

APHC010628222025



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

[3332]

**PRESENT:THE HONOURABLE SRI JUSTICE RAVI CHEEMALAPATI
CIVIL REVISION PETITION NO: 3456/2025**

Between:

1.KAMBALA VENKATA RAMA RAO, S/O LAKSHMI NARAYANA AGED ABOUT 39 YEARS. EMPLOYEE, R/O D.NO. 10-15-65/A, 10 TH WARD, INDIRA NAGAR, REPALLE, GUNTUR DISTRICT.

...PETITIONER

AND

1.KAPIL CHIT KOSTA PT LTD, ARUNDELPET BRANCH, GUNTUR, REP. BY IT'S ASSISTANT DIVISIONAL MANAGER, T. SRINIVAS. RESPONDENT/DHR/DISPUTANT

2.VADDE VENKATESWARA RAO, S/O RAGHAVA RAO, AGED ABOUT 55 YEARS. EMPLOYEE, R/O D.NO.10-15-75, GARIKAVARIPATI STREET, 10TH WARD, REPALLE, GUNTUR DISTRICT.

3.ARAVA SANKARA RAO, , S/O KOTESWARA RAO, AGED ABOUT 58 YEARS. EMPLOYEE, R/O D.NO. 4-17, KUNCHANAPUDI POST, PILLAVARIPALEM, GUNTUR DISTRICT.

4.BHAVIREDDY NAGESWARA RAO, S/O VENKATA RAMAIAH, AGED ABOUT 57 YEARS. EMPLOYEE, R/O D.NO. 3-108, YELETI PALEM, BORA MAYDIGAPALLI NAGARAM MANDAL, GUNTUR DISTRICT.

5.BOPPA VENKATESWARA RAO, S/O RADHA KRISHNA MURTHY, AGED ABOUT 56 YEARS. EMPLOYEE, R/O D.NO. 1-17/6, LST WARD, CHERUKUPALLI POST AND MANDAL, GUNTUR DISTRICT.

6.VEMULAPALLI KUTUMBA RAO, , S/O NAGESWARA RAO, AGED ABOUT 58 YEARS, FINANCE BUSINESS, R/O D.NO. 7-12-11/A, GANGADHAR VARI STREET, REPALLE, GUNTUR DISTRICT.

7.MOPARTHY RAMESH KUMAR, S/O CHANDRA PAUL, AGED ABOUT 49 YEARS. EMPLOYEE, R/O D.NO. 20-651, DONEPUDI ROAD, KOLLURU GUNTUR DISTRICT.

8.THE ASSISTANT ACCOUNTS OFFICER, ELECTRICITY REVENUE
OFFICER VENGALA REDDY NAGAR, SATTENPALLI (PO,MD)
PALANADU DISTRICT

...RESPONDENT(S):

Petition under Article 227 of the Constitution of India,praying that in the circumstances stated in the grounds filed herein,the High Court may be pleased to aggrieved by the issuance of warrant of attachment of salaries dated 29.10.2025 passed in E.P No. 216 of 2025 in Dispute No. 41 of 2018 on the file of the Court of Learned I Additional Junior Civil Judge (Junior Division), Guntur,

IA NO: 1 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to dispense with the filing of the Certified Copy of the salary attachment warrant Dt. 29.10.2025 passed in E.P No. 216 of 2025 in Dispute No. 41 of 2018 on the file of the Court of Learned I Additional Junior Civil Judge /Junior Division), Guntur, and pass

IA NO: 2 OF 2025

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to grant stay of operation of salary attachment warrant Dt. 29.10.2025 passed in E.P No. 216 of 2025 in Dispute No. 41 of 2018 on the file of the Court of Learned I Additional Junior Civil Judge /Junior Division), Guntur, pending disposal of the main CRP and to pass

Counsel for the Petitioner:

1.KOLLURI ARJUN CHOWDARY

Counsel for the Respondent(S):

1.SIREESHA RANI VALLABHANENI

RESERVED ON	23.03.2026
PRONOUNCED ON	28.04.2026
UPLOADED ON	28.04.2026

ORDER

This Civil Revision Petition is filed questioning the legality and correctness of the warrant of attachment of the salary dated 29.10.2025 issued in E.P.No.216 of 2025 in Dispute No.41 of 2018 by learned I Additional Civil Judge (Junior Division), Guntur.

2. The petitioner is award-debtor No.7; respondent no.1 is the Award-Holder, respondent nos. 2 to 7 are award-debtor Nos.1 to 6 in E.P.No.216 of 2015 whereas respondent no.8 is the garnishee.

3. The facts that led to filing of this Civil Revision Petition, in brief, are that respondent no.1 filed Dispute Case No.41 of 2018 before the Registrar of Chits, Guntur, under Section 64 of the Chit Fund Act, 1982 for recovery of Rs.6,09,555/- and the Deputy Registrar of Chits, Guntur passed award 21.03.2025. On the ground that the award amount was not paid, the respondent no.1/award-holder filed E.P.No.216 of 2015 for attachment of the salary of the petitioner. The executing court issued warrant of attachment of the salary of the petitioner and the said order has been assailed before this Court.

4. Heard Sri Kolluri Arjun Chowdary, learned counsel for the petitioner, Sri N.Krishna Sai, learned counsel, representing Ms. Sireesha Rani Vallabhaneni, learned counsel for respondent no.1.

5. Sri Kolluri Arjun Chowdary, learned counsel for the petitioner, while reiterating the grounds of the Civil Revision Petition would contend that though the principal debtor is solvent and available, the decree holder without making any effort to recover the decretal due and without exhausting the remedies available against him, had straightaway proceeded against the surety, and hence the warrant of attachment of salary is premature and therefore is liable to be set aside. He would further contend that as per Sections 128 to 145 of the Indian Contract Act, 1872, the liability of the surety is co-extensive but not primary and hence without proceeding against the principal debtor initiation of execution proceedings against the surety, bypassing the principal debtor, is abuse of process. He would further contend that Section 71 of the Chit Fund Act, read with Rule-55 of the A.P.Chit Fund Rules, 2008, clearly states that it is only the Registrar who has to issue the certificate referred to in the above provisions, even though the dispute has been decided by Deputy Registrar, however, in the instant case, the Deputy Registrar issued the certificate instead of Registrar and on the ground also issuance of warrant of attachment of salary based on the certificate issued by the Deputy Registrar is untenable and the same has to be set aside. He would further contend that the petitioner being a surety only but not the prized subscriber and as the provisions of the Chit Fund Act, 1982 and the Andhra Pradesh Chit Fund Rules, do not provide any safeguards to the surety at the

time of contesting the award as well as execution proceedings and as the Act nowhere envisages as to securing of the chit fund amount from the collateral other than the prized subscriber, and permitting the chit fund company to proceed against the surety without making efforts to recover the amount from the prized subscriber would lead to collusion between the Chit Fund Company and prized subscriber to the detriment of the surety. Accordingly, prayed to allow the Civil Revision Petition.

In support of his contentions, the learned counsel for the petitioner relied on the decision in ***Punyamurthula Venkata Viswa Sundara Rao v. Margadarsi Chit Fund Pvt. Ltd., and others***¹ and the docket proceedings dated 19.04.2022 of a Division Bench of this Court in Civil Revision Petition No.604 of 2022.

6. On the other hand, Sri N.Krishna Sai, learned counsel, representing Ms.Sireesha Rani Vallabhaneni, learned counsel for respondent no.1 while reiterating the contents of the affidavit filed in support of the Execution Petition before the executing Court would contend that it is fairly settled that the liability of the guarantor/surety is coextensive with that of the debtor and that the liability of a surety is immediate and is not deferred until the credit exhausts his remedies against the principal debtor, the contentions raised by

¹. 2017(3) ALD 387

the learned counsel for the petitioner that the award-holder cannot proceed against the surety until he exhausts all the remedies available against the prized subscriber is untenable and is liable to be rejected. She would further contend that the State Government vide G.O.Ms.No.1472, Revenue (Reg.II) dated 10.12.2008 by exercising powers conferred by Section 61(1) of the Chit Fund Act, 1982 appointing Deputy Registrars for the purpose of discharging the duties imposed upon the Registrar by or under the said Act, therefore, since section 2(o) of the Act which defines 'Registrar' also includes Deputy Registrar appointed under Section 61, the Deputy Registrar is empowered to issue certificate as envisaged under clause (a) of Section 71 of the Act. She would further contend that a harmonious reading of section 2(o) and clause (a) of Section 71 of the Act would make the things clear that since the Government by exercise of powers conferred under Section 61(1) of the Act appointed Deputy Registrars for the purpose of discharging all the duties of the Registrar imposed under the Act, such Deputy Registrar is empowered to issue certificate and such a certificate be deemed to be a decree of civil Court. She would further contend that the word 'Registrar' appearing in Rule 55(3) of the Rules, 2008 has to be interpreted in the same manner as defined in Section 2(o) of the Act, which include Deputy Registrar also and therefore, deputy Registrar to whom a delegation has been made under section 61(1) of the Act will be entitled under Rule 55(3) to issue a certificate of recovery. She

would further contend in view of issuance of G.O.Ms.No.1472, dated 10.12.2008 by the Government appointing Deputy Registrars of the chit; a combined reading of Sections 2(o), 61(1), 71(a) of the Act and Rule 55(3) of the Rules make it evident that the Deputy Registrar to whom a delegation has been made under Section 61(1) of the Act can issue recovery certificate, which is deemed to be a decree of a civil Court, as specified in Section 71(a) of the Act and Rule 55(3) of the Rules. She would further contend that there is neither infirmity nor jurisdictional error as sought to be projected by the learned counsel for the petitioner in issuing warrant for attachment of salary of the award-debtor and the Civil Revision Petition being lack of merit deserves dismissal. Accordingly, prayed to dismiss the Civil Revision Petition.

In support of her contentions, the learned counsel relied upon the decision of Division Bench of unified state of Andhra Pradesh in ***Madamanchi Anil Kumar vs. Margadarshi Chit fund Pvt. Limited, represented by its Managing-cum-Foreman, Robertsonpet and others***².

7. In reply, learned counsel for the petitioner would contend that in the decision relied on by the respondent, the division bench refused to follow the earlier division bench decision relied on by the petitioner of equal strength and in such a situation this Court should follow the earlier decision and

².2018 SCC OnLine Hyd 2210

therefore, the view expressed in the decision relied on by the petitioner that Deputy Registrar is incompetent to issue Certificate and consequently the execution petition filed based on such invalid certificate has to be set aside.

In support of his contentions, the learned counsel for the petitioner relief on the decisions in ***National Insurance Company Limited vs. Pranay Sethi and others***³ and ***Union Territory of Ladakh and others vs. Jammu and Kashmir National Conference, through its General Secretary and another***⁴.

8. Perused the material available on record and considered the submissions made by learned counsel for the parties.

9. In the instant case, the Deputy Registrar of Chits, Guntur decided the dispute and has also issued recovery certificate. The competence of the Deputy Registrar to issue recovery certificate is under severe challenge in the instant case.

10. The provisions of the Chit Funds Act, 1982 and the Andhra Pradesh Chit Fund Rules, 2008 that germane for consideration are extracted hereunder:

³. (2017) 16 SCC 680

⁴ (2024) 18 SCC 643

66. Settlement of disputes.—(1) If the Registrar is satisfied that any matter referred to him or brought to his notice is a dispute within the meaning of section 64, he shall, subject to such rules as maybe prescribed, settle the dispute himself, or refer it for disposal to a person appointed by him (hereafter in this Chapter referred to as the nominee).

(2) Where any dispute is referred under sub-section (1) for settlement to the nominee, the Registrar may, at any time for reasons to be recorded in writing, withdraw such dispute from the nominee and may settle the dispute himself, or refer it again for settlement to any other nominee appointed by him.

71. Money how recovered.—Every order passed by the Registrar or the nominee under section 68 or section 69 and every order passed by the State Government in appeal under section 70 for payment of any money shall, if not carried out,—

(a) on a certificate issued by the Registrar, be deemed to be a decree of a Civil Court, and shall be executed in the same manner as a decree of such Court, or

(b) be executed in accordance with the provisions of any law for the time being in force for the recovery of amounts as arrears of land revenue:

Provided that no application for execution under clause (b) shall be made after the expiry of three years from the date fixed in the order, and if no such date is fixed, from the date of the order.

11. As per section 66 of the Act, the Registrar can settle the dispute himself, or refer it for disposal to a person appointed by him. As per Section 71(a) of the Act, every order passed by the Registrar or the nominee shall, if not carried out, on a certificate issued by the Registrar, be deemed to be a decree of a Civil Court, and shall be executed in the same manner as a decree of such Court.

12. Section 2(o) which defines Registrar reads thus:

“(o) “Registrar” means the Registrar of Chits appointed under section 61, and includes an Additional, a Joint, Deputy or an Assistant Registrar appointed under that section.”

13. Therefore, Additional, Joint, Deputy or an Assistant Registrar appointed under Section 61 come within the sweep of the word ‘Registrar’ for the purpose of this Act.

14. Reading of Sections 66 and 71 of the Act in light of the definition of Registrar given in section 2(o) of the Act would indicate that Additional, Joint, Deputy or an Assistant Registrar appointed under Section 61 of the Act are empowered to issue certificate as envisaged under Section 71(a) of the Act. Further there is a difference between the expanded term of Registrar by inclusion of Joint, Assistant and Deputy Registrar and a nominee appointed by a Registrar for settlement of dispute as per section 66 of the Act. A nominee appointed by Registrar for settlement of dispute not being a Registrar, the award passed by him is inexecutable unless upon the certificate issued by the Registrar as required under section 71(a) of the Act.

15. In ***Punyamurthula Venkata Viswa Sundara Rao*** (supra 1) relied on by the learned counsel for the petitioner, a division bench of this Court held thus:

“17. There is another aspect which needs to be clarified. Though no argument was advanced in that regard, it would be better for us to clarify the said aspect, so as not to leave scope of another round of

litigation, at any later point of time. The dispute in this case was dealt with by the Deputy Registrar. Though the proceedings do not spell any nomination made by the Registrar, it has to be assumed that the registrar nominated the Deputy Registrar to settle the dispute, by invoking the power given to him under Section 66 of the Act, which permits the registrar to appoint a person to settle the dispute which is referred to him. But such powers are not conferred on him in respect of the certificate that has to be issued, for the purpose of execution of the award. The wording of Section 71 and also Rule 55 makes it clear that it is only the Registrar who has to issue the certificate referred in the above provisions. Though the opening part of Section 71 says that the registrar or his nominee can pass the award, clause (a) of Section 71 specifies the Registrar as the person who has to issue the certificate. But in this case the Deputy Registrar, apart from deciding the dispute has also issued the certificate, that is supposed to be issued by the Registrar, which shall not be accepted by the executing Court.”

16. In view of the above observations, though the Deputy Registrar decides the dispute, the Executing Court shall not accept the certificate issued by the Deputy Registrar, but for the certificate issued by Registrar.

17. In the decision relied on by the learned counsel for the respondent in ***Madamanchi Anil Kumar*** (supra 4), a Division Bench of this Court while dealing with the contention regarding maintainability of the execution petition on the certificate issued by the Deputy Registrar raised placing reliance on ***Punyamurthula Venkata Viswa Sundara Rao*** (supra 1) held thus:

“13. We have two difficulties in accepting the contention of the learned counsel for the petitioner. The first is that the *ratio decidendi* of any judgment is to be found from what it lays down and not from what follows out of it. We have seen the two points that arose for consideration in PunyamurthulaVenkataViswaSundara Rao. Those two points formulated in paragraph 9 of the decision, do not cover and do not even extend to the

conclusion that the Division Bench reached in paragraph 18. In fact, it was made clear in paragraph 18 that no argument was advanced in that regard. Therefore, what was laid down in paragraph 18 of the judgment of the Division Bench, cannot be taken as *ratio decidendi* of the said decision.

14. The second difficulty that we have is that certain statutory provisions and certain Government Orders were not placed before the Division Bench in *PunyamurthulaVenkataViswaSundara Rao*. Section 2(o) of the Chit Funds Act, 1982 defines the word "Registrar to mean the Registrar of Chits appointed under Section 61. Section 2(o) goes further to say that the word "Registrar would also include an Additional, a Joint, a Deputy or an Assistant Registrar appointed under Section 61. This definition was not noted by the Division Bench in *PunyamurthulaVenkataViswaSundara Rao*. Section 61 of the Act speaks about the appointment of the Registrar and other officers. Sub-section (1) of Section 61 reads as follows:

"The State Government may, by notification in the Official Gazette, appoint a Registrar of Chits and as many Additional, Joint, Deputy and Assistant Registrars as may be necessary for the purpose of discharging the duties imposed upon the Registrar by or under this Act."

15. Section 61(1) has two limbs. Under the first limb, the State Government is empowered to appoint a Registrar of Chits by a notification in the Official Gazette. By the second limb, the State Government is empowered to appoint as many Additional, Joint, Deputy and Assistant Registrars, for the purpose of discharging the duties imposed upon the Registrar by or under the Act. Therefore, it is clear that there was power of delegation available for the State Government to appoint Additional, Joint, Deputy and Assistant Registrars for the purpose of discharging the duties imposed upon the Registrar by or under the Act.

16. Section 66 of the Act speaks about the settlement of disputes. Under sub-section (1) of Section 66, the Registrar is entitled to settle any dispute either by himself or refer the dispute for disposal to a person appointed by him. The person to whom the Registrar refers the dispute for disposal is called as "the nominee". Sub-section (1) of Section 66 reads as follows:

"If the Registrar is satisfied that any matter referred to him or brought to his notice is a dispute within the meaning of section 64, he shall, subject to such rules as may be prescribed, settle the dispute himself, or refer it for disposal to a person appointed by him (hereinafter in this Chapter referred to as the nominee.)"

17. Where the petitioner has actually fallen into a trap is to mix up the power of delegation available under Section 61(1) with the power of nomination available under Section 66(1). The power of delegation under Section 61(1) is available only with the Government, whereas the power of nomination merely to decide a dispute, is with the Registrar under Section 66(1). Secondly, the delegation under Section 61(1) is only upon Additional, Joint, Deputy or Assistant Registrars. But a nomination under Section 66(1) could be upon any person. Thirdly, the delegation under Section 61(1) is of all the duties imposed upon the Registrar. On the contrary, the nomination under Section 66(1) is only for settling a dispute. Fourthly, the delegation under Section 61(1) can be ordered only by a notification issued in the Official Gazette. But the nomination under Section 66(1) cannot be and need not be by publication in the Official Gazette.

18. Unfortunately, the Division Bench in paragraph 18 of the report in *PunyamurthulaVenkataViswaSundara Rao* has mistaken the power of nomination available to the Registrar under Section 66(1) to be a power of delegation. The meaning to be assigned to the word "Registrar appearing in Rule 55(3), was not considered by the Division Bench in *PunyamurthulaVenkataViswaSundara Rao*.

19. Rule 55(3) of the Rules reads as follows:

"(3) On receipt of such application for execution, the Registrar shall forward the same to the proper authority for execution along with a certificate issued by him under section 71 of the said Act and a proclamation issued under rule 54 in the manner prescribed therein."

20. The Chit Fund Rules, 2008 do not define the word "Registrar. The definition part of the Rules contains only five words and expressions. After defining five words and expressions in Rule 2, it is stated in Rule 2 itself that the words and expressions not defined in the Rules shall have the same meaning as assigned to them in the Act. Therefore, the word "Registrar appearing in Rule 55(3) has to be interpreted in the same manner as is defined in Section 2(o) of the Chit Funds Act, 1982. If this is done, it will be clear that any Additional, Joint, Deputy or Assistant Registrar to whom a delegation has been made under Section 61(1) will be entitled under Rule 55(3) to issue a certificate of recovery. If the Government, by a notification in the official Gazette, issued under section 61(1), can appoint a Deputy Registrar or Assistant Registrar to perform all the duties of the post of Registrar, he becomes empowered automatically to issue a certificate of recovery under rule 55 also. The expression used in section 61(1) is "all the duties".

18. Upon the above analysis of various provisions of the Act, the Division Bench further held thus:

"21.Unfortunately,-

(i) the distinction between delegation under Section 61(1) and nomination under Section 66(1);

(ii) the definition of the expression "Registrar under Section 2(o);

(iii) the interpretation to be given to the word "Registrar in Rule 55(3) read with the definition clause in Rule 2 of the Rules; and

(iv) the availability of the Gazette notifications containing delegation of powers, were all not placed before the Division Bench, which decided *PunyamurthulaVenkataViswaSundara Rao*. Hence, the decision in *PunyamurthulaVenkataViswaSundara Rao* cannot be taken to be an authoritative pronouncement on the question as to who is competent to issue a certificate of recovery.

19. It is further held in later part of the order after extracting section 71 of the Act in the following terms:

"23. Clause (a) of Section 71 speaks about a certificate issued by the Registrar. The word "Registrar appearing in Section 71(a) has also to be given the same meaning as found in Section 2(o). Therefore, we hold that if any Additional, Joint, Deputy or Assistant Registrar has been appointed by the State Government, by a notification in the official gazette, to perform all the duties dischargeable by the Registrar under the Act, then such a delegate will be competent to issue a certificate of recovery. It is not correct to say that the Registrar of Chits alone is competent to issue a certificate of recovery.

20. The above decision further states that G.O.Ms. No. 1472, Revenue (Regn.II), dated 10-12-2008 issued by the State of Andhra Pradesh in exercise of the powers conferred by Section 61(1) of the Chit Funds Act, 1982. reads as follows:

"In exercise of the powers conferred by sub-section (1) of Section 61 of the Chit Funds Act, 1982 (Central Act 40 of 1982) the Governor of Andhra Pradesh hereby appoints the Commissioner and Inspector General of Registration and Stamps, A.P., Hyderabad as Registrar of Chits, the Additional Inspector General-I, Office of the Commissioner and Inspector General of Registration and Stamps, A.P., Hyderabad as Additional Registrar of Chits, the Joint Inspector General-I, Office of the Commissioner and Inspector General of Registration and Stamps, and the Deputy Inspector General of their respective zones as Joint Registrars of Chits, the Assistant Inspector General (Chits) Office of the Commissioner and Inspector General of Registration and Stamps and the District Registrars of Registration Districts in the State of Andhra Pradesh as Deputy Registrars of Chits and the Chit Registrars as Assistant Registrars of Chits within the limits of their respective jurisdiction for the purpose of discharging the duties imposed upon the Registrar by or under the said Act as the case may be."

21. It is further held thus:

"**26.** It must be noted that Section 61(1) carefully uses the phrase "the duties imposed upon the Registrar **by or under the said Act**". **The duties enumerated in the Act are those imposed by the Act. The duties enumerated in the Rules are those imposed under the Act.** Therefore, Rule 55(3) has to be read only in this manner and not in any other manner.

27. Thus, it is clear that the only contention raised by the petitioner based upon the judgment of this Court in *PunyamurthulaVenkataViswaSundara Rao* is bound to fail. Accordingly, it fails, and the Civil Revision Petition is dismissed....."

22. In the above decision the Division Bench held that there is a distinction between delegation under section 61(1) and nomination under Section 66(1) of the Act; that the definition Registrar under section 2(o) includes Assistant, Joint and Deputy Registrars appointed under Section 61(1) of the Act for discharging the duties imposed under the Act, since issuance of certificate under section 71(a) of the Act is also one of the duties imposed

under the Act, the Deputy Registrar is empowered to issue Certificate of Recovery as per Section 71(a) of the Act.

23. In view of the observations made in the aforementioned decision, the Deputy Registrar having been delegated to discharge the duties of the Registrar by the Government under Section 61(1) of the Act and not being a nominee as referred to under section 66 of the Act is empowered to issue certificate for recovery, which is deemed to be a decree of a civil Court.

24. In the decision relied on by the learned counsel for the petitioner in ***Union Territory of Ladakh and others*** (supra 4), the Hon'ble Supreme Court held thus:

"35. We are seeing before us judgments and orders by the High Courts not deciding cases on the ground that the leading judgment of this Court on this subject is either referred to a larger bench or a review petition relating thereto is pending. We have also come across examples of High Court refusing deference to the judgments of this Court on the score that a later coordinate Bench has doubted its correctness. In this regard, we lay down the position in law. We make it absolutely clear that the High Courts will proceed to decide matters on the basis of the law as it stands. It is not open, unless specifically directed by this Court, to await an outcome of a reference or a review petition, as the case may be. It is also not open to a High Court to refuse to follow a judgment by stating that it has been doubted by a larger coordinate Bench. In any case, when faced with conflicting judgments of Benches of equal strength of this Court, it is the earlier one which is to be followed by the High Courts, as held by a 5-Judge Bench in *National Insurance Co.Ltd. v. PranaySethi*. The High Courts, of course, will do so with careful regard to the facts and circumstances of the case before it."

25. The *ratio decidendi* (reason for deciding) of a judgment is the binding legal principle applied to the material facts, not the final order, obiter

dicta, or logical deductions following from it. It is the essential legal rationale directly deciding the dispute, distinguished from mere observations or extended consequences.

26. In Para 17 of the decision relied on by the learned counsel for the petitioner, clearly states that the Division Bench itself had taken up the issue and reached to the conclusion that Deputy Registrar cannot issue Certificate, even though no argument was advanced in that regard. Therefore, the same cannot be taken as *ratio decidendi* of the said decision.

27. The proposition that an issue must be clearly argued and brought to the notice of the court for the resulting decision to constitute *ratio decidendi* is a fundamental principle of the law of precedents. A decision that is not based on a reasoned argument on a contested legal issue is generally considered *obiter dicta* or made *per incuriam* (through lack of care), and thus lacks binding authority.

28. Further, the ratio decidendi is the binding legal principle established only when a specific issue is actively argued, analyzed, and necessary for the court's ruling. Without focused arguments and hearing, a court lacks the insight to establish binding precedent, leaving observations as non-binding *obiter dicta*. As already stated that since the decision was reached without there being any argument in that regard, the Division Bench in the decision

relied on by the learned counsel for the petitioner did not have the opportunity of knowing all the insights of the scheme of the Act and the Government Order issued by the State Government appointing Deputy Registrar by exercising the power conferred upon it by Section 61(1) of the Act for the purpose of discharging the duties imposed upon the Registrar by or under the Act. Therefore, the observations made by the Division Bench in the earlier decision cannot be taken as ratio decidendi. Therefore, the observations made in the decisions relied on by the learned counsel for the petitioner on this aspect cannot be made applicable to the facts of the case on hand.

29. The next argument of the learned counsel for the petitioner that the award-holder ought not to have proceeded against surety without first exhausting remedies against the prized subscriber, does not merit for consideration in view of the catena of judgments of the Hon'ble Supreme Court including in *State Bank of India v. Saksaria Sugar Mills Limited and others*⁵ that the liability of the surety is immediate and is not deferred until the creditor exhausts his remedies against the principal debtor.

30. The further contention that the Chit Funds Act, 1982 and the A.P.Chit Fund Rules, 2008 did not provide enough safeguards to the sureties

⁵. AIR 1986 SC 868

and further the Act does not envisage securing of money from the sureties but for against the prized subscriber, also do not merit consideration, since the prized subscriber was permitted to withdraw the amount only on the guarantee given by the sureties. The tentative view expressed by a division bench of this Court in CRP No.604 of 2022 regarding lack of safeguards to sureties in the original as well as execution proceedings and that the Act does not provide for securing the chit fund amount by any collateral from the person i.e. prized subscriber, cannot be taken into consideration till it was decided on merits.

31. In view of the observations made in the decisions referred to above and the discussion made supra, the Civil Revision Petition being meritless deserves dismissal.

32. Accordingly, the Civil Revision Petition is dismissed. There shall be no order as to costs.

Pending miscellaneous petitions, if any, shall stand closed.

JUSTICE RAVI CHEEMALAPATI

28th April, 2026.

RR