



COMMERCIAL/CORPORATE

# Supreme Court Clarifies the Boundaries of Writ Jurisdiction in Co-operative Disputes: A Landmark Ruling on Rajasthan's Dairy Co-operatives

**AUTHOR** Dinesh Gupta

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In a detailed and instructive judgment delivered on 10 April 2026 in *Ram Chandra Choudhary & Ors. v. Roop Nagar Dugdh Utpadak Sahakari Samiti Limited & Ors.* (Civil Appeal No. 4352 of 2026), the Supreme Court of India has delivered a comprehensive masterclass on the limits of Article 226 jurisdiction in co-operative society matters. Justice R. Mahadevan's reasoning not only sets aside the Rajasthan High Court's order striking down eligibility bye-laws of District Milk Producers' Unions but also reaffirms long-standing principles on maintainability, alternative remedies, and the autonomy of co-operative governance.

This ruling is essential reading for co-operative lawyers, dairy federations, registrars, and election authorities. It underscores that internal electoral disputes must travel the statutory route before reaching the writ court.

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## The Factual Matrix: Performance-Based Eligibility in Rajasthan's Dairy Co-operatives

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Rajasthan's dairy sector follows a three-tier integrated structure: Primary Milk Producers' Co-operative Societies (village level) ? District Milk Producers' Co-operative Unions (district level) ? Rajasthan State Co-operative Dairy Federation (state level). The District Unions, registered under the Rajasthan Co-operative Societies Act, 2001 ("the Act"), framed Bye-laws 20.1(2), 20.1(4), 20.2(7) and 20.2(9) to ensure only active societies could contest elections to their Boards. The bye-laws are as below:

- "20.1 Any President of society which he represents shall not be entitled to take part in elections of Board and continue to remain his member if:
- 20.1(2) In the previous Audit it is classified as A or B category, provided State Government shall have right to grant relaxation to take part in the meeting in view of some special circumstances in view of White Revolution of state. But they shall not be able to take part in elections which were kept unclassified.
- 20.1(4) Except in natural calamity, the same did not remain closed for more than 90 days.
- 20.2 President of society shall not be eligible for election or after election, shall not be eligible to continue in Board of Director, if
- 20.2(7) Except the circumstances which are outside, he represents the society and has supplied the milk for at least 270 days to Sangh.
- 20.2(9) He represents the society which has failed to supply the minimum quantity of milk."

Certain Primary Societies challenged these bye-laws in writ petitions. The Single Judge (24.07.2015) and Division Bench (18.05.2022) declared them ultra vires the Act and directed elections without reference to them. Crucially, the Chairpersons of the affected District Unions (the present appellants) were never impleaded.

## Arguments Before the Supreme Court: A Detailed Breakdown

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The Supreme Court heard exhaustive submissions that shaped its eventual reasoning.

## Appellants' Submissions (Mr. Kapil Sibal, Senior Counsel)

Mr. Sibal opened by assailing the maintainability of the writ petitions under Article 226. He argued that District Milk Unions are neither “State” nor “instrumentality or agency of the State” under Article 12, and the relief sought did not involve enforcement of any public duty. Relying on *Federal Bank Ltd. v. Sagar Thomas* (2003) 10 SCC 733, he contended that mere regulatory control over a private body does not render it amenable to writ jurisdiction. He further cited *Supriyo Basu v. W.B. Housing Board* (2005) 6 SCC 289 to assert that a co-operative society, constituted by agreement among members and merely governed by statute, is not subject to writ unless a mandatory statutory provision is breached.

Supporting authorities included *A. Umarani v. Registrar of Cooperative Societies* (2004) 7 SCC 112 and *Akalakunnam Village Service Cooperative Bank Ltd. v. Binu N.* (2014) 9 SCC 294, emphasising that writ jurisdiction cannot be invoked absent breach of statutory duty.

On delay, Mr. Sibal invoked *P.S. Sadasivaswamy v. State of Tamil Nadu* (1975) 1 SCC 152, noting the bye-laws had operated for 8–9 years unchallenged. He highlighted the complete statutory mechanism under Sections 58(2)(c), 60, 100, 104–107 of the Act for election disputes and urged exhaustion of remedies, citing *Titaghur Paper Mills Co. Ltd. v. State of Orissa* (1983) 2 SCC 433 and *Executive Engineer, Bihar State Housing Board v. Ramesh Kumar Singh* (1996) 1 SCC 327.

Procedurally, he pointed to non-joinder of necessary parties and violation of natural justice, relying on *Dattatreya v. Mahaveer* (2004) 10 SCC 665.

On merits, Mr. Sibal distinguished the “right to vote” (Section 20) from the “right to contest” (subject to eligibility). He cited *Rama Kant Pandey v. Union of India* (1993) 2 SCC 438, *K. Krishna Murthy v. Union of India* (2010) 7 SCC 202 and *Supreme Court Bar Association v. B.D. Kaushik* (2011) 13 SCC 774. The bye-laws, framed under Section 8 read with Schedule B Clauses 1(da), (i), (r) and (v), were enabling eligibility provisions, not disqualifications under Section 28 read with Rule 34. They advanced the Act's objects of efficiency and sustained milk production and mirrored provisions in other co-operative institutions. Finally, invoking *actus curiae neminem gravabit* (an act of the court shall prejudice no one), he prayed that the High Court judgments be set aside as they prejudiced non-parties.

## Submissions on Behalf of Respondent No. 2

Counsel defended the bye-laws as falling squarely within the bye-law-making power under Section 8 read with Schedule B Clauses 1(da), 1(e), 1(i), 1(r), 1(v) and 1(w). The Act is a self-contained code promoting dairy development through a three-tier democratic structure. Eligibility conditions (audit category, operational continuity, 270-day supply, minimum quantity) were rational measures to ensure genuine, active participation, not disqualifications.

Sections 16, 18, 19 and 20 expressly subject membership rights to bye-law compliance. The provisions aligned with Schedule A co-operative principles (voluntary membership, democratic control, member economic participation). Sections 58, 60 and 117 reinforced the Registrar's exclusive role, rendering direct writ jurisdiction inappropriate. The High Court erred by conflating eligibility with disqualification.

## State of Rajasthan's Submissions

State counsel argued that the writ petitioners failed the 270-day supply criterion, a legitimate eligibility threshold reflecting minimum participation in dairy co-operatives. Section 28 disqualifications are general; Sections 5, 6, 8, 16, 18 and 27 empower society-specific bye-laws tailored to operational needs.

Section 16(2) and Section 18 explicitly recognise minimum service use. The three-tier structure demands active contributors at every level. Elections had already commenced under existing bye-laws, creating potential discrimination if the High Court order applied unevenly.

The bye-laws derived authority from Section 8 read with Schedule B Clause 1(da), not Section 123(2)(xxvi). Finally, it was submitted that the Rajasthan Co-operative Dairy Federation, being the apex body within the three-tier structure, is a necessary and proper party to the proceedings. The failure to implead it renders the writ petition procedurally defective.

## Supreme Court's Analysis: Restoring Statutory Discipline

### Locus Standi of Non-Parties in In Rem Judgments

At the threshold, the Court upheld the appellants' locus standi, holding that a person need not be a party to the original proceedings if the impugned judgment operates in rem and prejudicially affects their rights. Where a judgment has wider civil consequences, such as invalidating bye-laws governing multiple co-operative societies, affected stakeholders are entitled to challenge it. Reliance was placed on *Ram Janam Singh v. State of U.P.* (1994) 2 SCC 622.

## Autonomy of Co-operative Societies and Article 12

The Court reaffirmed that District Milk Unions are autonomous, member-driven co-operative institutions, and do not qualify as "State" under Article 12. It emphasised that statutory regulation or supervisory oversight does not amount to deep and pervasive control sufficient to attract constitutional scrutiny. This position aligns with the principles laid down in *Thalappalam Service Co-operative Bank Ltd. v. State of Kerala* (2013) 16 SCC 82; *General Manager, Kishan Sahkari Chini Mills Ltd. v. Satrugan Nishad* (2003) 8 SCC 639, as well as the broader reasoning in *Federal Bank Ltd. v. Sagar Thomas* (2003) 10 SCC 733.

## Statutory Framework as a Complete Code

A central plank of the Court's reasoning was that the governing Co-operative Societies Act constitutes a self-contained and exhaustive code for addressing disputes relating to elections and management. Specific provisions, including Sections 58(2)(c), 60, 100, 104–107, and 125, provide for adjudication before designated statutory authorities and appellate forums.

The High Court's intervention, without exhaustion of these remedies, was held to be contrary to the settled doctrine of alternate remedy as recognised in *Titaghur Paper Mills Co. Ltd. v. State of Orissa* and *Umesh Shivappa Ambi v. Angadi Shekara Basappa*.

## Distinction Between Disqualification and Eligibility Criteria

The Court drew an important doctrinal distinction between statutory disqualifications and eligibility conditions. While disqualifications under the statute operate as prohibitory norms, the impugned bye-laws merely prescribe positive eligibility thresholds, such as minimum participation (e.g., milk supply), to ensure that only active members partake in governance.

These provisions were held to be enabling in nature, traceable to statutory authority, and consistent with the functional objectives of the co-operative framework.

## Validity of Bye-Laws Under Statutory Authority

The Court observed that the impugned bye-laws were framed pursuant to express enabling provisions under the Act and were aligned with its underlying purpose of ensuring efficient, participatory, and accountable governance within the three-tier dairy co-operative system. At a prima facie level, therefore, the challenge to their validity appeared unsustainable.

## Procedural Defect: Non-Impleadment of Affected Parties

A significant procedural infirmity identified by the Court was that the High Court had effectively invalidated bye-laws applicable across multiple co-operative entities without impleading them as parties. This was held to be contrary to principles of natural justice, particularly where the judgment had wide-ranging consequences.

## Why This Judgment Matters

Ram Chandra Choudhary protects the democratic autonomy of co-operatives while reinforcing legislative intent. It prevents premature judicial intervention and ensures specialised statutory forums are not rendered redundant.

For Rajasthan's dairy sector, one of India's largest milk producers, the ruling restores operational certainty and incentivises active participation. Co-operative institutions nationwide now have clearer judicial guidance: their internal governance rules, when statutorily compliant, deserve deference.

## Conclusion

The Supreme Court has, through careful reasoning drawn from decades of precedent, reaffirmed that Article 226 is not a first-stop forum for co-operative disputes. The High Court's well-intentioned intervention was, in the final analysis, procedurally unsustainable.

For more details, write to us at: [contact@indialaw.in](mailto:contact@indialaw.in)

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