

Case No. 03 and 04 of 2026

06.02.2026

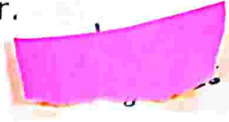
Present : Shri Approv Rastogi, Counsel for Petitioner in both cases.

: Shri S. K. Sharma, Counsel for R-1, T/C Society in both cases.

: Ms. Vasu Singh, Counsel alongwith Shri Vinod Mishra, S.O. and Shri Shahid, Sr. Asstt. for Respondent, RCS.

1. Counsel for Petitioner undertook to withdraw review petition bearing no. 03/2026. Allowed. Accordingly, the review petition bearing no. 03/2026 is dismissed as withdrawn and file be consigned to record room after completion.
2. Counsel for Petitioner filed review petition in case no. 04/2026 for seeking a review of the order dated 03.11.2025 passed by this Court and Petitioner has requested for admission of the same as the impugned order has not considered the contentions raised by him under Rule 132 of DCS Rules, 2007. Petitioner further stated that the provisions of Rule 132 of DCS Rules 2007 as well as Section 60 of Code of Civil Procedure, 1908 regarding manner in which salary or allowances of the public officer can be attached towards recovery of loan by the recovery officer have not been sufficiently looked into by this Court while passing the impugned order dated 03.11.2025. Therefore, the order needs to be reviewed and rectified accordingly.
3. Counsel for R-1, T/C Society submitted that he assailed this Court's Order dated 03.11.2025 in case no. 84/2024 & 85/2024 before the Hon'ble High Court of Delhi which was listed yesterday i.e. 05.02.2026 and Petitioner herein argued the matter. The same is pending before the Hon'ble High Court.
4. Counsel for Respondent, RCS also submitted that the matter is *sub judice* before the Hon'ble High Court.

5. The Counsel for Petitioner is directed to provide a copy of the petition to the Respondents.
6. The Case bearing no. 04/2026 is adjourned Sine Die, pending the decision of the Hon'ble High Court of Delhi. The parties herein are directed to approach this Court for an appropriate date, if need be, once the Hon'ble High Court takes a view in the matter.



**Financial Commissioner
Delhi**

**The Delhi State Cooperative Bank Ltd.
Vs.
RCS & Ors.**

06.02.2026

Present : Shri Anil Kumar, Counsel alongwith Shri Jitender Singh, AR for Petitioner, Bank (in both cases).
: Ms. Vasu Singh, Counsel alongwith Shri Vinod Mishra, Section Officer for R-1, RCS (in both cases).
: Shri Rajinder Gulati and Shri Atul Bhardwaj, Counsels for R-4 to R-12 (in both cases).

1. Counsel for the Petitioner Bank filed amended memo of parties which is taken on record. He contended that the inspection proceedings initiated under Section 61 of the Delhi Cooperative Societies Act, 2003 are wholly illegal and void. As per Section 61 of the DCS Act, 2003, the Registrar can undertake inspections on requests from creditors, or not less than 1/3rd members of committee, or 1/5th of total members of Cooperative Society but in the present case, no complaint was made by a creditor, one-third of the committee members, or one-fifth of the total members of the bank as required under Section 61(1). Even if the proviso to Section 61 is invoked, the mandatory preconditions of recording satisfaction in writing and affording an opportunity of hearing to the persons against whom allegations were made were not complied with, which is a clear cut violation of natural justice. The Hon'ble High Court of Delhi in *Panchshila Cooperative House Building Society Ltd. v. Govt. of NCT of Delhi (2009 (163) DLT 205)* has categorically held that such preconditions are mandatory. In the present case, no opportunity of hearing was given and the order of inspection was issued by an officer below the rank of the Registrar or Joint Registrar rendered the appointment of the Inspection Officer bad in law.
2. The Counsel for Petitioner further contended that the inspection was not completed within the stipulated time of two months, and no interim report was submitted as required under Rule 82(3). The officer continued inspection beyond the prescribed period without valid extension, making the proceedings unsustainable. Further, after receipt of this illegal inspection report, the office of the RCS appointed an Inquiry Officer under Section 62 of the Act without supplying copy of the inspection report to the petitioner bank or affording

reasonable opportunity of hearing which is in violation of Rule 82(5) of DCS Rules, 2007.

3. Counsel for Petitioner further contended that the very foundation of the case is illegal as Inquiry Officer appointed was not competent under Section 62 r/w Rule 82 of the DCS Rules, 2007, being a retired government official and not an Assistant Registrar or officer of equivalent rank which was finally accepted by RCS itself while declaring inquiry report submitted by Anil Pratham u/s 62 of DCS Act, 2003 as invalid vide Order dated 15.01.2026 passed by the Deputy Registrar (Banking).
4. Counsels for R-4 to R-12 filed an order of the Hon'ble High Court of Delhi titled WP(C) 18525/2025 titled *Syed Meharaj Miya Vs. UOI through Ministry of Minority Affairs & Ors* in support of their averments and further stated that the principles of natural justice should be adhered to, and a specific show cause notice, followed by an opportunity of hearing is required to be given. Counsels further stated that the newly impleaded respondents are current and former members of the Board of Directors of the Bank. R-4 to R-10 are the sitting Directors, while R-11 to R-12 served as Directors during the period mentioned in the complaint. Even prior to appointing an Inquiry Officer, an opportunity of hearing should have been given to R-4 to R-12 keeping in view the provision of rule 82 of DCS Rules, 2007.
5. Counsel for R-4 to R-12 stated that upon reviewing the underlying complaint, it is clear that the complainant has levelled specific, serious, and personal allegations against the newly impleaded respondents under S. Nos.1, 3, and 5. These allegations directly implicate the conduct and decisions of the newly impleaded respondents in their capacity as Directors, making them the primary parties affected by the outcome of any inspection or inquiry. Despite the personal nature of these allegations, the RCS failed to give any opportunity to them of being heard prior to passing the inspection order dated 19.03.2025. This omission is a direct violation of the mandatory provisions of Section 61 of the DCS Act, 2003 and Rule 82 of DCS Rules, 2007. Furthermore, it contradicts the established legal principle laid down by the Hon'ble Delhi High Court in *Panchshila Cooperative House Building Society Ltd. Vs. Govt. of NCT of Delhi* which mandates that parties against

whom allegations are made must be heard before an inspection is ordered.

6. The Counsel for R-1, RCS submitted that the inspection in the present case was ordered on the recommendation of the Directorate of Vigilance and thereby treatable as a complaint emanating from public servant as per proviso to Section 61. The Counsel further submitted that the inspection report clearly established that there in substance in some of the issues in the complaint submitted by R-2 and therefore, the inquiry u/s 62 was found necessary. The Inquiry Officer was appointed after forwarding the inspection report to the Petitioners through an email, a fact admitted by Petitioner, Bank. However, the inquiry report which was submitted by Inquiry Officer could not be proceeded with as the inquiry was conducted by a Retired Officer who is not authorized to conduct Inquiry under Section 62 of the DCS Act, 2003. Accordingly, the Inquiry report was declared invalid by the RCS on his own motion, vide order dated 15.01.2026.
7. The Petitioner Bank approached this Court in two cases i.e. No.77/2025 and 182/2025. In case No.77/2025, the Bank challenged the appointment of Inspection Officer vide impugned order dated 19.03.2025 passed by the Registrar Cooperative Societies under Section 61 of the DCS Act, 2003 on the ground that the Bank was not given any opportunity of hearing before ordering inspection and appointing inspection officer. In case No.182/2025, the Petitioner Bank prayed for setting aside of inspection report dated 03.07.2025 and appointment of Inquiry Officer under Section 62 vide order 04.08.2025.
8. In case No.77/2025, perusal of impugned order dated 19.03.2025 reveals that the complainant R-2 herein filed a complaint dated 18.09.2020 before the Hon'ble LG regarding financial mismanagement, irregularities in land transactions and recruitment malpractices indulged by the Bank which was forwarded to the Chief Secretary, Delhi on 21.09.2020. The fact-finding Committee headed by Additional RCS submitted a detailed report dated 05.07.2021 for the perusal of Hon'ble LG. The Hon'ble LG further directed vide order dated 27.10.2021 that the matter be examined by the Vigilance Department to recommend specific action in the matter. The DOV was of the prima-facie view that there is violation of DCS Act & Rules and Case No. 77 & 182/2025

accordingly recommended suitable action. Thus, the matter relates to a complaint emanating from a public office/public servant.

9. As per impugned order dated 19.03.2025 passed by the Registrar Cooperative Societies, various hearings in the matter were conducted and the Petitioner Bank was asked to file written submissions to which the Petitioner Bank submitted that there is no document to show that any case is made out. The written submissions filed by the Bank were not found acceptable and the RCS was of the view that complaint is serious in nature and has been forwarded to the RCS from the office of Hon'ble L.G. and Additional RCS also recommended inspection/inquiry in his preliminary inquiry which was also supported by the DOV. Therefore, in larger public interest, the inspection under Section 61 of the DCS Act was found necessary against an organisation that is handling public money. Accordingly, an inspection u/s 61 of the DCS Act was ordered to look into the allegation no.1, 3 and 5 against the Petitioner, Bank. It is observed from the copies of proceedings dated 10.08.2023 and 23.07.2024 before the RCS which were placed on record by the Petitioner Bank that the Petitioner, Bank participated in the proceedings. Therefore, it cannot be said that the opportunity was not provided to the Petitioner Bank to present its case before initiation of inspection u/s 61.
10. It is seen that inspection of the Petitioner, Bank u/s 61 of the DCS Act was undertaken on the basis of the recommendation of the Directorate of Vigilance on a complaint regarding financial mismanagement, irregularities in land transactions and recruitment malpractices indulged by the Bank. Hence, the same is considered as a complaint from public servant which meets the requirements as per proviso to Section 61. The inspection officer accordingly submitted its report dated 03.07.2025 and the Counsel for RCS brought out that it highlights certain irregularities. The Hon'ble Supreme Court views Banks as a trustee of public money and hence it is in long run beneficial interests of the Bank itself to deal with all aspersions cast on it and be above board. If any aspersions do get highlighted, it submits itself to a transparent inspection/inquiry, and gets its name cleared. The Petitioner Bank is a custodian of public money and its functioning is expected to be above board. No harm will be caused to the

Bank, if a clear picture comes out in the matter, when specific allegations have come out in the Inspection Report. The RCS has already initiated inquiry in the matter which is being challenged in case No.182/2025 and is being dealt with in succeeding paras. As regards the contentions of R-4 to R-12 that they were not afforded opportunity of hearing before issuing inspection order under Section 61, it is noted that R-4 to R-12 includes R-4 to R-10 who are the current Directors of the Petitioner Bank and to an extent their interests have been taken care of by the Petitioner Bank before the RCS. Even otherwise, the office of RCS is required to give adequate opportunity to the Petitioner Bank as well as R-4 to R-12 to present their side before taking further action on the inspection report. Suitable directions are being given to the RCS in this regard in succeeding paragraphs. This would allow a fair opportunity to R-4 to R-12, while avoid the time and resource consuming process of inspection to be re-initiated in yet another inspection report. Therefore, this Court is of the considered view that there is no infirmity per-se in the inspection u/s 61 of the DCS Act ordered vide order dated 19.03.2025 and the inspection report dated 03.07.2025 submitted by the Inspection Officer. Accordingly, this Court is not inclined to interfere in the same. Hence, the revision petition bearing no.77/2025 titled **Delhi State Cooperative Bank Ltd. Vs. RCS & Ors.** is dismissed.

11. Now in Case No.182/2025, as regards initiation of inquiry u/s 62, it is noted that the Inspection Officer in its report under Section 61 highlighted certain irregularities on part of Delhi State Cooperative Bank. Rule 82 of the DCS Rules, 2007 clearly stipulates that before proceeding on the inspection report, a copy of the same is to be provided to the concerned person to give opportunity to rebut the same. The receipt of the inspection report through email was duly admitted by the Counsel for Petitioner Bank before this Court and is also established by Affidavits dated 04.02.2026 filed by the Deputy Registrar and 09.12.2025 filed by the Assistant Registrar. After receipt of inspection report, the Assistant Registrar vide order dated 04.08.2025 appointed Shri Anil Prathan as Inquiry Officer under Section 62 of the DCS Act. The Inquiry Officer submitted its report on 26.12.2025 but by this time, the Inquiry Officer retired from service. Taking cognizance of the provisions of Section 62 which stipulates that retired

Government Officer was not competent to conduct inquiry and also in the light of the orders of Hon'ble High Court on this subject, the Deputy Registrar vide order dated 15.01.2026 suo-moto declared the Inquiry report submitted by Anil Pratham as null and void and appointed another Inquiry Officer under Section 62 of the DCS Act. However, the order dated 15.01.2026 does not specify whether the Petitioner, Bank has submitted any counter to the findings in the inspection report and what the observations of the RCS are on the same.

12. The allegations made against the Petitioner Bank as well as R-4 to R-12 which involves serious personal liabilities, the principles of natural justice demand a transparent and legally compliant adjudication in the matter. This Court has already held the appointment of Inspection Officer under Section 61 of the DCS Act vide order dated 19.03.2025 and the report dated 03.07.2025 submitted by the Inspection Officer as valid for the reasons as explained above. Therefore, ends of justice would be met, if the Petitioner, Bank and present and ex-Directors (R-4 to R-12) who were the office bearers of Petitioner Bank at that point of time are given an opportunity to present their case on the findings of the Inspection Report and then the RCS takes a reasoned view on the same. The case is accordingly, remanded to the RCS to provide adequate opportunities to the Petitioner, Bank and R-4 to R-12 herein to present their case effectively before initiating inquiry u/s 62. Before proceedings further, the RCS shall share copy of the inspection report under Section 61 with the Petitioner Bank as well as present and Ex-Directors of the Bank (R-4 to R-12) to enable them a fair opportunity to submit their contentions before a decision is taken. This will give opportunity to Petitioner Bank and R-4 to 12 to submit their side of arguments and facilitate the RCS to pass a reasoned and speaking order thereon. The RCS shall endeavour to examine the inspection report as well as the submissions of the concerned parties before initiating inquiry under Section 62. The earlier order dated 04.08.2025 appointing Shri Anil Prathan as Inquiry Officer and the inquiry report submitted has already been declared null and void by the office of RCS. However, the order passed by the Deputy Registrar (Banking) dated 15.01.2026 appointing another Inquiry Officer under Section 62 of the DCS Act, 2003 is kept in abeyance till the RCS takes the above action.

13. Accordingly, the revision petition bearing no.182/2025 titled ***Delhi State Cooperative Bank Ltd. Vs. RCS & Ors.*** is disposed of in view of the above.
14. Files be consigned to record room after completion.



(PRASHANT GOYAL)
Financial Commissioner
Delhi

Case No. 107 of 2024

06.02.2026

Present : Shri M. Qayam-Ud-Din , Counsel for Petitioner.
: Ms. Vasu Singh, Counsel for Respondents, RCS.
: Shri Piyush Goel, Counsel alongwith Shri B. K. Jana, R-3 in person.

1. The Petitioner Society herein filed the revision petition bearing No.205/2023 under Section 116 before this court against the order dated 20.12.2022 whereby the Assistant Registrar (Sec.II/GH branch) issued notice to the Petitioner to make appearance in execution case filed by Respondent no.3 herein to execute infructuous award dated 10.08.2016 passed by the Arbitrator. The predecessor Financial Commissioner vide order dated 15.03.2024 dismissed the case for non-pursuance. Thereafter, Petitioner filed the present restoration application which was allowed by the predecessor Financial Commissioner on 17.04.2025.
2. The Counsel for Petitioner Society contended that R-3 had not been expelled by the Society vide resolution dated 27.06.2010 in view of findings of Hon'ble High Court vide judgement dated 29.05.2015 in WP (C) No.1746/2014. Accordingly, the Society sought setting aside of entire execution proceedings under Section 105 (b) of DCS Act, 2003 against it being initiated for execution of award dated 10.08.2016 passed by Shri G. K. Marwah, Arbitrator on premise that the award presumed expulsion of R-3 vide resolution dated 27.06.2010, although he was expelled on 17.07.2011. The Counsel admitted that the resolution dated 27.06.2010 had violated the provisions of DCS Act and Rules, therefore, the Society passed another resolution dated 17.07.2011 to expel R-3. The Petitioner also submitted that the society filed an Appeal on 19.09.2016 before the Delhi Cooperative Tribunal regarding expulsion of R-3 on the basis of resolution of the society dated 17.07.2011. Subsequently, the DCT vide order dated

16.08.2018 dismissed the appeal on the ground that there is no illegality, infirmity or impropriety in the impugned order.

3. Counsel for Respondents, RCS submitted that the petitioner Society convened the Special GBM on 27.06.2010 with a sole agenda concerning the activities of respondent no.3 herein and pursuant thereto, the Society issued three show cause notices under Section 86(1)(a) & (c) of the DCS Act, 2003 to him. The Managing Committee in its meeting dated 17.07.2011, resolved to expel R-3, who challenged the validity of the SGBM by filing arbitration proceedings under Section 70 of the DCS Act, alleging violation of Rules 46(4), 48(3) and 60(4) of the DCS Rules, 2007. The Joint Registrar referred the dispute for adjudication under Section 71. The Society's review petition against the said reference to Arbitrator was dismissed. Meanwhile, the Society forwarded a proposal for approval of expulsion of R-3 to the RCS. Invoking Section 86(3) of the DCS Act read with Rule 99(3) of the DCS Rules, the Society claimed deemed approval on account of non-decision within 180 days. However, the RCS rejected the proposal vide order dated 10.04.2012. Subsequently, appellate and writ proceedings followed and ultimately, the Hon'ble High Court vide judgment dated 29.05.2015 in WP(C) No. 1746/2014 set aside the RCS order dated 10.04.2012, wherein the proposal of the Society for seeking approval of expulsion R-3 was rejected as well as the order dated 03.03.2014 of the DCT, wherein the DCT had set aside the order dated 10.04.2012 passed by RCS. The Hon'ble High Court in the aforesaid order has held that :

.....16. Reverting back to the facts of the case, since the Registrar failed to take cognizance on the resolution of expulsion sent by the Petitioner Society within a period of 30 days as envisaged under Section 86 (3) of the Act, therefore, the impugned order dated 03.03.14 passed by the learned Tribunal remanding the matter back to the Registrar Cooperative Societies for a fresh decision as per law with a further direction that a period of limitation of

180 days shall be computed from the first date of hearing before the Registrar Cooperative Societies, is set aside.

17. We also hold that the said direction given by the learned Tribunal for computing the period of limitation of 180 days from the first date of hearing before the Registrar Cooperative Societies is ex-facie illegal and violative of Section 86 (3) of the Act.

18. In so far as the order dated 10.04.2012 passed by the Registrar Cooperative Societies is concerned, the same shall also not sustain in the absence of cognizance taken by the Registrar Cooperative Societies within the period of 30 days as envisaged under Section 86 (3) of the Act.

19. We accordingly set aside the impugned order dated 03.03.2014 passed by the learned Tribunal and also the order dated 10.04.2012 passed by the Registrar Cooperative Societies.

4. Counsel for Respondents, RCS further submitted that Respondent No.3 sought review of the judgment dated 29.05.2015 passed by the Hon'ble High Court in WP(C) No. 1746/2014 whereby his deemed expulsion from the petitioner Society stood upheld. The review petition was dismissed as withdrawn on 14.08.2015 with liberty to avail appropriate statutory remedy before the DCT and pursuant thereto, R-3 filed an appeal before the DCT, which remains pending. In parallel arbitration proceedings, the Arbitrator passed an award dated 10.08.2016 directing immediate restoration of membership of R-3. The appeal of petitioner Society against the said award was dismissed on 16.08.2018, affirming the legality of the Award. As the Award was not complied with, execution proceedings were initiated before the RCS and are presently pending before the Deputy Registrar (H/Sec-02), with the next date fixed as 10.02.2026. The petitioner Society's subsequent Writ Petition No. 1906/2023 challenging the execution proceedings was dismissed as withdrawn on 07.08.2023 with liberty to file a revision. The Society thereafter filed Revision Petition No.205/2023 before this Court, which was dismissed for non-pursuance on 15.03.2024. An application seeking restoration of the revision and recall

of the dismissal order is presently pending before the Ld. Financial Commissioner.

5. Both the sides were also given opportunity to file written submissions in brief along with citations, if any, by 19th February, 2026.
6. The case is reserved for pronouncement of order on 26.02.2026



**Financial Commissioner
Delhi**

Case No. 227 of 2025

Kala Vihar CGHS Ltd. Vs. RCS & Anr.

06.02.2026

Present : Shri S.K. Sharma along with Shri G. L. Verma,
 Counsels for Petitioner.
 : Ms. Vasu Singh, Counsel for Respondents, RCS.
 : Shri Nikhil Malik, Counsel for newly impleaded
 Respondents.

1. Counsel for Petitioner contended that on the basis of the complaint of 31 members of the Society, out of 133 total strength, vide letter dated 03.12.2025 requested for removal of the existing Management Committee and for conducting fresh elections as the 5 members of MC have resigned from their respective posts out of existing 8 members, the office of RCS passed the impugned order dated 26.12.2025.
2. The factual position in the matter is that there are 13 members in the Management Committee, 11 members were duly elected and out of them 03 members of the MC resigned and the Society duly informed the office of RCS vide letter dated 08.10.2025. The Society co-opted 03 members in the MC which was also informed by President of the Society to the RCS vide letter dated 30.11.2025. However, the office of RCS in violation of principles of natural justice without affording any opportunity to the present MC of the Society to present their side and without verifying the authenticity of 31 complainants has passed the impugned order appointing an Administrator-cum-Returning Officer under Section 35 (5) of DCS Act, 2003, declaring election agenda dated 06.12.2025 issued by Returning Officer and co-option of members by President as null and void.
3. Counsel for Petitioner further contended that Petitioner is deprived of principles of natural justice of being heard before passing impugned order dated 26.12.2025 and merely on the basis of complaint made by few members

of the society, Respondent, RCS without giving notice and opportunity of being heard, passed orders, which are illegal in the eyes of the law.

4. Respondent, RCS filed reply on record and contended that the impugned order dated 26.12.2025 has been passed strictly in accordance with Section 35(5) of the Delhi Cooperative Societies Act, 2003. Out of eight elected Managing Committee members, five had resigned, leaving only three members, which is below the minimum strength of five members required under Standard Bye-law 23(1) of DCT Act, 2003. Hence, the Managing Committee had become a minority and legally non-functional. There is no provision under the DCS Act, 2003 or DCS Rules, 2007 for co-option of Managing Committee members, nor for conducting bye-elections to fill such vacancies. Therefore, the co-option of members by the President and the appointment of a Returning Officer by a minority Managing Committee was illegal and void. The election agenda issued by Returning Officer on 06.12.2025 and the proposed election scheduled on 21.12.2025 for the post of Vice-President and 6 MC members were rightly declared null and void vide order of O/o RCS dated 26.12.2025.
5. Respondent/RCS further submitted that Society never submitted the copy of appointment of R.O. and agenda notice issued by the R.O. to the office of RCS and instead it was the complainants who informed this office about the agenda. In view of the breakdown of the Managing Committee and to ensure lawful administration of the society, the appointment of an Administrator-cum-Returning Officer was necessary and justified.
6. The urgency highlighted by RCS is understandable. The purpose would have been served with the impugned order number 107524683/RCS/S-4/2025/1981 dated 26.12.2025 of Assistant, Registrar of Cooperative Societies would have stopped at declaring co-option of

members and the election agenda of 06.12.2025 as 'null and void'; and the Administrator's appointment could have waited till an opportunity to Petitioners to present their case.

7. In light of above, the interest of justice would be served if the RCS revisits the matter and gives an opportunity to the Petitioners for being heard before a decision on appointment of Administrator-cum-RO is taken. Accordingly the case is remanded back to RCS to hear the Petitioners. The parties are directed to appear before the RCS on 11.02.2026 (Wednesday) at 3:00 PM. The co-option of members and the agenda of election is declared 'null and void' by the order number 107524683/RCS/S-4/2025/1981 dated 26.12.2025 shall continue. However, the appointment of Administrator-cum-Returning Officer under Section 35(5) of DCS Act 2003 in the Society vide order dated 26.12.2025 passed by Assistant Registrar is kept in abeyance. The then Managing Committee of the Society is authorised to incur expenditure only to the extent of release of the salary of the employees in the Society and meet expenses on the essential services of water, electricity and sweeping of the Society.
8. The revision petition bearing no.227/2025 titled '**Kala Vihar CGHS Ltd. Vs. RCS & Anr.**' is disposed of accordingly in terms of above.
9. Copy of this order be given dasti as requested by the Ld. Counsel for Petitioner.
10. File be consigned to record room after completion.

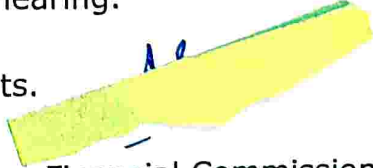

(PRASHANT GOYAL)
Financial Commissioner
Delhi

Case No.201 of 2025

06.02.2026

Present : Mr. Prajwal Sharma, Counsel for Petitioner.
: Ms. Vasu Singh, Counsel alongwith Mr. Sunil Dutt & Mr. Shahid, Sr. Assistant for R-1, RCS.
: Mr. Nittin Mittal, Counsel alongwith Mr. Deepak Mittal, AR for R-2, Society.

1. Counsel for Petitioner submitted that he is a surety and he is willing to pay his share as surety. However, last visit to society was not fruitful as society is asking to pay the whole amount.
2. The Counsel for Respondent No. 2, Society, submitted that on the last date of hearing, this Court had raised a query regarding the efforts made to recover dues from other sureties, and the legal heirs and assets of the principal borrower. The Society was also directed to explain the basis on which the wife was accepted as a surety. In response, Counsel for Respondent No. 2 submitted that the wife is solvent, and a solvent person can be made a surety even if she is the spouse of the principal borrower. It was further submitted that the wife is also a legal heir of the principal borrower. In furtherance of this submission, Respondent No. 2 undertook to file the solvency documents in respect of Ms. Pooja, wife of the principal borrower. He also agreed to clarify other issues raised by the court.
3. Accordingly, one final opportunity is granted to R-2 to file a reply to the above queries along with the necessary documents on the next date of hearing.
4. Adj. to 27.02.2026 for arguments.


Financial Commissioner
Delhi

Case No. 12 of 2026

**The Delhi State Cooperative Bank Ltd.
Vs.
RCS & Ors.**

06.02.2026

Mentioned today by Shri Anil Kumar, Counsel for Petitioner

Ms. Vasu Singh, Counsel for R-1, RCS who is present in another related matter.

1. Counsel for Petitioner filed the present revision petition u/s 116 of the DCS Act, 2003 for setting aside the order dated 15.01.2026 passed by the Dy. RCS (Banking) for appointment of the Inquiry Officer u/s 62 of DCS Act, 2003.
2. Counsel for Petitioner contended that the O/o RCS vide impugned order has appointed Inquiry Officer u/s 62 of the DCS Act, 2003 after declaring the inquiry report dated 26.12.2025 submitted by the earlier inquiry officer as null and void. The main contention raised by the Counsel for Petitioner is that the Bank/concerned persons (current and ex-Directors) were not provided any opportunity of being heard on the findings of the Inspection Report before ordering inquiry u/s 62. The Counsel for Petitioner further contended that while appointing inquiry officer the principle of natural justice has been violated. Therefore, the appointment of inquiry officer is not legally sustainable in accordance with Rule 82 of the DCS Rules, 2007 and needs to be set aside.
3. From the perusal of records, it is noted that the complainant R-2 herein filed a complaint before the Hon'ble LG regarding financial mismanagement, irregularities in land transactions and recruitment malpractices indulged by the Bank. The Fact-finding Committee headed by ARCS submitted a detailed report for perusal of Hon'ble LG. The Hon'ble LG directed the Vigilance Department to examine the whole issue. The DOV was of the prima-facie view that there is violation of

DCS Act & Rules and accordingly recommended suitable action. Accordingly, an inspection u/s 61 of the DCS Act was ordered to look into the allegation no. 1, 3, 5 and 9 against the Petitioner, Bank. There is a copy of notice u/s 61 of DCS Act, 2003 dated 07.03.2023 providing an opportunity to all the concerned to appear before the Special RCS placed on record which indicate that the Petitioner, Bank was provided opportunity to present its case before initiation of inspection u/s 61.

4. The inspection officer in his report dated 03.07.2025 recommended further detailed investigation/ inquiry u/s 62 of the DCS Act. The impugned order mentions that the report of Inquiry Officer appointed earlier by the O/o RCS was declared null and void by Deputy Registrar(Banking) suo-moto 15.01.2026 as the inquiry officer was retired when he submitted his report on 26.12.2025. In his place, another inquiry officer was appointed to conduct inquiry afresh u/s 62. However, there is no reference as to whether the Petitioner, Bank was afforded an opportunity of hearing before ordering inquiry u/s 62 which is mandated as per Rule 82 of the DCS Rules, 2007. Therefore, there is clear violation of principle of natural justice while ordering inquiry u/s 62.
5. In the light of the above, ends of justice would be met, if the Petitioner, Bank and present and ex-Directors who were the office bearers of Petitioner Bank at that point of time are given an opportunity to present their case on the findings of the Inspection Report and then the RCS may take a view on the same. The case is accordingly, remanded to the RCS to provide adequate opportunities to the Petitioner, Bank and R-4 to R-12 herein to present their case effectively before ordering inquiry u/s 62. Before proceedings, the RCS is directed to share copy of the inspection report under Section 61 with the Petitioner Bank as well as present and Ex-Directors of the Bank. The RCS shall endeavour to examine the inspection report as well as the submissions of the concerned parties on the same by a speaking/reasoned order. Till the RCS takes

the above action, the Impugned order passed by the Deputy Registrar(Banking) dated 15.01.2026 appointing the Inquiry Officer under Section 62 of the DCS Act, 2003 is kept in abeyance. Accordingly, the case is remanded to the Registrar of Cooperative Societies to take action as above.

6. With the above directions, the revision petition bearing nos. 12/2026 titled *Delhi State Cooperative Bank Ltd. Vs. RCS & Ors.* is disposed of.
7. File be consigned to record room after completion.



(PRASHANT GOYAL)
Financial Commissioner
Delhi