

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

110001

F.No.107543083/AR/BKG/RCS/2019/6078-6092
In the matter of:-

Dated: 20/09/2023

DELHI NAGRIK SEHKARI BANK LTD.
U/s 37 of DCS Act, 2003

ORDER

This Order shall dispose of the proceedings initiated U/s 37 of DCS Act, 2003 vide Show Cause Notice dated 08.11.2019 for supersession of the Managing Committee of the Delhi Nagrik Bank Ltd.

Whereas, various complaints/representations were received from the members of the Bank and also from the Directors of the Bank (Members of the Managing Committee) alleging negligence by Board of Directors (Managing Committee of the DNSB Ltd. in performance of duties imposed on in under DCS Act, 2003 & Rules, 2007 and its bye-laws and also as to commission of Acts that are prejudicial to the interest of its members, the Registrar directed a committee consisting of Deputy Registrar (Banking), Asst. Registrar (Banking) and S.O. (Banking) to examine the whole issue in the light of the various complaints/references received as well as the inspections/scrutiny reports submitted by RBI on the subject.

And whereas, the above mentioned committee submitted its report dated 01.03.2019 concluding that:

"Evidently the present BOD (MC) is neither a cohesive group nor in position to give a requisite leadership to bring the much needed requisite reforms and improvement in the functioning of the bank. Hence, there is a clear case for invoking the provisions of Section 37 and a Show Cause Notice u/s 37(1) requires to be issued to the bank seeking clarification as to why the managing committee of the bank should not be superseded on the grounds as elucidated above. However, prior consultation with the RBI as envisaged in the proviso to Section 37 (1)(b) of the Delhi Cooperative Societies Act, 2003 would be required before proceeding further in the matter."

Subsequently a Show Cause Notice dated 27.06.2019 U/s 37 (1) of DCS Act, 2003 was issued to the Managing Committee of Bank, however, the operation of the aforesaid Show Cause Notice was stayed by the Hon'ble Financial Commissioner in the Revision Petition U/s 116 of DCS Act, 2003 in a Revision Petition No. 164/2019.

Thereafter another Show Cause Notice dated 08.11.2019 under section 37 of DCS Act, 2003 was issued to each of the Managing Committee members of the DNSB Ltd. individually to appear before Registrar Cooperative Societies on 19.11.2019 in person





to present their case. Further hearings were conducted in the matter and replies were filed by the Respondents.

In the meanwhile the Bank filed a Writ Petition against the aforesaid Show Cause Notice dated 08.11.2019 before Hon'ble High Court of Delhi vide Writ petition No. 13026/2019. Further, the case was kept for orders on 09.12.2019, however, the Hon'ble High Court of Delhi vide Order dated 10.12.2019 stayed the proceedings of aforesaid Show Cause Notice.

Whereas, the New Board of Directors took the Charge of the Bank on 18.10.2021 and Hon'ble High Court while disposing of the W.P. (C) No. 13026/2019 on 15.11.2021 directed that :

"In these circumstances, we dispose of this petition with liberty to the petitioner to respond to the Show Cause Notice with all its pleas. The respondent is directed to examine all the pleas the petitioner may raise in response to the Show Cause Notice. The respondent shall also consider whether proceedings under Section 37 of DCS Act, 2003 are the appropriate remedy in light of the facts and circumstances of this case."

In pursuance of the above directions, the proceedings U/s 37 of DCS Act, 2003 initiated vide Show Cause Notice dated 08.11.2019 were revived and respondents were directed to file the reply in their defence.

Thereafter proceedings were held and replies were filed by the respondents as well as the Bank. Also, case was heard at length and oral submissions were made before the undersigned.

After perusal of the replies and submissions made by the Respondents, it is noted that Six Directors of the Present Managing Committee were also the Directors in previous Managing Committee against whom the Show Cause Notice dated 08.11.2019 was issued and there is no allegations against the rest of the Managing Committee members and Section 37 of DCS Act, 2003 provides that :

Supersession of committee.

37.(1) If, in the opinion of the Registrar, the committee of any co-operative society continuously makes default for ninety days (Substituted vide Notification No. F.14(31)/LA-2004/16 dated 17/01/2005) or is negligent in the performance of the duties imposed on it by or under this Act or the rules framed thereunder, the bye-laws or commits any act which is prejudicial to the interest of the co-operative society or its members or defies the directions issued by the Registrar under section 42 of this Act or fails to comply with the provisions of section 92 or there is a stalemate in the constitution or function of the committee or fails to initiate recovery of the dues of the financing institution inspite of a notice issued to the co-operative society by the financing institution within a period of ninety days or fails to remit the recovered amount



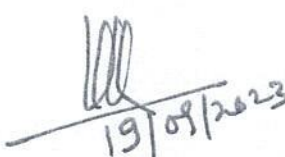
from members, to the financing institution to which the society is indebted within a period of ninety days, (Substituted vide Notification No. F.14(31)/LA-2004/16 dated 17/01/2005) the Registrar may after giving the committee an opportunity to state its objections, if any, by order in writing direct -

(a) to hold election of the committee within a period of thirty days by calling a special general body meeting; and

(b) if in the opinion of the Registrar, the election of committee is not feasible under the prevailing circumstances, the Registrar shall pass an order in writing to remove the committee and appoint one or more administrators to manage the affairs of the co-operative society for a period not exceeding one hundred and eighty days to be specified in the order, which period may, at the discretion of the Registrar be extended from time to time, however, that the aggregate period does not exceed three hundred and sixty five days : (Substituted vide Notification No. F.14(31)/LA-2004/16 dated 17/01/2005)

In view of the above, I am of the considered opinion that the after the election of New Managing Committee on 07.10.2021, the Show Cause Notice dated 08.11.2019 U/s 37 of DCS Act, 2003 for supersession of the Managing Committee issued to previous Managing Committee members has lost its relevance. Since the then Committee against whom the Show Cause Notice was issued already ceased to exist and in any legal forum cannot be proceed against for Supersession of Ex-Managing Committee. Hence, the Show Cause Notice U/s 37 of DCS Act, 2003 cannot survive since it has become infructuous and therefore the present proceedings are dropped.
Ordered accordingly.





19/09/2023
Krishan Kumar
Registrar Cooperative Societies

Sent To:-

1. Sh. Pardeep Kr. Sharma, Chairman, Delhi Nagrik Sehkar Bank Ltd
2. Sh. Chaman Lal Gupta, Vice Chairman, Delhi Nagrik Sehkar Bank Ltd
3. Sh. Atul Bhardwaj, Director, Delhi Nagrik Sehkar Bank Ltd
4. Sh. Raj Kumar Sharma, Director, Delhi Nagrik Sehkar Bank Ltd
5. Ms. Neelam Khatri, Director, Delhi Nagrik Sehkar Bank Ltd
6. Sh. Ajit Singh, Director, Delhi Nagrik Sehkar Bank Ltd
7. Sh. Dinesh Kumar, Ex-Director, Delhi Nagrik Sehkar Bank Ltd
8. Smt. Sarla Bhardwaj, Ex-Director, Delhi Nagrik Sehkar Bank Ltd
9. Sh. Jagdev Singh Hooda, Ex-Director, Delhi Nagrik Sehkar Bank Ltd
10. Sh. Sandeep Shokeen, Ex-Director, Delhi Nagrik Sehkar Bank Ltd

11. Sh. Ashok Kr. Chikara, Ex-Director, Delhi Nagrik Sehkar Bank Ltd
12. Sh. Dayanand Singh, Ex-Director, Delhi Nagrik Sehkar Bank Ltd.
13. The CEO/Chairman, Delhi Nagrik Sehkar Bank Ltd., 3-C/5, Opp. Liberty Cinema, New Rohtak Road, New Delhi-110007 with request to serve order upon above mentioned and provide acknowledgement of the same.
14. ARCS (Banking) O/o RCS.
15. Incharge Computer Cell to upload on website department.


19/03/2023

Krishan Kumar
Registrar Cooperative Societies