



**HIGH COURT OF JUDICATURE FOR RAJASTHAN AT
JODHPUR**

D.B. Civil Writ Petition No. 3331/2017

Dudhu Gram Seva Shakari Samiti Ltd. Through Its Manager
Vyavasthapak Deramaram Sharma S/o Chokha R, Village Dudhu,
Branch Dhorimanna, Dist. Barmer. Raj.

-----Petitioner

Versus

1. The Union Of India Through The Principal Secretary To
The Ministry Of Finance Economic Affairs, Central
Secretariat, North Block, New Delhi
2. The Reserve Bank Of India, Through Its Governor, Central
Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No.
1379, Mumbai-400001.
3. The National Bank For Agriculture And Rural Development
Through Its Chief General Manager, Plot No.c-24, G-Block,
Bandra Kurla Complex, Bkc Road, Bandra East, Mumbai
Maharashtra-400051.
4. The Reserve Bank Of India Through Its Deputy General
Manager, Regional Office, Tonk Road, Rambagh, Jaipur
Raj.-302052.
5. The State Of Rajasthan, Through Its Secretary, Co-
Operative Department, Jaipur Raj..
6. The Co-Operative Department Through Its Registrar,
Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj..
7. The Apex Central Co-Operative Bank Ltd. Through Its
Managing Director, Dc-1, Opposite Nehru Balodyan, Tonk
Road, Jaipur-302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its
Managing Director, Head Office, Mahaveer Nagar, Barmer
Raj.- 344001.

-----Respondents

Connected With

D.B. Civil Writ Petition No. 3272/2017

Bamnor Gram Seva Shakari Samiti Ltd., Through Its Manager
Vyavasthapak Thakra Ram S/o Teja Ram, Aged About 39 Years,
Village- Bamnor, Branch Dhorimanna, Dist. Barmer. Raj.

-----Petitioner



Versus

1. The Union Of India Through The Principal Secretary To The Ministry Of Finance Economic Affairs, Central Secretariat, North Block, New Delhi
2. The Reserve Bank Of India, Through Its Governor, Central Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No. 1379, Mumbai- 400001.
3. The National Bank For Agriculture And Rural Development Through Its Chief General Manager, Plot No. C-24, G-Block, Bandra Kurla Complex, Bkc Road, Bandra East, Mumbari Maharashtra- 400051.
4. The Reserve Bank Of India Through Its Deputy General Manager, Regional Office, Tonk Road, Rambagh, Jaipur Raj.- 302052.
5. The State Of Rajasthan, Through Its Secretary, Co-Operative Department, Jaipur Raj..
6. The Co-Operative Department Through Its Registrar, Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj.
7. The Apex Central Co-Operative Bank Ltd. Through Its Managing Director, Dc-1, Opposite Nehru Balodyan, Tonk Road, Jaipur- 302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its Managing Director, Head Office, Mahaveer Nagar, Barmer Raj.-344001.

-----Respondents

D.B. Civil Writ Petition No. 3273/2017

Bisarniya Gram Seva Shakari Ltd. Through Its Manager Vyavasthapak Surta Ram S/o Gamda Ram, Village Bisarniya, Branch Dhorimanna, Dist. Barmer. Raj.

-----Petitioner

Versus

1. The Union Of India Through The Principal Secretary To The Ministry Of Finance Economic Affairs, Central Secretariat, North Block, New Delhi
2. The Reserve Bank Of India, Through Its Governor, Central Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No. 1379, Mumbai-400001.
3. The National Bank For Agriculture And Rural Development





Through Its Chief General Manager, Plot No.c-24, G-Block, Bandra Kurla Complex, Bkc Road, Bandra East, Mumbai Maharashtra-400051.

4. The Reserve Bank Of India Through Its Deputy General Manager, Regional Office, Tonk Road, Rambagh, Jaipur Raj.-302052.
5. The State Of Rajasthan, Through Its Secretary, Co-Operative Department, Jaipur Raj..
6. The Co-Operative Department Through Its Registrar, Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj..
7. The Apex Central Co-Operative Bank Ltd. Through Its Managing Director, Dc-1, Opposite Nehru Balodyan, Tonk Road, Jaipur-302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its Managing Director, Head Office, Mahaveer Nagar, Barmer Raj.- 344001.

-----Respondents

D.B. Civil Writ Petition No. 3274/2017

Khudala Gram Seva Shakari Samiti Ltd., Through Its Manager Vyvasthapak Taja Ram S/o Virdha Ram, Aged About 56 Years, Village- Khudala, Branch Sindhari, Dist. Barmer. Raj.

-----Petitioner

Versus

1. The Union Of India Through The Principal Secretary To The Ministry Of Finance Economic Affairs, Central Secretariat, North Block, New Delhi
2. The Reserve Bank Of India, Through Its Governor, Central Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No. 1379, Mumbai- 400001.
3. The National Bank For Agriculture And Rural Development Through Its Chief General Manager, Plot No. C-24, G-Block, Bandra Kurla Complex, Bkc Road, Bandra East, Mumbai Maharashtra- 400051.
4. The Reserve Bank Of India Through Its Deputy General Manager, Regional Office, Tonk Road, Rambagh, Jaipur Raj.- 302052.
5. The State Of Rajasthan, Through Its Secretary, Co-Operative Department, Jaipur Raj..





6. The Co-Operative Department Through Its Registrar, Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj..
7. The Apex Central Co-Operative Bank Ltd. Through Its Managing Director, Dc-1, Opposite Nehru Balodyan, Tonk Road, Jaipur- 302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its Managing Director, Head Office, Mahaveer Nagar, Barmer Raj.- 344001.

-----Respondents

D.B. Civil Writ Petition No. 3276/2017

Purava Gram Seva Shakari Samiti Ltd., Through Its Manager Vyvasthapak Gordhan Ram S/o Banka Ram Araniyali, Aged About 58 Years, Village- Purava, Branch Dhorimanna, Dist. Barmer Raj.

-----Petitioner

Versus

1. The Union Of India Through The Principal Secretary To The Ministry Of Finance Economic Affairs, Central Secretariat, North Block, New Delhi
2. The Reserve Bank Of India, Through Its Governor, Central Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No. 1379, Mumbai- 400001.
3. The National Bank For Agriculture And Rural Development Through Its Chief General Manager, Plot No. C-24, G-Block, Bandra Kurla Complex, Bkc Road, Bandra East, Mumbari Maharashtra- 400051.
4. The Reserve Bank Of India Through Its Deputy General Manager, Regional Office, Tonk Road, Rambagh, Jaipur Raj.- 302052.
5. The State Of Rajasthan, Through Its Secretary, Co-Operative Department, Jaipur Raj..
6. The Co-Operative Department Through Its Registrar, Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj..
7. The Apex Central Co-Operative Bank Ltd. Through Its Managing Director, Dc-1, Opposite Nehru Balodyan, Tonk Road, Jaipur- 302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its Managing Director, Head Office, Mahaveer Nagar, Barmer





Raj.- 344001.

----Respondents

D.B. Civil Writ Petition No. 3286/2017

Bhimthal Gram Seva Shakari Samiti Ltd. Through Its Manager Vyvasthapak, Chaina Ram S/o Bhoma Ram, Aged About 29 Years, Village Bhimthal, Branch Dhorimanna, Dist. Barmer Raj.

----Petitioner

Versus

1. The Union Of India Through The Principal Secretary To The Ministry Of Finance Economic Affairs, Central Secretariat, North Block, New Delhi.
2. The Reserve Bank Of India, Through Its Governor, Central Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No. 1379, Mumbai-400001.
3. The National Bank For Agriculture And Rural Development Through Its Chief General Manager, Plot No. C-24, G-Block, Bandra Kurla Complex, Bkc Road, Bandra East, Mumbai Maharashtra-400051.
4. The Reserve Bank Of India Through Its Deputy General Manager, Regional Office, Tonk Road, Rambagh, Jaipur Raj.-302052.
5. The State Of Rajasthan, Through Its Secretary, Co-Operative Department, Jaipur Raj.
6. The Co-Operative Department Through Its Registrar, Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj.
7. The Apex Central Co-Operative Bank Ltd. Through Its Managing Director, Dc-1, Opposite Nehru Balodyan, Tonk Road, Jaipur-302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its Managing Director, Head Office, Mahaveer Nagar, Barmer Raj.-344001.

----Respondents

D.B. Civil Writ Petition No. 3328/2017

Mangta Gram Seva Shakari Samiti Ltd. Through Its Manager Vyavasthapak Bhura Ram S/o Khema Ram, Village Mangta, Branch Dhorimanna, Dist. Barmer. Raj.

----Petitioner





Versus

1. The Union Of India Through The Principal Secretary To The Ministry Of Finance Economic Affairs, Central Secretariat, North Block, New Delhi.
2. The Reserve Bank Of India, Through Its Governor, Central Office, 4Th Floor, Amar Building, Sir Pm Road, Pb No. 1379, Mumbai-400001.
3. The National Bank For Agriculture And Rural Development Through Its Chief General Manager, Plot No.c-24, G-Block, Bandra Kurla Complex, Bkc Road, Bandra East, Mumbai Maharashtra-400051.
4. The Reserve Bank Of India Through Its Deputy General Manager, Regional Office, Tonk Road, Rambagh, Jaipur Raj.-302052.
5. The State Of Rajasthan, Through Its Secretary, Co-Operative Department, Jaipur Raj..
6. The Co-Operative Department Through Its Registrar, Nehru Sehkar Bhawan, Bhawani Singh Road, Jaipur Raj..
7. The Apex Central Co-Operative Bank Ltd. Through Its Managing Driector, Dc-1, Opposite Nehru Balodyan, Tonk Road, Jaipur-302015 Raj.
8. The Barmer Central Co-Operative Bank Ltd., Through Its Managing Director, Head Office, Mahaveer Nagar, Barmer Raj.- 344001.

-----Respondents

For Petitioner(s) : Mr. A.K. Choudhary
For Respondent(s) : Mr. Sanjay Srivastava
Mr. Nimesh Suthar

HON'BLE DR. JUSTICE PUSHPENDRA SINGH BHATI**HON'BLE MR. JUSTICE ANUROOP SINGHI****Judgment**

1. Date of conclusion of arguments	07.10.2025
2. Date on which judgment was reserved	07.10.2025
3. Whether the full judgment or only the operative part is pronounced:	Full judgment
4. Date of pronouncement	19.12.2025



**Reportable****Per Dr. Pushendra Singh Bhati, J:**

1. At the outset, it is clarified that the instant **D.B. Civil Writ Petition No. 3331/2017 (Dudhu Gram Seva Sahakari Samiti Ltd. vs. Union of India & Ors.)** along with the connected **D.B. Civil Writ Petition Nos. 3272/2017, 3273/2017, 3274/2017, 3276/2017, 3286/2017 and 3328/2017** arise out of identical facts and circumstances. The issues involved, the challenge laid, and the reliefs claimed in all the writ petitions being similar in nature, the same are being decided by this common judgment. For the sake of convenience and to avoid repetition **D.B. Civil Writ Petition No. 3331/2017 (Dudhu Gram Seva Sahakari Samiti Ltd. vs. Union of India & Ors.)** is taken as the lead case, and the decision rendered herein shall govern the remaining connected matters as well.

1.1. The present D.B. Civil Writ Petition No. 3331/2017 has been preferred claiming the following reliefs:

"It is, therefore, humbly and respectfully prayed that this writ petition may kindly be allowed and by an appropriate writ, order or direction:

a. The circulars dated 14/11/2016 and 17/11/2016 (Annexures-6 & 7), so far it prohibit the District Central Co-operative Bank from accepting deposits of specified Bank Notes i.e., Rs.500/- and Rs.1000/-, may kindly be quashed and set aside after declaring it illegal and ultravires of the Reserve Bank of India Act-1934, and it is further prayed that, RBI may kindly be directed to accept deposit of SBN of Rs.16,17,500/- available in the petitioner society.





b. Without prejudice to above prayer, it is further prayed that if the Hon'ble Court comes to the conclusion that RBI has not authorised the DCCB or PACS from accepting specified bank notes vide the notification dated 08/11/2016 or circular dated 08/11/2016 then, it is humbly prayed that the notification dated 08/11/2016 and the circular dated 08/11/2016 (Annexures-02 & 03) may kindly be declared illegal and ultravires so far it not included the District Central Co-operative Banks and PACS for accepting deposit of specified Bank note of Rs. 500/- & 1000/-.

c. The respondent NABARD may kindly be directed to scrutinise the SBN available in the petitioner-society and it may kindly be further directed to make arrangement for legal disposal of SBN available in the society so that society may not face financial loss.

d. Any other relief, which this Hon'ble Court may deem fit kindly be granted in favor of the petitioner and writ petition may kindly be allowed with cost."

2. Brief and undisputed facts, as borne out from the record, are that the petitioner is a Primary Agricultural Credit Co-operative Society registered under the relevant Co-operative Societies Act and functions at the village level within the three-tier co-operative credit structure comprising Primary Agricultural Credit Societies, District Central Co-operative Banks and the Apex Co-operative Bank, with financial support and regulatory oversight by the National Bank for Agriculture and Rural Development.

2.1. The record reflects that on 08.11.2016, the Ministry of Finance, Department of Economic Affairs, Government of India issued a notification under Section 26(2) of the Reserve Bank of India Act, 1934, declaring specified bank notes of denominations





of Rs.500/- and Rs.1000/- to cease to be legal tender with effect from 09.11.2016, subject to the conditions stipulated therein.

2.2. It emerges from the pleadings that pursuant to the said notification, the Reserve Bank of India issued certain circulars on 08.11.2016, followed by further communications dated 14.11.2016 and 17.11.2016, regulating the manner in which specified bank notes could be accepted, deposited or exchanged by various categories of banks, including co-operative banks.

2.3. According to the petitioner, as on 08.11.2016, the petitioner-society was holding specified bank notes amounting to Rs.16,17,500/-, comprising denominations of Rs.500/- and Rs.1000/-, which had been received in the ordinary course of its functioning as a Primary Agricultural Credit Society.

2.4. The material placed on record indicates that while District Central Co-operative Banks were initially permitted to accept deposits of specified bank notes, subsequent circulars issued by the Reserve Bank of India restricted such acceptance, resulting in the petitioner-society being unable to deposit the specified bank notes held by it with the District Central Co-operative Bank.

2.5. The pleadings further disclose that the petitioner-society addressed representations to the District Collector, the concerned District Central Co-operative Bank, and other authorities seeking permission for deposit or lawful disposal of the specified bank notes held by it. However, no final resolution of the issue was communicated to the petitioner-society.

2.6. It is in the aforesaid factual backdrop that the petitioner has approached this Court by way of the present writ petition,





questioning the validity of the circulars dated 14.11.2016 and 17.11.2016, and seeking appropriate directions with regard to acceptance, scrutiny and disposal of the specified bank notes held by the petitioner-society.

3. Learned counsel for the petitioner submitted that the petitioner is a duly registered Primary Agricultural Credit Co-operative Society functioning at the grass-root level under the three-tier co-operative credit structure comprising PACS, District Central Co-operative Banks and the Apex Co-operative Bank, with financial linkage and regulatory supervision of the National Bank for Agriculture and Rural Development. It is submitted that the petitioner-society was, in the ordinary course of its statutory and functional activities, holding specified bank notes as on 08.11.2016.

3.1. It was contended that the notification dated 08.11.2016, issued by the Ministry of Finance under Section 26(2) of the Reserve Bank of India Act, 1934, expressly contemplated deposit and remittance of specified bank notes through banking channels, including co-operative banks as clarified by the corrigendum dated 09.11.2016. Learned counsel submits that District Central Co-operative Banks, being licensed banking entities under the Banking Regulation Act, were squarely covered within the permissible framework for acceptance and remittance of specified bank notes.

3.2. Learned counsel further submits that the circular dated 08.11.2016 issued by the Reserve Bank of India permitted Urban Co-operative Banks and State Co-operative Banks to accept





deposits and exchange specified bank notes. It is argued that District Central Co-operative Banks, which are similarly regulated and licensed, could not have been arbitrarily excluded, particularly when several such banks had, in fact, accepted deposits during the initial window period.

3.3. It was the specific contention of the petitioner that the subsequent circulars dated 14.11.2016 and 17.11.2016, whereby District Central Co-operative Banks were restrained from accepting or exchanging specified bank notes, are directly inconsistent with and repugnant to the earlier statutory notification dated 08.11.2016 and the clarificatory corrigendum dated 09.11.2016. Learned counsel submits that an executive circular cannot override, dilute or nullify the effect of a statutory notification issued under Section 26(2) of the RBI Act.

3.4. Learned counsel argues that the impugned circulars operate arbitrarily and discriminatorily, inasmuch as several similarly situated co-operative societies were able to deposit specified bank notes prior to 14.11.2016, while the petitioner-society, despite being identically placed, was deprived of such opportunity. This, according to learned counsel, results in hostile discrimination, violative of Article 14 of the Constitution of India.

3.5. It was further submitted that the petitioner-society was left remediless despite repeated representations made to the District Collector, the District Central Co-operative Bank and other authorities. Learned counsel submitted that the petitioner even attempted to comply with subsequent directions to deposit the specified bank notes through commercial banks; however,





commercial banks refused to open accounts for the petitioner-society, thereby rendering compliance impossible.

3.6. Learned counsel submits that the failure of NABARD to undertake scrutiny of the specified bank notes held by the petitioner-society, despite issuing communications for inspection and verification, has further aggravated the hardship. It was contended that the petitioner has maintained complete records evidencing the legitimate source of the specified bank notes, and there exists no allegation of illegality or impropriety against the petitioner-society.

3.7. It is lastly submitted that denial of permission to deposit or otherwise lawfully dispose of the specified bank notes has resulted in freezing of the petitioner-society's working capital, thereby adversely affecting its statutory functions of extending agricultural credit, and consequently infringing the petitioner's rights under Articles 19(1)(g) and 300-A of the Constitution of India.

3.8. On the aforesaid submissions, learned counsel prays that the impugned circulars dated **14.11.2016 and 17.11.2016** be declared illegal and ultra vires, and appropriate directions be issued for acceptance, scrutiny and lawful disposal of the specified bank notes held by the petitioner-society.

4. Per contra, learned counsel appearing on behalf of the respondents submitted that the impugned circulars dated 14.11.2016 and 17.11.2016 were issued by the Reserve Bank of India in lawful exercise of its statutory powers under the *Reserve Bank of India Act, 1934*, and in furtherance of a nation-wide





monetary policy decision taken in exceptional circumstances in the larger public interest.

4.1. It was submitted that the notification dated 08.11.2016 issued under Section 26(2) of the Reserve Bank of India Act, 1934, merely declared specified bank notes to cease to be legal tender and authorised the Reserve Bank of India to regulate the manner and mode of deposit, exchange and remittance thereof. The said notification, according to learned counsel, did not confer an absolute or indefeasible right upon every category of institution to accept or deposit specified bank notes.

4.2. Learned counsel submitted that the Reserve Bank of India, being the country's central banking authority, was empowered to issue operational and regulatory circulars from time to time, based on evolving ground realities, enforcement inputs and risk assessments, and such circulars formed an integral part of the implementation mechanism of demonetisation.

4.3. It was contended that District Central Co-operative Banks and Primary Agricultural Credit Societies do not stand on the same regulatory footing as commercial banks, Urban Co-operative Banks or State Co-operative Banks, and their exclusion from acceptance or exchange of specified bank notes was based on objective considerations, including supervisory control, audit infrastructure, technological preparedness and the need to prevent misuse of demonetised currency.

4.4. Learned counsel submitted that the circular dated 14.11.2016, followed by the clarificatory circular dated





17.11.2016, was issued after due deliberation and was intended to plug vulnerabilities and prevent laundering or diversion of specified bank notes through channels considered susceptible during the demonetisation exercise.

4.5. It was further submitted that economic and monetary policy decisions, particularly those taken during extraordinary situations such as demonetisation, are entitled to a high degree of judicial deference, and unless shown to be manifestly arbitrary, mala fide or unconstitutional, such policy decisions ought not to be interfered with in exercise of writ jurisdiction under Article 226 of the Constitution of India.

4.6. Learned counsel argues that the petitioner-society does not possess any vested or fundamental right to insist that specified bank notes be accepted by a particular category of bank. The restrictions imposed by the impugned circulars were regulatory in nature, temporary, and uniformly applicable to all similarly situated institutions.

4.7. As regards the plea of discrimination, it was submitted that mere differential impact does not constitute hostile discrimination. The fact that certain institutions were able to deposit specified bank notes prior to issuance of the circular dated 14.11.2016 does not confer an enforceable right upon others to claim identical treatment after the regulatory framework was modified in public interest.

4.8. Learned counsel for respondent submitted that NABARD's role is essentially supervisory and facilitative, and it does not possess





authority to override or dilute binding directions issued by the Reserve Bank of India. Any inspection or scrutiny contemplated by NABARD was subject to the regulatory regime framed by the Reserve Bank of India.

4.9. It was further submitted that the petitioner was advised to explore alternative lawful avenues, including opening accounts with commercial banks, and the respondents cannot be held responsible for independent decisions taken by third-party banking institutions.

4.10. Learned counsel submitted that the impugned circulars do not violate Articles 14, 19(1)(g) or 300-A of the Constitution of India, as the restrictions imposed were reasonable, proportionate and directly connected with the legitimate objective of ensuring financial stability, transparency and prevention of illicit financial activity.

4.11. On the aforesaid submissions, learned counsel for the respondents prayed that the writ petition be dismissed as being devoid of merit.

5. Heard learned counsel for the parties and perused the material available on record.

5.1. At the outset, it is clarified that the present batch of writ petitions does not assail the policy decision of demonetisation per se. The constitutional validity of demonetisation and the decision-making process leading thereto stand conclusively upheld by the Constitution Bench of the Hon'ble Supreme Court in **Vivek**





***Narayan Sharma vs. Union of India* (W.P. (C) No. 906 of 2016, decided on 02.01.2023).**

5.1.1 This Court is guided by the settled principles governing judicial review in matters of economic and monetary policy, as authoritatively expounded by the Hon'ble Supreme Court in ***Vivek Narayan Sharma (supra)***. The Hon'ble Supreme Court, after surveying earlier Constitution Bench and larger Bench precedents, observed as under:

"225. It is not the function of this Court or of any other Court to sit in judgment over such matters of economic policy and they must necessarily be left to the Government of the day to decide since in such matters, with regard to the prediction of ultimate results, even the experts can seriously err and doubtlessly differ. The Courts can certainly not be expected to decide them without even the aid of experts.

Therefore, while exercising the power of judicial review in a matter like the present one, the scope of interference would be still narrower. The inquiry has to be limited only to find out as to whether there is an illegality in the decision-making process, i.e. whether the decision-makers have understood the law correctly which regulates the decision-making power and as to whether the decision-making process is vitiated by irrationality, i.e. the Wednesbury principles. The test that would have to be applied is whether the decision is such that no authority properly conducting itself on the relevant law and acting reasonably could have reached thereat, or whether there has been a procedural impropriety."





5.1.2. The Hon'ble Supreme Court reiterated that economic and fiscal regulatory measures warrant a high degree of judicial deference, and that courts are concerned with the legality of the policy and not with its wisdom, soundness or desirability. Interference is justified only where the action of the executive is shown to be palpably arbitrary, mala fide, or violative of constitutional or statutory provisions.

5.2. This Court is, therefore, conscious of the settled limits of judicial review in matters of economic and monetary policy, wherein courts neither substitute their own wisdom for that of expert bodies nor sit in appeal over policy choices taken in public interest. Judicial interference is warranted only where the decision-making process or its implementation is shown to be arbitrary, irrational, discriminatory, or contrary to statutory or constitutional provisions.

5.3. The inquiry before this Court is thus narrowly circumscribed and confined to examining whether the impugned circulars dated 14.11.2016 and 17.11.2016, in their application to District Central Co-operative Banks and Primary Agricultural Credit Societies, are consistent with the parent statutory notification and the governing legal framework, or whether they suffer from legal infirmity at the level of implementation.

5.4. This Court notes that the notification dated 08.11.2016 was issued by the Central Government in exercise of powers conferred under Section 26(2) of the Reserve Bank of India Act, 1934, declaring specified bank notes of denominations of Rs.500/- and





Rs.1000/- to cease to be legal tender with effect from 09.11.2016, subject to the conditions stipulated therein.

5.5. The said notification, inter alia, contemplated:

- submission of returns by banking companies and Government Treasuries in respect of specified bank notes held by them; and
- exchange or deposit of specified bank notes by persons through designated banking channels, in accordance with the regulatory instructions issued by the Reserve Bank of India.

5.6. Pursuant thereto, the Reserve Bank of India issued a circular dated 08.11.2016 prescribing the operational modalities for exchange and deposit of specified bank notes through various categories of banks, including Urban Co-operative Banks and State Co-operative Banks.

5.7. Subsequently, the Reserve Bank of India issued the circular dated 14.11.2016, specifically addressing the applicability of the demonetisation scheme to District Central Co-operative Banks, clarifying that while such banks could permit limited cash withdrawals by their existing customers, they were restrained from accepting or exchanging specified bank notes. This position was reiterated by the circular dated 17.11.2016.

5.8. This Court notes that the Reserve Bank of India is the statutory authority entrusted with regulation, supervision and control of the banking system, and is empowered to issue circulars, directions and instructions to operationalise monetary policy decisions, including demonetisation.





5.9. The notification dated 08.11.2016 did not, by itself, confer an unqualified or indefeasible right upon every category of institution to accept or exchange specified bank notes. Rather, the manner, mode and mechanism of such exchange and deposit were expressly left to be regulated by the Reserve Bank of India.

5.10. The issuance of circulars dated 14.11.2016 and 17.11.2016 must, therefore, be examined as part of the implementation architecture of demonetisation, framed in response to evolving circumstances, supervisory assessments and risk considerations.

5.11. This Court finds that the exclusion of District Central Co-operative Banks from acceptance or exchange of specified bank notes was not introduced in isolation, nor without rationale. The material placed on record indicates that the said restriction was imposed to address perceived vulnerabilities relating to audit mechanisms, technological preparedness, supervisory reach and the risk of misuse of demonetised currency during an unprecedented monetary transition.

5.12. The contention of the petitioner that the impugned circulars override or nullify the notification dated 08.11.2016 cannot be accepted in its absolute form. The circulars do not dilute the declaration of cessation of legal tender; rather, they regulate the channels through which specified bank notes could thereafter be dealt with, which squarely falls within the regulatory domain of the Reserve Bank of India.

5.13. As regards the plea of discrimination, this Court is of the view that differential treatment, founded on intelligible differentia





and having a rational nexus with the object sought to be achieved, does not amount to hostile discrimination. The fact that certain institutions may have deposited specified bank notes prior to issuance of the circular dated 14.11.2016 does not create a vested or enforceable right in favour of others to claim identical treatment after the regulatory regime was modified in public interest.



5.14. The restrictions imposed were uniformly applicable to all similarly situated District Central Co-operative Banks, and directly connected with the overarching objective of ensuring financial integrity during demonetisation. Mere hardship or inconvenience, howsoever genuine, cannot by itself be a ground for invalidating regulatory measures taken in furtherance of a legitimate economic objective.

5.15. This Court also finds no merit in the submission that NABARD was obliged to independently permit scrutiny or disposal of specified bank notes contrary to the binding directions issued by the Reserve Bank of India. NABARD's role is supervisory and facilitative, and it operates within the regulatory framework laid down by the Reserve Bank of India.

5.16. The plea of violation of Articles 19(1)(g) and 300-A of the Constitution of India is also untenable. The impugned restrictions do not amount to deprivation of property, nor do they impose an unreasonable restriction on the petitioner's right to carry on its activities. The measures were regulatory, proportionate, and



enacted in larger public interest during an extraordinary monetary exercise.

5.17. In view of the foregoing discussion, this Court is of the considered opinion that the impugned circulars dated 14.11.2016 and 17.11.2016 do not suffer from arbitrariness, illegality or constitutional infirmity so as to warrant interference under Article 226 of the Constitution of India.

6. In view of the above and reasons recorded hereinabove, this Court finds no merit in the present batch of writ petitions. Accordingly, D.B. Civil Writ Petition No. 3331/2017 (Dudhu Gram Seva Sahakari Samiti Ltd. vs. Union of India & Ors.) along with connected D.B. Civil Writ Petition Nos. 3272/2017, 3273/2017, 3274/2017, 3276/2017, 3286/2017 and 3328/2017 are hereby **dismissed**.

6.1. All pending applications, if any, stand disposed of.

(ANUROOP SINGHI),J

(DR. PUSHPENDRA SINGH BHATI),J

SKant/-