

Case Name: -Doddarasinakere Milk Producers Co-operative Society Ltd. v. Assistant Registrar of Co-operative Societies

Citation: -2020 SCC OnLine Kar 1530

Link: -<http://www.sconline.com/DocumentLink/d2O5H8x5>

Judgement: -<https://share.google/rPijGHjPitmGLMSVe>

Summary and Conclusion: -

Case Title: Doddarasinakere Milk Producers Co-operative Society Ltd. vs. Assistant Registrar of Co-operative Societies & Another Court: High Court of Karnataka, Principal Bench at Bengaluru

Case Number: Writ Petition No. 9551 of 2020 (CS-RES)

Date of Decision: September 4, 2020

Judge: Hon'ble Mr. Justice R. Devdas

1. Background of the Case

The Petitioner (the Milk Producers Co-operative Society) filed this writ petition against the Assistant Registrar of Co-operative Societies, Mandya, and a private respondent (Respondent No. 2).

The Society alleged that Respondent No. 2 had engaged in various illegal activities and irregularities, including abusing the Society's President and Directors. Legal proceedings had been initiated against Respondent No. 2; however, an interim order of stay was granted in favor of the respondent on January 22, 2020.

The Society subsequently filed an interlocutory application to vacate that stay. Because the Assistant Registrar had not yet considered or acted upon the Society's application to lift the stay, the Society approached the High Court to seek a direction for a speedy resolution.

2. The Conclusion

The High Court did not rule on the merits of the allegations but focused on the procedural delay by the regulatory authority.

The Ruling: The Court expressed that the "ends of justice would be met" if the Assistant Registrar was directed to dispose of the Society's application promptly.

Final Order: The petition was disposed of with a specific direction to the Assistant Registrar of Co-operative Societies, Mandya, to consider and pass orders on the Society's application for vacating the stay within a period of four weeks.

Interim Protection: The Court further ordered that until that application is disposed of, the interim order passed by the Registrar should not be "precipitated" (meaning no further adverse actions should be taken based on it until the hearing is complete).

Summary: Administrative Accountability

This 2020 ruling highlights the Judiciary's role in ensuring that administrative bodies like the Registrar of Co-operative Societies, do not allow legal applications to languish. By setting a four-week deadline, the High Court reinforced that regulatory authorities must act expeditiously when societies seek to vacate stay orders in cases involving alleged mismanagement or illegal activities.

Case Name: -Executive Director, KPTC Employees Co-operative Society Ltd. v. Joint Registrar of Co-operative Societies

Citation: -2013 SCC OnLine Kar 2923

Link: -<http://www.sconline.com/DocumentLink/0Q8CXdy2>

Judgement: -<https://share.google/ZytbNDmcGg4kRsKGU>

Summary and Conclusion: -

Background and Facts

The case originated from a dispute between the KPTC Employees Co-operative Society (the Petitioner) and several of its members (the Respondents) regarding the allotment of residential sites.

The Financial Grievance: The Society had executed registered sale deeds for sites at a mentioned value of ₹ 5.00 Lakhs. However, the members alleged that the Society had actually collected much higher amounts some up to ₹ 8.58 Lakhs under various pretexts.

The Legal Action: The members filed a dispute under Section 70 of the Karnataka Co-operative Societies Act, 1959, seeking a refund of the excess amounts paid.

The Society's Objection: The Society challenged the maintainability of the dispute. They argued that once a sale deed is registered, any claim for money becomes a civil matter. They contended that such disputes do not "touch the business" of the Society and should be handled by a Civil Court, not the Registrar.

The Lower Authority Ruling: The Joint Registrar of Co-operative Societies overruled these objections, prompting the Society to file Writ Petitions before the Karnataka High Court.

The Legal Controversy

The central issue was whether a member's claim for a refund of excess money paid for a site allotment constitutes a "dispute touching the business of the society" under Section 70, thereby barring the jurisdiction of Civil Courts.

Court's Reasoning

Justice Ashok B. Hinchigeri dismissed the Society's arguments based on the following legal principles:

Definition of "Business": The Court held that for a Housing Co-operative Society, the very core of its business is the acquisition of land and the allotment of sites to its members. Therefore, the financial transactions related to these allotments are inseparable from the Society's business.

The "Complete Code" Principle: Relying on precedents like *J. Diwakar Hegde vs. Karkala Taluk APCS Ltd.*, the Court reiterated that the Co-operative Societies Act is a complete code. It provides specialized machinery for dispute resolution, which automatically excludes the jurisdiction of Civil Courts for matters falling under Section 70.

Application of Legal Fiction: The Court clarified that Section 70(2) uses a "legal fiction" to ensure specific claims (like debts or demands) are mandatorily treated as business disputes. The Society's attempt to use this section to limit the Registrar's power was rejected as an "illegitimate extension" of the law.

Distinguishing Status from Business: The Court noted that while disputes regarding the status of a person's membership might be civil in nature, a dispute between an established member and the Society regarding a business transaction (site allotment) is squarely within the Registrar's purview.

Conclusion

The High Court affirmed the authority of the Registrar and protected the members' right to a specialized legal remedy.

Ruling on Maintainability: The Court ruled that the dispute regarding the collection of excess sale consideration squarely falls within the compass of Section 70.

Jurisdictional Bar: Since the matter is a statutory dispute under the Act, the Civil Court has no jurisdiction to entertain the suit for recovery.

Final Result: The Writ Petitions filed by the Society were dismissed, and the parties were ordered to bear their own costs.

Final Takeaway: -

This judgment reinforces that Co-operative Societies are strictly accountable to the Registrar for their core business activities. Members seeking relief for financial irregularities in property allotments should approach the Registrar of Co-operative Societies rather than the Civil Courts, ensuring a faster and more specialized adjudication process.