of Telangana and the State of Andhra Pradesh reported in Mekala Obula Reddy and others v. The Government of Andhra Pradesh, rep. by its Secretary, Department of Cooperation (2014 0 Supreme (AP) 1566) : (2017 1 ALD 187), and submitted that the enquiry under Section 51 of the Act has to be initiated by the Registrar’s own motion or on the application of a society to which the society concerned is affiliated or of not less than one third of the members of the Committee or of not less than one fifth of the total number of members of the society. But, in the case on hand, the inquiry that has been conducted is not in accordance with law. On the other hand, learned Senior Counsel appearing on behalf of respondent No.6 - Bank submitted that basing on the information received by the respondent authorities an inquiry was conducted, but in pursuance of the same, absolutely no action has been proposed against the petitioner herein so far. Heard. Perused the record. Apparently, in the proceedings of the District Collector, dated 22.11.2024, it was observed as follows.	

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		“In the light of the adverse news items published and allegations in vide 1st and 2nd read above, it is felt necessary to order an enquiry under Section 51 of the Andhra Pradesh Cooperative Societies Act, 1964 into the constitution working and financial condition of the Chittoor District Cooperative Central Bank Limited, Chittoor, with special reference to the allegations leveled by Sri B.N. Rajasimhulu, Ex-MLC and to unearth all other irregularities, malpractices and misappropriation took place in the Bank Head Office and its branches besides identifying persons responsible.” A bare perusal of the aforesaid proceedings goes to show that the inquiry has been initiated at the instance of one B.N. Rajasimhulu, Ex-MLC. In Mekala Obula Reddy's case (supra), it was observed that the enquiry initiated at the instance of Ex-MLA would be in violation of Section 51 of the Act and the same was declared as illegal, arbitrary and null and void.	

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		In view of the aforesaid facts and circumstances of the case, this Court is of the opinion that the balance of convenience is in favour of the petitioner herein. Hence, there shall be interim stay of all further proceedings pursuant to Section 51 inquiry report dated 20.05.2025 of 5th respondent, for a period of eight (8) weeks. List the matter after six (6) weeks. <u>SRK, J</u> Nsr	