

Manju Modi vs Union of India and Ors

Manju Modi vs Union of India and Ors

SooperKanoon Citation : sooperkanoon.com/1262864

Court : Delhi

Decided On : May-19-2026

Judge : Hon'Ble Ms. Justice Prathiba M. Singh, Hon'Ble Mr. Justice Madhu Jain

Appeal No. : W.P.(C)/5477/2026

Appellant : Manju Modi

Respondent : Union of India and Ors

Judgement :

\$~28, 27, 29 to 65

* IN THE HIGH COURT OF DELHI AT NEW DELHI

Date of Decision: 19th May, 2026 Uploaded on: 25th May, 2026 +
W.P.(C) 5699/2025 MRITYUNJAY KUMARPetitioner + W.P.(C)
4619/2025 ARUN KUMAR SAXENAPetitioner + W.P.(C) 4621/2025
SANJOY KUMAR PAULPetitioner + W.P.(C) 4622/2025 BISWAJIT
BANERJEEPetitioner + W.P.(C) 4623/2025 DEO KUMAR GHATAK
.....Petitioner + W.P.(C) 4663/2025 NARENDRAKANT G GITE
.....Petitioner + W.P.(C) 6272/2025

Signed By:RENUKA

W.P.(C) 5699/2025 & connected matters

THE UNION OF INDIA, THROUGH MINISTRY OF COOPERATION & ORS.Respondents + W.P.(C) 6987/2025&CM APPL. 31527/2025 CHITYALA JAYARAMPetitioner UNION OF INDIA, THROUGH MINISTRY OF COOPERATION & ORS.Respondents + W.P.(C) 6991/2025&CM APPL. 31539/2025 M. RAZI ANWARPetitioner THE UNION OF INDIA & ORS.Respondents + W.P.(C) 6992/2025&CM APPL. 31541/2025, CM APPL.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matter

Signed By:RENUKA W.P.(C) 5699/2025 & connected matter

ISPAT CO-OP GROUP HOUSING SOCIETY LTD.....Petitioner + W.P.(C) 9633/2025 MEENA RANI NAYAKPetitioner + W.P.(C) 9691/2025 DHARAM PAL SHARMAPetitioner + W.P.(C) 9731/2025 PURAN CHANDPetitioner + W.P.(C) 9834/2025 MAHENDRA KUMAR KATHPALPetitioner + W.P.(C) 10055/2025 MITTER SAINPetitioner UNION OF INDIA& ORS.Respondents

Signed By:RENUKA W.P.(C) 5699/2025 & connected matter

Signed By:RENUKA W.P.(C) 5699/2025 & connected matter

APPEARANCE: ON BEHALF OF THE PETITIONERS.: Mr. Raunak Jain, Adv. (M: 9999297088) Mr. Hardik Giri, Mr. Hitesh Kumar, Mr. Vedant Pradhan & Mr. Pranav Singh Gautam, Adv. (M: 9599422383) Mr Faiz Khan, Ms Bhavni Kashyap, Adv. Mr. Shrey Kumar, Adv. (M: 9818493330)

ON BEHALF OF THE RESPONDENTS: Mr. Anshuman, Adv. (M: 9818571429) Mr. Gaurav Sharma, SPC with Ms. Manpreet Kour, Adv. for UOI Mr. Mukul Singh, CGSC with Mr. Aryan Dhaka and Ms. Sunidhi Tyagi, Adv. for UOI Dr. B. Ramaswamy, CGSC Mr. Himanshu Pathak, SPC with Mr Mohit Gupta, Adv. for UOI (M: 8393959440) Mr. Puneet Yadav, SPC with Mr. Vivek Nagar, GP for UOI

Mr. Sharang Dhulia, CGSC with Mr. Chetan Jadon, Adv. for UOI (M: 9690051398) Ms. Sabyasachi Roy Chowdhury, Mr. Soayib Qureshi, Mr. Sheelbhadra Sanyal, Ms. Chandramouli Roy Chowdhury, Mr. Varnit Vashistha, Adv. for R-4. With Mr. Amitava Sarkar (Chairman of Society in person) Mr. Abhishek Gupta, CGSC with Mr. Dhananjay Singh & Mr. Chanakya Kene (Advocates) for UOI (M: 74174 45213) Mr Rakesh Kumar SPC with Mr. Sunil, Adv. for UOI (M: 9811549455) Mr. Sahaj Garg, SPC with Mr. Soumyadip Chakraborty, Adv. for UOI Mr. Premtosh K Mishra, CGSC with Mr. Shrey Sharma, Mr. Anubhav Upadhyay and Mr. Arpit Bamal, Adv. for UOI (M: 9670407033) Mr. Piyush Gupta, CGSC with Mr. Atishay Jain, Ms. Himanshi Soni and Ms. Komal, Adv. Mr. Viplav Acharya, Ms. Laavanya Kaushik & Ms. Khyaati Bansal, Adv. (M: 9871049640) Ms. Shagun Shahi Chugh, Mr. Varun Chugh and Ms. Ayushi Agarwal, Adv. for UOI (M: 8630164988) Mr. Kushagra Kumar (SPC) for UOI (M: 8178303621) Mr. Manish Kumar, Senior Panel Counsel with Mr. Ankit Kumar Tiwari, Adv. for R-1 (M: 9873950114) Mr. Vikrant Nilesh Goyal, Mr. Rahul Kumar, GP, Mr. Yash Basoya, Mr. Inderpreet Singh and Mr. Kunal Dixit, Adv. for UOI (M: 9953228888) Mr. Nirvikar Verma, SPC & Mr. Varun Kumar, Adv. for UOI Mr. Rahul Mourya, Adv. for UOI (M: 9810103680) Ms. Preetika Dwivedi, Mr. Abhishek Mohanty, Mr. Ansh Rajauria, Adv. for Respondent No. 5 Ms Arunima Dwivedi, CGSC Ms Himanshi Singh Adv Ms Monalisha Pradhan Adv. for UOI. Mr. Nishant Gautam, CGSC with Ms. Kavya Shukla, Adv. Mr. Nitinjya Chaudhry, CGSC with Mr. Rahul Mourya, Adv. Mr. Rajesh Mishra, SPC with Ms. Anita R. Mishra, Ms. Divyam, Mr. Tushar Saini, Mr. Raghav Sharma, Mr. Nishchay Dutt, and Ms. Ananya Yadav, Adv. Mr. Jaswinder Singh, Adv. Mr. Rajesh Kumar, SPC with Mr. Siddharth Shekhar, Adv. for UOI. Mr. Siddhartha Shankar Ray, CGSC with Ms. Sonali Modi and Mr. Mukul Dev, Adv. Mr. Pritish Sabharwal, SC for UOI.

Mr. Amitava Sarkar, Chairman (SAIL Society)

CORAM:

JUSTICE PRATHIBA M. SINGH JUSTICE MADHU JAIN

JUDGMENT

Prathiba M. Singh, J.

1. This hearing has been done through hybrid mode.
2. These writ petitions reveal an unfortunate saga of several employees,

retired and/or serving, of a Public Sector Undertaking, struggling to withdraw their hard earned money deposited with a Multi-State Cooperative Credit Society formed, ironically, for their financial benefit. Such a regrettable situation has arisen despite several of the Petitioners having favourable orders passed by the Co-Operative Ombudsman, an authority specifically introduced under the Multi-State Cooperative Societies Act, 2002 (hereinafter, the MSCS Act), for grievance redressal of the society members. I. Factual Background

3. The Petitioners are retired or serving employees of the Steel Authority

of India (hereinafter SAI), who had come together and formed in 1977 the Steel Authority of India Limited Employees Co-operative Credit Society Limited (hereinafter the Respondent Society). The Respondent Society has its registered office in Kolkata. The same is a Multi-State Co-operative Society registered under the MSCS Act, and accordingly, is governed by the provisions of the said Act.

4. It is noted that each of the petitions have certain facts that are peculiar

to their respective cases, however, there is a broad consensus as to the factual

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 8 of 43

background leading to the present petitions. The Petitioners had become members of the Respondent Society in different years as far back as 1992, and thereafter, are stated to have deposited various amounts with the Respondent Society in the form of Fixed Deposits. Over the years the amounts deposited by the respective Petitioners have accumulated and become substantial.

5. Sometime in 2024, various members had sought closure of their Fixed

Deposits and release of their amounts for personal reasons, including towards hosting a wedding in the family or managing certain medical ailments etc. However, despite seeking premature closure of the Fixed Deposits the respective amounts were not released to the Petitioners by the Respondent Society.

6. Most of the Petitioners, being aggrieved by the inaction of the

Respondent Society in releasing their deposited amounts, filed complaints with the Cooperative Ombudsman under Section 85A of the MSCS Act. In some of these matters, the Cooperative Ombudsman had passed orders directing the Respondent Society to pay the respective members their claims

along with interest thereon. As an illustration, the relevant portion of the order

dated 17th February, 2025 passed by the Cooperative Ombudsman in W.P.(C) passed in respect of several Petitioners, is extracted hereunder:
19. After due consideration of the documents submitted, representation made and the relevant provisions of law, the matter is hereby disposed off with the following directions:

(i) Steel Authority of India Employees Cooperative

Credit Society Ltd., Kolkata is hereby directed to pay

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 9 of 43

the amount due & claimed by the complainants against their respective deposits along with up-to- date interest thereon within 15 days from the date of issue of this Order.

(ii) The Society is further directed that In respect of

all other complaints received/being received in this office as also the claims being filed with the Society, to pay the members their claims along with upto date Interest thereon within 15 days from the date of complaints/claims received by them.

(iii) Compliance reports to be submitted by the

Society to this office.

7. In the above proceedings, the CEO of the Society, Sh.Saugata Roy had

represented the Respondent Society and pursuant to the submissions made by the Respondent Society and the Petitioners, the order dated 17th February, 2025 was passed. As is clear from the above, the Cooperative Ombudsman had directed the Respondent Society to pay

the amount due to the Complainants thereto with up-to-date interest within 15 days. In addition, in respect of the lead matter being W.P.(C) 5699/2025 titled Mrityunjay Kumar vs. Union Of India & Ors., the Cooperative Ombudsman had issued a letter dated 12th March, 2025 directing the Respondent Society as under: Sub.: Complaint filed before the Hon'ble Cooperative Ombudsman by Shri Mrityunjay Kumar against Steel Authority of India Employees Coop. Credit Society Ltd.- reg. Sir, Reference Is invited to Order dated 17th February 2025 (which has already been communicated to you as also available on our website, <http://crs.gov.in>, by the Hon'ble Cooperative Ombudsman in case of

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 10 of 43

claims of the members pertaining to Steel Authority of India Employees Cooperative Credit Society Ltd., Kolkata.

2. Shri Mrityunjay Kumar has filed a complaint

before the Hon'ble Cooperative Ombudsman. The same is forwarded herewith for making necessary payment of the claims filed and due as per para 19

(ii) of the Order referred above.

3. This is issued with the approval of the Cooperative

Ombudsman.

8. These petitions, inter alia, seek enforcement of the above and other

similar orders passed by the Cooperative Ombudsman, since the Respondent Society has failed to comply with the same. In addition, in cases where no orders have been passed by the Cooperative Ombudsman, the prayer in the writ petitions, inter alia, is for release of

their respective deposits by the Society. II. Proceedings before this Court

9. Initially, four writ petitions, including W.P.(C) 6272/2025, came to be

filed before the Court seeking enforcement of the order dated 17th February, 2025 passed by the Cooperative Ombudsman. These were considered by the Court on 9th April, 2025 on which date the Respondent Society was duly represented and various objections were raised as to the maintainability of the said petitions. Further, after perusing the observations recorded by the Cooperative Ombudsman as to the poor financial situation of the Respondent Society, the Court had called for details of all its movable and immovable assets. The relevant portions of the order dated 9th April, 2025 passed in W.P.(C) 6272/2025 is extracted hereunder:

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 11 of 43

8. Mr. Garai, Id. Counsel for the Society submits that he may be given 15 days time to obtain instructions. He also submits that the said order of the Ombudsman is appealable under Section 85(A)(3) of the MSGS Act and the Society is contemplating to file an appeal in this matter as per his instructions.

9. In addition, the issue of maintainability on the

ground of territorial jurisdiction is also raised, since the Society is located in Calcutta. Mr. Garai, Id. Counsel also submits that the Petitioners can always seek enforcement of the Ombudsman's order under Section 97 of the MSCS Act and hence, they have an alternate remedy.

10. Let a short affidavit be filed by the Respondents

within four weeks. Rejoinder thereto, if any, be filed within four weeks thereafter.

11. It is noticed that in the order passed by the Office

of Cooperative Ombudsman, the CEO had appeared and had made a statement that 400 crores worth of deposits have been accepted by the Society and the same have been invested in hospitals etc. Considering this position and the submission that the Society is not in a good financial condition, let the details of all the movable and immovable assets of the Society be placed on record along with the supporting documents.

10. Thereafter, on 1st May, 2025 the Court had considered W.P.(C)

represented and it was submitted that active steps are being taken to liquidate assets of the Respondent Society to pay the Petitioner therein and similarly placed members. Accordingly, the Court had directed the Respondent Society to place on record an affidavit in respect of the steps taken towards payment

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 12 of 43

of the dues. The relevant portion of the order dated 1st May, 2025, reads as under: 9. Ld. Counsel for the Respondent No.4 further submits that active steps are being taken to liquidate the assets in some manner and pay the Petitioner and other similarly placed parties.

10. An affidavit in respect of the steps taken by the

Respondent No. 4 shall also be placed on record by 10th July, 2025.

11. Thereafter, further writ petitions were filed by the Petitioners herein

which were tagged along with the initial four writ petitions. The Ld. Counsels for the Petitioners have repeatedly urged before this Court that majority of the Petitioners are senior citizens who are retired employees

of SAI, and had invested their hard earned money into the fixed deposit which were made with the Respondent Society.

12. This batch of petitions were first considered on 22nd July, 2025 on

which date the Court had noted that despite the directions passed in the orders dated 9th April, 2025 and 1st May, 2025, the Respondent Society has neither taken steps to give effect to the orders of the Cooperative Ombudsman nor placed its affidavit on record. It was further observed by the Court that though Section 85A of the MSCS Act provides for a redressal mechanism to members of Multi-State Cooperative Societies, there appears to be no provision for enforcing the orders passed by the Cooperative Ombudsman. Accordingly, the Court had directed the Central Registrar to file an affidavit suggesting the mode and method for enforcement of orders passed by the Cooperative Ombudsman. Relevant extracts of the order dated 22nd July 2025, is set out

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 13 of 43

below: 6. Though, on earlier occasion, two opportunities were granted to the counsel appearing for the respondent/Society to make its submissions and to honour the order of the Ombudsman particularly as reflected in the Order dated 09.04.2025 and 01.05.2025, no response has been received from the Society or its counsel.

7. It appears that the Society is not inclined towards

complying with the orders of the Ombudsman and also extend cooperation or assistance in the matter of deciding the issue, which is brought before this Court by the petitioners.

8. Petitioners appear to be senior citizens, who

have deposited their hardened money in the Society so as to have support during their advanced age.

9. Some of the petitioners appear to be retired from

the public sector undertakings and the family members are facing hardship, as in one case it is sought to be demonstrated that his spouse is suffering from cancer.

10. As far as the orders of the Ombudsman which

are sought to be implemented in this case, there is a statutory remedy provided under the Act of 2002. Once such remedy is provided by the Act, there ought to be a mechanism to implement the order and for taking the same to its logical end.

11. We are afraid as we are unable to notice any

such mechanism under the Act.

12. In such an eventuality, the option left is to direct

the Central Registrar to file an affidavit within one week thereby suggesting the mode and measures as to how these statutory orders like the one passed by the Ombudsman can be enforced and brought to its logical end.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 14 of 43

13. Thereafter, the Central Registrar filed an affidavit dated 1st August,

2025 in respect of the statutory scheme under the MSCS Act qua orders of the Cooperative Ombudsman and procedure for winding up of the

Multi-State Cooperative Societies under Section 86 of the said Act. As per the said affidavit, the Central Registrar vide letter dated 24th December, 2024 had directed the Registrar of Cooperative Societies, West Bengal to conduct an inspection of the Respondent Society under Section 108 of the MSCS Act. The inspection report dated 21st March, 2025, as received by the Central Registrar, was forwarded to the Respondent Society vide letter dated 22nd April, 2025, seeking comments and reply to the same. A reminder letter dated 28th May, 2025 was also sent to the Respondent Society. However, no response was received from the Respondent Society. In the said affidavit of the Central Registrar, it is also stated that the Respondent Society had been granted a hearing through video conferencing on 25th July, 2025. In the said hearing, the then Chairperson of the Respondent Society had stated that the Respondent Society will appear before this Court and plan for refunding the amounts due. Accordingly, it was stated in the affidavit that in absence of a satisfactory response from the Respondent Society, the Central Registrar shall consider issuing orders for winding up of the Respondent Society under the MSCS Act.

14. The said affidavit of the Central Registrar was considered by the Court

on 1st August, 2025, and after considering the relevant provisions of the MSCS Act, the Court had directed the Central Registrar to pass relevant orders for conducting a special/forensic audit as provided under Section 86 of the MSCS Act, before taking steps for winding up of the Respondent Society.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 15 of 43

15. Further to the above order, another affidavit was filed by the Central

Registrar, as per which an inquiry into the constitution, working and financial condition under Section 78 of the MSCS Act, had been initiated before taking steps for winding up under Section 86 of the said Act. It

was also informed that vide order dated 8th August, 2025 the Institute of Public Auditors of India (hereinafter IPAI) had been appointed for conducting the said inquiry. The said affidavit was considered on 11th August, 2025, and after hearing the Id. Counsels for the parties, the Court had passed the following directions: 13. In that view of the matter, we direct respondent no.2/Central Registrar to pass an order within 72 hours from today as regards the steps that he intends to take in the matter of securing the interest for depositors like the petitioners, in whose favour orders are passed by respondent no.3/ Cooperative Ombudsman directing repayment of deposits.

14. Interim measures be made by the Central Registrar

may include restraint order on the powers to be exercised by the newly elected managing committee until further orders, and also in case if any stop gap arrangement in the matter of payments is to be made to the parties, in whose favour the Cooperative Ombudsman has passed an

order.

15. Let the response be placed before this Court within

one week from today.

16. However, we make it clear that the inquiry as ordered

under Section 78 of the MSCS Act, shall be completed expeditiously within the time stipulated as mentioned in the affidavit.

17. We also grant one week by way of last chance to the

respondent no.4/Cooperative Society to submit their response on record, failing which this Court will be

constrained to pass order of costs or initiation of contempt proceedings.

18. No major policy or financial decision be indulged

into by the newly elected office bearers of the respondent no.4/Cooperative Society, except day-to-day expenses, till the response of Central Registrar is placed on record.

16. In respect of the above directions, on 22nd August, 2025 the Court was

apprised by the Central Registrar of certain difficulties being faced from the new Managing Committee of the Respondent Society in completing the aforementioned inquiry. However, it was stated that the same shall be concluded by 12th September, 2025 and the report shall be placed on record by 17th September, 2025.

17. On 24th September, 2025, the Court had perused the inquiry report

dated 12th September, 2025 prepared by IPAI, as per which, the financial health of the Respondent Society had become severe. The relevant observations of the Court in respect of the findings of IPAI are as under: 3. Today our attention has been invited by the counsel appearing for the Central Registrar of Co- operative Societies to an inquiry report which has been drafted by the Institute of Public Auditors of India (IPAI).

4. It appears that the said report has drawn certain

conclusions and, amongst others, it appears that the net worth of the Society prima facie stands eroded and, as such, the Society is not in a position to meet with its admitted liability. To say the least, the senior

citizens, who are its members and have made deposits, are not being paid by the Society in case such deposits are sought to be encashed.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 17 of 43

5. In response to the Courts query, it is

demonstrated from the record that the last audit of the Society was conducted in the year 2022-2023.

6. Thereafter, the report of inquiry depicts that the

financial position of the Society got adversely affected, and perhaps it has crept into a lossmaking society.

18. In view of the above, the Court was of the view that the Central

Registrar ought to have taken appropriate steps under the MSCS Act to ensure the financial stability of the Respondent Society. III. Financial Audit of the Respondent Society

19. Thereafter, vide order dated 25th September, 2025, considering the

necessity to ascertain the exact financial position of the Respondent Society to satisfy the dues of the Petitioners, a forensic audit was directed by this Court, in the following terms: 7. The fact remains that the even if the provisions of Section 86 of the Act of 2002 are read, winding up can be taken recourse to, only after an audit has been conducted or a special audit has been conducted, or an inquiry or inspection has been held pursuant to provisions of Sections 70, 77, 78 & 79 of the Act of 2002 respectively.

8. At this stage, counsel for the Central

Registrar of Cooperative Societies, on instructions from the Deputy Commissioner from the office of Central Registrar of Cooperative Societies, assures this Court that forthwith the forensic audit of respondent no.4/Society shall be initiated and every endeavour shall be made to complete the same within a period of four weeks from today.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 18 of 43

9. It is assured that the forensic audit report

shall be placed on record of this Court, in any case by 30th October 2025, with recommendations of the Central Registrar of Cooperative Societies on affidavit.

10. We accept the aforesaid statement as an

undertaking to this Court since the same is coming out from an authority.

11. We further direct the Central Registrar of

Cooperative Societies to file his own affidavit on the aspects of the forensic audit and the action proposed in the matter, including whether, if so, a chance of revival can be granted to the newly elected office bearers.

12. The Central Registrar of Cooperative

Societies in his affidavit shall also deal with the action whether can be initiated under Section 104 of the Act of 2002 against the defaulting directors/officers and if so, what action is proposed against the officers, including that of recovery of the defalcated amounts.

13. Interim directions issued against

respondent no.4/Society shall continue till further orders.

14. We defer the hearing of these petitions for

consideration on 06th November, 2025.

20. The forensic audit was conducted and a report dated 30th October, 2025

was placed on record by way of an affidavit dated 4 th November, 2025. The said audit report shows that there are several immovable properties in the form of lands, holiday homes etc., which belong to the Respondent Society. However, the audit report itself claims that there is a net deficit of Rs.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 19 of 43

3,64,84,03,714.

21. In the light of the said audit report, this Court had, vide order dated 2nd

April, 2026 directed the Respondent Society and the then Chairman - Mr. Amitava Sarkar, to file an affidavit containing the following information:-

3. Mr. Amitava Sarkar, Chairman of the Society, who has filed the counter affidavit on behalf of the Society, shall remain present physically before the Court on the next date of hearing. He shall produce before the Court the following information.

(i) Details of all the bank accounts of the Society

along with present bank balances.

(ii) Details of all the immovable assets of the Society

and their current status.

(iii) Details of other movable assets of the Society

including any deposits, mutual funds, debentures, other investments, any financial instruments etc. and their value.

(iv) The expenses incurred by the Society in the last

three years shall also be presented before the Court in the form of a statement.

(iv) Details of the proceedings, which are stated to

be initiated by the Deputy Superintendent of Police, Directorate of Economic Offence Wing, Government of West Bengal.

4. The above information shall be produced by way

of an affidavit before the Court on the next date of hearing.

5. In order to have correct information relating to

the proceedings, which have been initiated against the Society, the Deputy Superintendent of Police, Directorate of Economic Offence Wing, Government of West Bengal is impleaded as Respondent No.5 in the lead matter i.e., W.P.(C)

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 20 of 43

India & Ors.

22. Pursuant thereto, an affidavit dated 27th April, 2026 has been handed

over to the Court today, which has not yet been filed. The said affidavit is taken on record. The affidavit discloses the following details of bank balances, investments, immovable properties etc.: 4. That in compliance of the order passed by this Honble Court dated 02.04.2026, the particulars of the immovable assets of the Society, along with their present status and approximate valuation, are set out hereinbelow:

Sl. Name of Asset Location Present Status Approx. No. Valuation (Rs.)

1 Ispat Kalikapur, Operational Cooperative Sonarpur, (Basic Medical 58,04,95,548/- Hospital Kolkata Facilities Only, Talks of Joint Venture Ongoing) 2 Puri Holiday Swargadwar, Temporarily 1,66,87,527/- Home Puri Closed 3 Digha Holiday New Digha Temporarily 4,50,85,064/- Home Closed 4 Ispat Co- 12, Charu Holiday Home is 7,72,96,901/- Operative Chandra Place Temporarily House/Kolkata (East), Kolkata closed Holiday Home 5 Delhi Holiday Delhi Closed (requires 3,14,84,450/- Home renovation)

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 21 of 43

a) Ispat Cooperative Hospital: I state that Ispat Cooperative Hospital, situated at Kalikapur, Sonarpur, Kolkata - 743330, was established in the year 2014 and its Indoor Patient Department services commenced on 15.04.2015. I further state that the land and building of the said hospital are owned by a trust in the name and style of ISPAT Cooperative Foundation and were mortgaged to The West Bengal State Co-operative Bank Ltd., Kolkata Main Branch in March 2024 for securing a loan of approximately Rs. 45 Crore. I state that the trust, namely Ispat Cooperative Foundation, was illegally constituted in the year 2011 by the then Board members, with Mr. Jyotirmoy Chakraborty acting as Chairman and settlor of the Trust and through this Trust over Rs. 100 Crores were diverted from the accounts of the Society and thereby

although the cost for the entire project was borne by the Society, the Trust was illegally and obliquely placed in charge of the same. I further state that under the provisions of the MSCS Act, 2002, the Society was not authorized to establish such a hospital and no approval was obtained from the Central Registrar of Co-operative Societies. I further state that the said Trust had availed financial assistance, which includes a loan from Bajaj Finance for procurement of a Cath Lab machine, in respect whereof proceedings have been initiated including filing of a caveat restricting sale of the hospital, and that a further sum of approximately Rs. 50 lakh remains payable to SI Surgical, a medical equipment supplier in West Bengal. I state that, at present, only basic medical services are provided at the said Hospital and talks of Joint Ventures/Partnerships are ongoing with reputed Hospitals in West Bengal.

b) Puri Holiday Home: I state that the said property situated at Swargadwar, Puri, is presently non- operational and has been temporarily closed with effect from 13.03.2026, as the bank accounts of the Society were

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 22 of 43

frozen by the Economic Offences Wing, West Bengal, resulting in acute financial constraints and inability to run the said Holiday Home.

c) Digha Holiday Home: I state that the said property situated at New Digha, West Bengal is presently non- operational and has been temporarily closed as the bank accounts of the Society were frozen by the Economic Offences Wing, West Bengal, resulting in acute financial constraints and inability to run the said Holiday Home.

d) Kolkata Holiday Home / Ispat Cooperative House: I state that the property known as Ispat Cooperative House, being the head office of the SAIL Co-operative Society in Kolkata and also used as a Holiday Home,

is situated at 12, Charu Chandra Place (East), Kolkata - 700033, and was constructed in the year 2009. I further state that the first two floors of the said premises are utilized as the registered office of the Society, while the upper two floors are used for running the Holiday Home. I state that the said property stands mortgaged to The West Bengal State Co-operative Bank Ltd. along with the hospital for securing a loan of Rs. 45 Crore. I further state that the Holiday Home is presently non-operational due to paucity of funds, consequent upon freezing of the Society's bank accounts by the Economic Offences Wing, West Bengal.

e) Delhi Holiday Home: I say that the said property located in Delhi has remained non-operational for a considerable period and requires substantial repairs and renovation before it can be put to use.

f) I state that the valuations stated hereinabove are based on the last audited financial statements of the Society i.e. 2023-2024 and are true and correct to the best of my knowledge and belief as audits for subsequent financial

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 23 of 43

years were not conducted by the erstwhile Board of Directors and have yet not been able to be completed in view of supervening circumstances beyond the control of the society.

5. That in compliance of the order passed by this Hon'ble

Court dated 02.04.2026, the particulars of the movable assets of the Society, along with their present status and approximate valuation, are set out hereinbelow along with a tabulated compilation of the same:

i) Fixed Deposits:

(a) Fixed Deposit with The West Bengal State Co-

operative Bank Ltd., Kolkata Main Branch amounting to Rs. 64,00,000/- (Rupees Sixty Four Lakhs only- Face Value), which has been earmarked as a Reserve Fund by the West Bengal State Co-operative Bank Ltd.

(b) Fixed Deposit with Bank of Baroda, Charu Market

Branch amounting to Rs. 55,44,000/- (Rupees Fifty Five Lakh Forty Four Thousand only- face value), out of which a sum of Rs. 10,81,000/- (Rupees Ten Lakh Eighty One Thousand Only) is under lien as a bank guarantee in favour of The West Bengal State Electricity Distribution Company Ltd. for supply of electricity to Ispat Cooperative Hospital.

ii) Mutual Fund Investments:

(a) Investment through Eastern Financiarities Securities in

Canara Robeco Large and Mid Cap Fund since April 2020, having a present approximate valuation of Rs. 24,00,000/- (Rupees Twenty Four Lakh Only)

(b) Investment through IndusInd Bank (erstwhile

Reliance Securities) in various mutual funds including

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 24 of 43

Canara Robeco and Mirae Asset, having an approximate value of Rs. 5,00,00,000/- (Rupees Five Crore Only)

I further state that Section 64 of the MSCS Act, 2002 prohibits the undertaking of such market investments by the Society

iii) Equity Investments:

(a) I state that the Society has invested in equity shares

through Prabhudas Lilladher, having an approximate value of Rs. 65,00,000/-(Rupees Sixty Five Lakhs Only), including investments in companies such as Ashok Leyland, Balrampur Chini Mills, BHEL, SAIL, Jindal Steel and United Spirits.

iv) Other Financial Assets:

(a) Loan to members: I state that the Society has extended

loans to its members and the net figure for the same stands at approximately Rs. 31,00,00,000 (Rupees Thirty- One Crore) at this present date. I further state that, being an employees' co-operative credit society, such loans are sanctioned only to permanent employees of SAIL/CMO and employees posted at SAIL/CCSO, Dhanbad; SAIL/EMD, Kolkata; SAIL/Growth Division, Kulti, as well as employees of the Society, who are shareholder members thereof. I state that the loan instalments are regularly recovered by way of deduction from the salaries of the member-employees. I further state that such loans are tenure-based, recoverable from salary, and are not secured by any collateral or other securities.

(b) Gold Loans: I further state that the Society under the

erstwhile Secretary/Chairman, Mr. Jyotirmoy Chakraborty had also illegally sanctioned gold loans which have a present value of approximately Rs.

26,00,000/- (Rupees Twenty Six Lakhs Only) against pledged gold by its members. I state that certain irregularities have arisen in respect of custody of the pledged gold, inasmuch as Mr. Jyotirmoy Chakraborty, had handed over the keys to one goldsmith namely Manabendra Karmakar in a wholly illegal and erroneous transaction, and in this regard an FIR has been lodged at Charu Market Police Station and a case under Section 175(3) BNSS has also been initiated before the court of the Learned Chief Judicial Magistrate at Alipore, Kolkata.

v) I state that it is respectfully submitted that in reference to the averments made by the Learned Counsel for the Central Registrar of Co-operative Societies, during the proceedings dated 02.04.2026 regarding the forensic audit report dated 25.09.2025 conducted by the Central Registrar of Co-operative Societies, that the position of the Society's assets requires proper contextual appreciation. I state that as per Page No. 104 read with Content No. viii under the heading "Current Position of Net Assets" of the said Forensic Audit Report, the assets- liability position of the Society reflects a net deficit of approximately Rs. 365 crores. I further state that this position stands corroborated by the counter affidavit filed on behalf of the Society, wherein a defalcation of approximately Rs. 455 crores has been pointed out, and the report of the Central Registrar also records substantial financial defalcation. I state that the Society comprises approximately 12,500 members and the total deposit exposure is approximately Rs. 430 crores.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 26 of 43

6. I state that in compliance with the directions of this

Hon'ble Court, the expenses incurred by the Society for the last three fiscal years are set out hereinbelow in a tabulated form:

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 27 of 43

(a) I state that the aforesaid figures pertaining to the

financial years 2021-2022, 2022-2023, 2023-2024 are audited and that the figures reflected for the FY 2024- 2025 are unaudited, as the statutory audit for the said financial year could not be completed owing to the supervening circumstances beyond the control of the Society and have been extrapolated and are based on estimation.

(b) I further state that the figures for the subsequent

financial year 2025-2026 have not been included, as the audit for the said year has not yet been able to be

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 28 of 43

undertaken due to several supervening circumstances beyond the control of the Society and further no substantial expenditure or financial decision has been made in the Society during such time in view of the orders passed by the Hon'ble High Court at Calcutta in W.P. No. 10411 of 2025 in May 2025, as well as by this Hon'ble Court vide orders dated 11.08.2025 and 22.08.2025, whereby it has been inter-alia directed that no major policy or financial decisions shall be undertaken by the newly elected office bearers of the Respondent No. 4/Society, except routine day-to-day expenses.

23. In addition, the affidavit also reveals that relevant proceedings have

been initiated by the Directorate of the Economic Offences, Government of West Bengal under various provisions and FIRs have also been registered in respect of the same. The details of the same are as under: I state that in compliance with the directions of this Honble Court, the particulars of the proceedings initiated by the Directorate of Economic Offences, Government of West Bengal, in relation to the affairs of the

Society, are being set out hereinbelow for the kind consideration of this Honble Court:

i) I state that on 06.02.2026, the Directorate of Economic Offences, Government of West Bengal, vide Memo No. 155, issued a communication referring to six cases registered at Charu Market Police Station, particulars whereof are set out hereinbelow:

a. Charu Market P.S. Case No. 05 dated 09.01.2025 under Sections 61(2)/316(2)/316(5)/318(4) of the Bharatiya Nyaya Sanhita, with Section 3 of the West Bengal Protection of Interest of Depositors In Financial Establishments Act, 2013 (Special Case

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 29 of 43

No. 30/2025);

b. Charu Market P.S. Case No. 06 dated 10.01.2025 under Sections 61(2)/316(2)/316(5) BNS read with Section 3 of the West Bengal Protection of Interest of Depositors In Financial Establishments Act, 2013 (Special Case No. 45/2025);

c. Charu Market P.S. Case No. 08 dated 14.01.2025 under Sections 61(2)/316(2)/316(5) BNS read with Section 3 of the West Bengal Protection of Interest of Depositors In Financial Establishments Act, 2013 (Special Case No. 49/2025);

d. Charu Market P.S. Case No. 20 dated 05.02.2025 under Sections 61(2)/316(2)/316(5) BNS read with Section 3 of the West Bengal Protection of Interest of Depositors In Financial Establishments Act, 2013 (Special Case No. 44/2025);

e. Charu Market P.S. Case No. 21 dated 05.02.2025 under Sections 61(2)/316(2)/316(5) BNS read with Section 3 of the West Bengal Protection of Interest of Depositors In Financial Establishments Act, 2013 (Special Case No. 43/2025); and

f. Charu Market P.S. Case No. 54 dated 22.04.2025 under Sections 61(2)/316(2)/316(5)/318(4) BNS read with Section 3 of the West Bengal Protection of Interest of Depositors In Financial Establishments Act, 2013 (Special Case No. 42/2025).

ii) I further state that by way of the aforesaid communication, the Society was called upon to furnish information and documents for the purposes of investigation. I further state that subsequently, on 24.03.2026, the Directorate of Economic Offences,

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 30 of 43

Government of West Bengal, vide Memo No. 374, issued a further communication calling upon the Society to furnish additional documents and information in connection with the aforesaid cases.

iii) I further state that the Directorate of Economic Offences carried out seizures in connection with Charu Market Police Station Case No. 57 dated 26.04.2025 under Sections 61(2), 316(2), 316(5) and 318(4) of the Bharatiya Nyaya Sanhita read with Section 3 of the WBPIDFE Act, 2013 (Special Case No. 50/2025), further, seizure were carried out in connection with Charu Market Police Station Case No. 05 dated 09.01.2025 under Sections 61(2), 316(2), 316(5) and 318(4) of the Bharatiya Nyaya Sanhita read with Section 3 of the WBPIDFE Act, 2013 (Special Case No. 30/2025).

iv) I further state that, in or about mid-February 2026, the Directorate of Economic Offences proceeded to freeze all bank accounts of the Society across various banks, which has had a substantial impact on its functioning and day-to-day operations.

v) I further state that, I was informed that the erstwhile Chairman/Secretary was arrested by the Directorate of Economic Offences sometime towards the end of February, 2026.

24. It is also stated that the Respondent Society has a membership of 12,520

members and the amount payable to depositors and members is approximately Rs.430 crores. Allegations have also been made against Mr. Jyotirmoy Chakraborty who was stated to be the Chairperson of the erstwhile Board of the Respondent Society. IV. Analysis

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 31 of 43

25. The Court has heard the Id. Counsels for the parties and has also

perused the documents placed on record, including the inquiry report of IPAI and the forensic audit report. It is clear from the record that the Respondent Society has substantial assets, however, due to financial mismanagement the liabilities have overshadowed the same. Further, the affidavit of the Respondent Society dated 27th April, 2026, shows that there is already a freezing order in respect of all the assets of the Respondent Society, pursuant to the actions taken by the Directorate of Economic Offences, West Bengal.

26. The Petitioners herein are persons who had put their hard earned

earnings into the Respondent Society in the form of Fixed Deposits and despite favourable orders of the Cooperative Ombudsman, the amounts

have not been paid back to them till date.

27. It is also possible that there may be other such members who may have

sought foreclosure or who may have deposited amounts with the Respondent Society. The said persons interest would be paramount as they cannot be punished for no fault of theirs. Statutory Scheme qua Cooperative Ombudsman

28. One of the peculiar issues highlighted in these proceedings is that the

Petitioners have been struggling to seek implementation of orders passed by the Cooperative Ombudsman, directing the Respondent Society to repay the dues with interest. As noted by this Court earlier, there appears to be a lacuna in the MSCS Act in respect of any provision for implementing the orders passed by the Cooperative Ombudsman, especially in the event of non- compliance of the same by Societies.

29. At this stage, it would be necessary to briefly consider the statutory

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 32 of 43

scheme governing the Cooperative Ombudsman. The Multi-State Co-Operative Societies (Amendment) Act, 2023, inter alia, introduced Chapter IXA titled Redressal of Complaints containing Section 85A mandating appointment of Cooperative Ombudsman by the Central Government. The Section 85A of the MSCS Act reads as under:
CHAPTER IXA REDRESSAL OF COMPLAINTS 85A. Co-operative Ombudsman.- (1) The Central Government shall appoint, one or more Co-operative Ombudsman with territorial jurisdiction for inquiring into the complaints made by any member of the multi- State co-operative societies regarding their deposits, equitable benefits of societys functioning or any other issue affecting the individual rights of the concerned member, in such manner, as may be prescribed.

(2) The Co-operative Ombudsman shall, on receipt of a

complaint, complete the process of inquiry and adjudicate within a period of three months from the date of receipt of the complaint and may issue necessary directions to the society during the course of inquiry and the society shall be bound to comply with the same within a period of one month from the date of issuance of such directions.

(3) The multi-State co-operative society aggrieved by

any directions of the Ombudsman may file an appeal in such manner as may be prescribed, within a period of one month before the Central Registrar who shall decide the appeal within a period of forty-five days and the decision of the Central Registrar shall be final and binding:

Provided that the Central Registrar may entertain the appeal after the expiry of said period of one month, if he

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 33 of 43

is satisfied that the society was prevented by sufficient cause from preferring the appeal in time.

(4) The Ombudsman shall submit periodic reports to the

Central Registrar of Co-operative Societies.

(5) The Co-operative Ombudsman while conducting the

inquiry under sub-section (1), shall exercise the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, (5 of 1908)--

(a) for summoning and enforcing the attendance of

persons;

(b) examining them on oath;

(c) discovery and production of books of account

and other documents; and

(d) any other matter which may be prescribed.

30. The Report of the Parliamentary Joint Committee on the Multi-State

Co-Operative Societies (Amendment) Bill, 2022, considered the above provision and records the rationale for introduction of the same as under:
Rationale behind the amendment

2.266 Strengthening Governance and Transparency

This newly proposed entity would address grievances of members and ensure financial and operational discipline through timely, expeditious and impartial redressal of complaints of the members.

31. A perusal of the provision in light of the above rationale would show

that the Co-operative Ombudsman was introduced for resolving grievances of the members specifically regarding the deposits and any issue affecting the individual rights of the members. The timelines for deciding the complaints

have been clearly mentioned. The inquiry and adjudication of the complaint is to be completed within three months from the date of receipt of complaints. Significantly, the necessary directions passed by the Cooperative Ombudsman are binding on the Society and the same is required to be complied with within one month from the date of issuance.

32. However, what stands out from a reading of the provision is that the

liberty to challenge an order of the Cooperative Ombudsman has been granted only to the Society, and not to the members. Under the MSCS Act, there is no provision for a member to seek enforcement of the orders passed under Section 85A of the Act. Moreover, no adverse consequence has been prescribed under the MSCS Act, especially in terms of Section 108 which specifies offences and penalties, in the event the Society either fails to implement the order under Section 85A within one month, or where the Society blatantly refuses to comply with the same.

33. As is the unfortunate situation in the present case, despite favourable

orders directing the Respondent Society to pay the dues to the members, not only has the Respondent Society not complied with the same, but has not even

responded to the same for a significant period. As an illustration, the order

dated 17th February, 2025, extracted hereinabove, passed by the Cooperative Ombudsman in respect of few of the Petitioners, has still not been given effect after over a year.

34. In the opinion of this Court, orders passed by the Cooperative

Ombudsman under Section 85A of the Act become mere `paper orders as the provisions lack the teeth to enforce the same. The binding nature of the orders of the Cooperative Ombudsman qua the Society is absolutely nullified by the

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 35 of 43

absence of any adverse consequence flowing from non-compliance.

35. This being the position, the Central Registrar would have to proactively

take onus of resolving such adverse situations, considering that under Section 85A (4) the Cooperative Ombudsman has to submit periodic reports to the Central Registrar. The Central Registrar cannot claim ignorance of non- compliance of orders passed under Section 85A of the MSCS Act. Winding Up of the Respondent Society

36. The Court has heard this batch of petitions on several dates and it has

noted the Petitioners anguish over being denied their hard earned money in time of dire need. The Petitioners cannot be punished in such a manner for no fault of their own, due to a lacuna in the law. Under the MSCS Act, the Central Registrar is fully empowered to take steps in terms of Chapter X of the MSCS Act to wind-up the Respondent Society and liquidate its assets.

37. In fact the Central Registrar has already issued a show cause notice

dated 28th November, 2025 to the Respondent Society, for initiating winding up proceedings, in light of the inquiry report submitted by IPAI under Section 78 of the MSCS Act as also the forensic audit conducted pursuant to orders in this batch. The relevant conclusion of the said notice reads as under: 11. Perusal of inquiry report and forensic audit

report demonstrates financial mismanagement, violation of statutory provisions, failure of fiduciary duties and fraudulent transactions. Based on these findings, I am of the opinion that the Society is not functioning as per the provisions of MSCS Act, 2002, Rules framed thereunder and has ceased to function in accordance with the Cooperative Principles.

12. Therefore, after careful consideration of the facts

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 36 of 43

and inter alia on the grounds mentioned above as well as the forensic audit report, it has been decided to initiate winding up proceedings of the Society under the provisions of the MSCS Act, 2002 and Rules framed thereunder. In case of any objection, the same may be brought to the Notice of this authority within 15 days from the date of uploading of this Notice on the official website i.e., crcs.gov.in failing which it will be presumed that the Society has nothing to say and further action would be initiated for winding up of the Society under the provisions of the MSCS Act, 2002 and rules made thereunder.

38. However, the present status of the winding up proceedings is not clear.

In terms of Section 86(1) of the MSCS Act after considering an inquiry under Section 78 the Central Registrar is empowered to pass an order for winding up the Society after giving a reasonable opportunity of making its representation. The show cause notice had been issued on 28th November, 2025, providing for 15 days time to respond to the Respondent Society. No response has been received to the same.

39. In view of the same it would be necessary to secure the interests of the

Petitioners herein. In the opinion of the Court, the Central Registrar ought to pass an order under Section 86 for winding up and appoint a Liquidator under Section 89 of the MSCS Act. Procedure Qua Winding

Up and Priority of Claims

40. At this stage it would apposite to refer to the decision of the Supreme

Court in *Writers & Publishers (P) Ltd. v. Super Bazar Official Liquidator*,

(2021) 13 SCC 279. In the said decision the Supreme Court has had the

occasion to consider the statutory scheme of winding up under the MSCS Act,

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 37 of 43

as also the priority of claims before the liquidator. The relevant extracts of the decision of the Supreme Court are extracted here: Statutory scheme applicable to Super Bazar

45. Chapter X of the Multi-State Cooperative Societies

Act, 2002 deals with the winding up of multi-State cooperative societies. Under sub-section (1) of Section 86, the Central Registrar is empowered to direct the winding up of a multi-State cooperative society after an audit, special audit or an inquiry or, as the case may be, or an inspection under Sections 70, 77, 78 and 79 respectively. Sub-section 2(b) empowers the Central Registrar of his own motion to direct the winding up of a multi-State cooperative society which has ceased to function in accordance with cooperative principles. Section 89 provides for the appointment of a liquidator while Section 90 provides for the powers of the liquidator. Under Section 90(1), all the assets of a multi-State cooperative society in respect of which an

order of winding up has been passed, vest in the

liquidator from the date on which the order takes effect. The liquidator is entrusted with the power to realise monies from the assets. Under clause (b) of sub-section

(2) of Section 90, the liquidator is empowered to

determine the contribution to be made or remaining to be made by the members or past members or by officers or former officers to the assets of the society. Under clause (c) of sub-section (2) of Section 90, the liquidator is empowered to investigate all claims against the society and subject to the other provisions of the statute, to decide questions of priority between claimants. Under clause (d), the liquidator is empowered to pay claims against the society, including interest up to the date of winding up according to their respective priorities in full or rateably, as the assets of the society may permit. The surplus, if any that remains, has to be applied in the payment of interest

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 38 of 43

from the date of the order of winding up.

46. Rule 28 of the Multi-State Cooperative Societies

Rules, 2002 lays down the procedure to be adopted by the liquidator. Rule 29 provides for the order of priority in accordance with which the assets of a multi-State cooperative society shall be applied in the payment of liabilities. Rule 29 provides as follows:

29. Application of assets of the multi-State cooperative society.-The assets of the multi- State cooperative society shall be applied in

order of priority as given below for payment of

the liabilities:

(1) Pro rata payment of all outside liabilities.

(2) Pro rata repayment of loans and deposits of

members.

(3) Pro rata refund of share capital.

(4) Pro rata payment of dividend on the share at

the rate not exceeding 6.25% per annum for the period of liquidation.

[...]

49. The above view which we have taken of the

interpretation of the order dated 29-3-2016 [Super Bazar Karamchari
Dalit Sangh v. Union of India,

(2019) 12 SCC 633] must also be juxtaposed in light of

the statutory provisions which govern an order of winding up under
Section 89 and other cognate provisions of the Multi-State Cooperative
Societies Act,

2002. The statute lays down the manner in which the

liquidator has to function upon taking charge. The Multi-State
Cooperative Societies Rules, 2002, in particular, indicate the procedure
to be adopted by the liquidator and the manner in which the assets are to
be applied. The order of priority is spelt out. A pro rata

refund of share capital appears third in the order of priority. The last in the order of priorities is a pro rata payment of dividend on share capital at a rate not exceeding 6.25% for the period of liquidation. To allow the claim of WPL to be refunded its entire investment amount, the major part of which took place through the subscription of share capital, would essentially place it outside the purview of the winding-up proceedings. Accepting the claim would enable it to take away moneys overriding the order of priorities laid down by the Multi-State Cooperative Societies Rules, 2002.

[...]

55. The liquidator shall evaluate the claim as

determined by the verification report by the CAG in terms of the priorities for the payment of claims as envisaged in the Multi-State Cooperative Societies Act, 2002 and the associated Rules. The liquidator is also directed to treat the amount outstanding to the EPFO in terms of the first priority which is created by the provisions of Section 11(2) of the EPF Act. The liquidator shall also consider the claim of the Union Government. The liquidator is directed to consider the auditor and the CAG's observations with respect to the 14,149 new members inducted during WPL's management not being genuine. The liquidator shall, in the process of winding up, be at liberty to consider all other claims received and to make a determination in accordance with law. In the event any further judicial determinations are required to be made, the parties

shall be at liberty to approach the High Court of Delhi

and we request the Chief Justice of the High Court to constitute an appropriate Bench to hear any matters arising out of the liquidation of Super Bazar.

41. It is clear from the above, that as per Rule 29 of the Multi-State

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 40 of 43

Cooperative Societies Rules, 2002, (hereinafter MSCS Rules) the deposits made by the Petitioners and other members would be given significant priority. V. Directions

42. Considering the above discussion, in exercise of its extraordinary writ

jurisdiction, this Court deems it fit and expedient to pass the following directions:

(a) The Central Registrar shall pass an order by 15th June 2026, under

Section 86 for winding up of the Respondent Society and appoint a Liquidator under Section 89 of the MSCS Act. The Liquidator shall take charge of all the assets of the Respondent Society, including bank accounts, moveable and immoveable properties, investments, fixed deposits, mutual funds, etc in terms of the MSCS Act and MSCS Rules. The details of the same have been extracted above as per the affidavit handed over by the Respondent Society today.

(b) Both the present and past members of the Board of the Respondent

Society, including the Chairman and Secretary, shall cooperate with the Liquidator and assist him/her in whatever capacity necessary for securing the assets of the Respondent Society and hand over all the records of the Society.

(c) All banks and other financial institutions, or any other individual in

charge/having control of the assets of the Respondent Society shall hand over the charge/control over the same to the Liquidator.

(d) The Liquidator is also free to make inquiries and if there are any

other moveable or immovable assets other than those disclosed in

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 41 of 43

the affidavit dated 27th April, 2026 by the Respondent Society, the same shall also be taken over by the said Liquidator.

(e) Upon the Liquidator taking over all the assets, an account shall be

created in a nationalized bank by the Central Registrar. All amounts lying in various bank accounts, investments, deposits, mutual funds etc., shall be transferred to the said Bank Account by 15th July 2026. The amounts received shall be retained in fixed deposits.

(f) The claims of the Petitioners and any other persons, who have been

awaiting for their amounts since several months after the orders of the Ombudsman, shall be honoured in a time bound manner and in any case, an endeavour shall be made to pay the said claims by 15th October 2026.

(h) In cases where there is no order passed by the cooperative

Ombudsman, the Liquidator shall examine the claims and decide the same in accordance with law. After deciding the claims, the amounts shall be paid expeditiously to the said depositors as well.

(i) The said Liquidator shall be entitled exercise all powers under

Section 90 of the MSCS Act in order to safeguard the interest of the Respondent Society and its members.

43. It is clarified that the above directions shall not, in any manner, come

in the way of any criminal proceedings that may have been initiated or being pursued in West Bengal by any police authorities or the Directorate of Economic Offences, under any of the Central or the State Statutes. All the criminal proceedings and any other proceedings against the previous Management of the Society shall proceed as per law.

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 42 of 43

44. The Petitions are disposed of in the above terms. Pending applications,

if any, are also disposed of.

PRATHIBA M. SINGH JUDGE

MADHU JAIN JUDGE MAY 19, 2026/b/msh

Signed By:RENUKA W.P.(C) 5699/2025 & connected matters Page 43 of 43

SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com