



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3460]

WEDNESDAY, THE ELEVENTH DAY OF FEBRUARY
TWO THOUSAND AND TWENTY SIX

PRESENT

THE HONOURABLE SRI JUSTICE NYAPATHY VIJAY

WRIT PETITION NO: 32262/2025

Between:

D.Harinatha Reddy

...PETITIONER

AND

The State Of Andhra Pradesh and Others

...RESPONDENT(S)

Counsel for the Petitioner:

1. GANTA PRASAD

Counsel for the Respondent(S):

1. GP FOR COOPERATION

The Court made the following:

THE HONOURABLE SRI JUSTICE NYAPATHY VIJAY**WRIT PETITION No.32262 of 2025****O R D E R:**

The Writ Petition is filed questioning the Proceedings dated 24.08.2024 issued vide Rc.No.728/2024-C1 by the Respondent No.3/District Cooperative Officer, Chittor, whereunder an enquiry under Section 51 of the Andhra Pradesh Cooperative Societies Act, 1964 (for short 'the A.P.C.S. Act, 1964') was ordered into the affairs of the Respondent No.7 Society, as illegal and arbitrary and consequently set aside the subsequent proceedings issued by the Respondent No.5 under Section 60 (1) of the A.P.C.S Act.

2. The facts leading to filing of the present Writ Petition are as follows:

It is stated that the Petitioner was appointed as the unofficial person in charge of the Respondent No. 7 Society by the Deputy Registrar, Madnapalli, vide Rc. No. 40/2018, dated 05.06.2021, and accordingly he discharged his duties without any blemish till his resignation on 08.06.2024. It is further stated that the C.E.O of the Respondent No.7 Society had addressed a Letter to Respondent No.4 wherein certain allegations were made against the Petitioner and the staff of the Respondent Society and sought the initiation of

action. On the basis of the Letter issued by the Respondent No. 4 vide Rc. No. 690/2021-B, dated 20.06.2024, certain directions were given to the Respondent No. 6 to conduct an inquiry and submit a report. In pursuance thereto, the Respondent No. 6 directed the Respondent No. 7 to furnish books of accounts relating to the Petrol Bunk on 12.07.2024.

3. It is further stated that Respondent No. 6 conducted a preliminary enquiry and recommended for inspection under Section 52 of the A.P.C.S. Act. Thereafter, Respondent No. 3 ordered an enquiry under Section 51 of the A.P.C.S. Act, and a report was submitted on 21.07.2025 pointing out certain lapses in the management of the Society. In furtherance thereto, a Notice under Section 60(1) of the Act was issued to the Petitioner on 28.10.2025 to explain the reasons as to why the misappropriated amount mentioned in the notice should be recovered with 18% interest. In the said Notice, the Petitioner was called upon to appear before the Authority concerned on 14.11.2025. Hence, the present Writ Petition.

4. Learned counsel for the Petitioner submits that the statutory requirement for initiation of enquiry under Section 51 of the Act is

absent, and therefore, the Enquiry Report and consequential notice under Section 60(1) of the Act cannot be sustained. He further submits that the recommendation of the Senior Inspector/Auditor, dated 02.08.2024, was only an inspection under Section 52 of the Act, and there is no recommendation for for conducting an enquiry under Section 51 of the Act. In support of his contentions, the learned counsel for the Petitioner relied upon the following decisions: i) ***T. Satyanarayana vs. Joint Registrar/District Cooperative Officer, West Godavari District, Eluru and others***¹ ii) ***Bhimavaram Cooperative Urban Bank Limited, Bhimavaram v District Collector, West Godavari, Eluru***²

5. The learned Assistant Government Pleader submits that Respondent No. 3, upon being satisfied that there was a *prima facie* requirement to conduct an enquiry under Section 51 of the Andhra Pradesh Cooperative Societies (APCS) Act, 1964, duly initiated the proceedings under Section 51 of the Act and there is no abuse for the power conferred under 51 of the Act. Learned counsel further submits that the present Writ Petition is an afterthought as it is filed after the enquiry is completed. It is further submitted that in cases of enquiry under Section 51 of the Act, primarily the party is the

¹ 2009 2 ALD 189

² 2001 6 ALD 806

Society and as long as the Society is not aggrieved by the enquiry under Section 51 of the Act, the Petitioner cannot have locus to question the initiation of enquiry.

6. Heard the learned respective counsels.

7. Section 51 of the Act, reads as under:

Inquiry:— The Registrar, may of his own motion and shall, 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, hold an inquiry or direct some person authorised by him by an order in this behalf to hold an inquiry into the constitution, working and financial condition of a society. Such inquiry shall be completed within a period of four months and the report of inquiry along with the findings of the Registrar thereon shall be communicated to the managing committee of the society. It shall be the responsibility of the managing committee to place the inquiry report before the General Body or Special General Body convened for the purpose for its information, within a period of one month from the communication of the inquiry report by the Registrar. The Registrar shall be competent to initiate action under the provisions of this Act, if the committee fails to take action as aforesaid:

Provided that notwithstanding anything contained in this Act and the Rules made thereunder, the bye laws of a society and the action of the society in placing the inquiry report along with the findings of the Registrar, the Registrar shall not be precluded from taking follow up action as may be required on the basis of inquiry report :

Provided further that such action shall not be nullified even if the General Body of the Society passes a resolution negating the findings of the inquiry:

Provided also that the Registrar may for reasons to be recorded in writing extend the period of four months for completion of inquiry for a further period not exceeding two months.

Explanation:— For the purposes of this section, “Managing Committee” includes a Committee constituted under Section 31(l)(a), and a person-incharge appointed under Section 32(7)(a) and also a special officer appointed under Section 34 of the Act.]

8. The above provision contemplates four scenarios for conducting an enquiry under Section 51 of the Act on the following grounds:

- a) *“The Registrar, may on his own motion.*
- b) *On application of a Society to which the Society concerned is affiliated,*
- c) *On application of not less than 1/3rd of the members of the Committee.*
- d) *On application of not less than 1/5th of the total number of members of the society”*

9. Insofar as the grounds (b), (c) and (d) are concerned, there is no discretion to the Registrar and he shall have to order for an enquiry. As regards ground (a), *suo motu* power is concerned, the same is worded as 'he may order enquiry'. The only criteria for exercise of *suo motu* power is that the same should not be arbitrary and some basis should be available for the Registrar to initiate the action under Section 51 of the Act.

10. In this case, the initial trigger to conduct an enquiry is the representation regarding the irregularities committed by the Ex Person Incharge of the Society. Pursuant thereto, the Senior Inspector/Auditor, Chittoor on directions, had conducted a preliminary enquiry and submitted a report on 02.08.2024. In the preliminary enquiry, the statements of the C.E.O and the statement of sales and remittances of petrol bunk were examined and opined that Rs.20 lakhs was not remitted to the bank during different periods. It is further mentioned that the Society had not maintained books and records properly and recommended for enquiry under Section 52 of the Act into the affairs of the Respondent Society to fix up the responsibility and to recover the misappropriate amounts from the concerned responsible employees.

11. Respondent No. 3, taking note of the said report as well as the Letter of Respondent No. 4, dated 14.08.2024 issued vide Rc.No.690-2021B of the Divisional Cooperative Officer, ordered an enquiry and appointed Sri S. Sreenivasulu Reddy, Assistant Registrar, as enquiry Officer to enquire into the affairs of Respondent No.7 Society.

12. As mentioned above, the restraint on exercising *suo motu* power under Section 51 is that there should be some acceptable basis. In the present case, Respondent No. 3, after taking note of the initial enquiry conducted by the Senior Inspector/Auditor pointing out misappropriations as mentioned above and the Letter from the Divisional Cooperative Officer, had ordered an enquiry under Section 51 of the Act. Therefore, this exercise of power by Respondent No. 3 cannot be faulted and cannot be said to be in excess of the power conferred under the Act. Further, the discretion to conduct enquiry under Section 51 on inspection under Section 52 is for the Registrar to decide and he is not bound by the opinion of others.

13. In reference to the citation relied upon by the learned counsel for the Petitioner in the case of ***T. Satyanarayana's case (1 supra)***, wherein an enquiry was conducted on the basis of the representation given by the Vice President of the Society and six others, which does not go beyond the criteria without there being any independent basis to conduct an enquiry under Section 51 of the Act. Similarly, in ***Bhimavaram Cooperative Urban Bank Limited, Bhimavaram's case (2 supra)***, which was relied upon by the Petitioner, the enquiry under Section 51 of the Act was initiated

at the instance of one individual by name Sri Paka Venkata Satyanarayana, which does not meet the criteria for initiating the enquiry *suo motu* and under Section 51 of the Act. The factual scenario in this case as explained above is different and the enquiry under Section 51 of the Act is within the realm of the conferred power.

14. Therefore, this Court does not find any merit in the present Writ Petition.

15. Accordingly, the Writ Petition is dismissed. There shall be no order as to costs.

As a sequel, the miscellaneous petitions, if any, pending in this Petition shall stand closed.

JUSTICE NYAPATHY VIJAY

Date: 11.02.2026
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THE HONOURABLE SRI JUSTICE NYAPATHY VIJAY

WRIT PETITION No.32262 of 2025

Dated: 11.02.2026

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