

GOVT. OF NATIONAL CAPITAL TERRITORY DELHI
IN THE COURT OF THE REGISTRAR COOPERATIVE SOCIETIES
OLD COURT BUILDING, PARLIAMENT STREET, NEW DELHI-
110001

F.No.47/264/GH/Coop/Sec-06/RCS /4958-62

Dated: 7/01/2026

ORDER

IN THE MATTER OF:

Sh. Surinder Singh

Appellant

Vs

Sh. N.C Goyal & Ors.....

Respondents

This order shall dispose off the proceedings initiated vide Notice dated 09.12.2021 issued under section 66(2) of DCS Act 2003.

Background of the Case:

Promise CGHS Ltd., registered under Registration No. 264/GH, became the subject of a complaint dated 19.10.2015 submitted by 38 members of the Society, alleging large-scale corruption, misappropriation, and embezzlement of funds by the then Managing Committee.

Pursuant to the complaint, the Registrar, Cooperative Societies initiated statutory proceedings under the DCS Act, 2003. Shri P.C. Jain was appointed as Inspection Officer under Section 61 vide order dated 16.06.2017 to examine the allegations. He submitted his inspection report on 23.08.2017, which was accepted by the Competent Authority, leading to the initiation of further action under Section 62 of the Act.

Subsequently, Shri Pankaj Kumar was appointed as Inquiry Officer vide order dated 13.03.2018 to conduct a detailed inquiry into the matters raised. He submitted his inquiry report on 14.06.2018, following which the Competent Authority ordered an inquiry under Section 66(1) of the DCS Act, 2003 for fixing responsibility for the irregularities.

Thereafter, Shri D. Karthikeyan was appointed as Inquiry Officer under Section 66(1) vide order dated 25.09.2019 to determine the specific lapses and misappropriation and to identify the responsible office bearers. Vide report dated 22.06.2020, the Inquiry Officer concluded that Shri N.C. Goyal, the then President, and late Shri Y.P. Aurora, the then Secretary, were responsible for various financial irregularities and losses caused to the Society.

Thus, the case pertains to long-standing allegations of corruption and financial mismanagement by the previous Managing Committee, which have been examined



through successive statutory inspections and inquiries under Sections 61, 62, and 66(1) of the DCS Act, 2003.

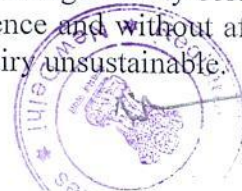
The respondent submits that, in view of the Inquiry Report dated 14.06.2018, no proceedings could have been initiated against the Respondents, as the said report itself is grossly violative of law and is bad in the eyes of law. The allegations recorded therein are unwarranted, founded on a false complaint, and arrived at without giving due weightage to the factual position emerging from the record. Even the subsequent Inquiry Report dated 22.06.2020 reflects findings which are non-identical, vague, and based merely on presumptions. The reports do not record any conclusive finding against the Respondents and, at best, contain doubtful observations. In such circumstances, the Respondents were entitled to a fair opportunity to establish their defence, which was never afforded.

It is further submitted that the Inspecting/Inquiry Officer, while conducting the inquiry under Section 62 of the Delhi Cooperative Societies Act, 2003, issued notices dated 22.03.2018 and 14.05.2018 to the President/Secretary of the Society seeking documents. In response, the Management of the Society submitted replies along with documents, and the office bearers appeared before the Inspecting Officer on 06.06.2018. The complainant, Sh. Surinder Singh, was also issued notice and submitted written submissions on 12.06.2018. However, no notice of appearance was ever issued to the Respondents, nor were they permitted to participate in the inquiry or submit their defence, which constitutes a clear violation of the principles of natural justice.

It is well settled under the Delhi Cooperative Societies Act, 2003, that while an inquiry report may be initiated, it is mandatory that the affected parties are given a fair opportunity of hearing. An inquiry conducted without the participation of the Respondents is legally unsustainable and vitiated. The complainant himself had no authority to represent the remaining alleged complainants, and none of the other 38 complainants were ever examined. Moreover, the complainant, during his tenure with the Managing Committee, had signed cheques and certified the correctness of audit reports, thereby affirming the transactions now alleged to be irregular. Consequently, the complainant is himself liable for dereliction of duty and prosecution under the provisions of law.

The findings in the Inspection Report dated 14.06.2018, wherein the Inquiry Officer records that the allegations "appear to be proved to some extent" or "appear to be true," are legally untenable. Such expressions do not constitute definitive findings and are bad in the eyes of law. Similarly, in the Inquiry Report dated 22.06.2020, the Inquiry Officer records that the charges are based on presumptions after considering submissions of the complainant and the Management Committee. Findings based on presumptions or partial satisfaction cannot form the basis of adverse action, particularly when no evidence of the complainant was summoned and the Respondents' application for summoning witnesses remains undecided.

The expression "appears to be proved to some extent" denotes something partially true but not conclusively established. It was incumbent upon the Inquiry Officer to ascertain facts conclusively before fixing any liability. Fixing liability solely on the basis of an inspection report, without independent evidence and without affording a fair hearing, is prohibited under law and renders the inquiry unsustainable.



heirs or any person who has acquired property from or with the assistance of such person. Therefore, under the statutory mandate of the Act, the legal heirs of late Sh. Y. P. Aurora are equally liable to make good the loss caused by him.

It is also submitted that the Inquiry Officer appointed under Section 66(1) of the Act has clearly reported financial misappropriation and misapplication of society funds by the two defendants.

It is further submitted that the complaint was forwarded to the Registrar Cooperative Societies for inquiry into five specific allegations against the Managing Committee and to identify the culprits. After conducting three separate inquiries, the inquiry reports conclusively held that in three out of five allegations, Sh. N. C. Goyal and late Sh. Y. P. Aurora were guilty of misapplication and misappropriation of society funds. The defendants have taken a baseless plea that the Inquiry Officer failed to establish charges and that the report is based on presumptions or expressions such as "appears to be true." This contention is wholly misconceived, as the Inquiry Officer under Section 66(1) has clearly fixed culpability of the two defendants in respect of three allegations.

It is submitted that elections for nine posts of the Managing Committee were held strictly in accordance with law. However, the complainant approached the RCS court seeking restraint on the two accused persons identified in the inquiry report under Section 66(1) from holding the post of Secretary, in order to prevent destruction or manipulation of records. Upon due consideration, the Registrar passed an interim order directing that in case Mrs. Kanchan Aurora is appointed as Secretary, the outgoing Secretary shall not hand over the society records to the next Managing Committee.

The reply filed by the defendants states that the Secretary is not retaining any records and that the records are under the custody of the President. This statement is false, incorrect, and misleading. When the Registrar had expressly barred the Managing Committee from taking custody of records till the next date of hearing in case Mrs. Kanchan Aurora became Secretary, the immediate transfer of records to the President without consent of the Registrar is a clear violation of the Registrar's directions. The President is therefore liable to be proceeded against under Section 118 of the Delhi Cooperative Societies Act, 2003, including imposition of penalty and disqualification from contesting the next Managing Committee elections.

The statement that the Secretary is not retaining any records is also demonstrably false, as the Secretary herself issued an annual certificate declaring joint custody of records with the President and Treasurer. Further, Rule 44(2)(b) of the Delhi Cooperative Societies Rules, 2007, categorically provides that all records of the cooperative society, other than books of accounts and vouchers, shall be deemed to be in the custody, possession, power, and control of the Secretary, irrespective of who physically maintains them. In view of this statutory provision, the plea that records are not in the custody of the Secretary is untenable and contrary to law.

Thus, it stands established that the Secretary continues to have joint custody of records in clear violation of the directions issued by the Registrar, creating a real and imminent risk of destruction or manipulation of documents, thereby obstructing a



fair and impartial inquiry under Section 66(2) of the Delhi Cooperative Societies Act, 2003.

Upon careful examination of the Inquiry/Inspection Reports placed on record and the material available on file, it is observed that the findings recorded U/s 66(1) therein are largely couched in tentative and inconclusive expressions such as "appears to be true," "seems to be correct," and "proved to some extent." Such terminology, by its very nature, does not amount to definitive or categorical findings of fact. The Inquiry Officer has failed to conclusively establish, on the basis of cogent evidence, that the erstwhile Managing Committee members had caused any quantified or identifiable financial loss to the Society.

It is a settled position of law that proceedings under the Delhi Cooperative Societies Act, 2003, particularly those entailing civil consequences such as recovery of alleged loss or fixation of liability, must rest upon clear, unambiguous, and evidence-based findings. Findings founded on presumptions, partial satisfaction, or speculative observations cannot form the basis for sustaining adverse action. In the present case, the inquiry reports neither conclusively prove misappropriation or misapplication of funds nor demonstrate a direct nexus between the acts of the ex-Managing Committee members and any actual financial loss suffered by the Society.

In the absence of clear, reasoned, and conclusive findings establishing financial loss attributable to the ex-Managing Committee members, the very foundation of the Show Cause Notice stands vitiated. Continuation of proceedings on the basis of such inconclusive reports would be legally unsustainable and contrary to the principles of natural justice.

Accordingly, the Show Cause Notice dated 09.12.2021, as well as the proceedings initiated pursuant thereto, are hereby dropped, as the inquiry reports do not disclose any clear, cogent, and conclusive material establishing that the ex-Managing Committee members caused any financial loss to the Society.


Krishna Kumar Singh IAS
REGISTRAR COOPERATIVE SOCIETIES

1. Shri N.C. Goyal, Ex-President, Promise CGHS Ltd. Through the President/Secretary, Promise CGHS Ltd., Plot No.4, Bodella Phase-II, F-Block, Vikas Puri, New Delhi-110018.
2. Legal heirs of Shri Y.P. Aurora, then Secretary through the President/Secretary, Promise CGHS Ltd., Plot No.4, Bodella Phase-11, F-Block, Vikas Puri, New Delhi-110018.
3. Shri Surinder Singh, Complainant, Flat No.49, Promise CGHS Ltd., Plot No.4. Bodella Phase-II, F-Block, Vikas Puri, New Delhi-110018.

4. ARCS, sec-7, o/o RCS

5. ARCS, IT Cell, o/o RCS

