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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 7th May, 2026

Uploaded on: 8th May, 2026

+ **W.P.(C) 8212/2019 & CM APPL. 34060/2019**

C.A. COOPERATIVE THRIFT AND CREDIT SOCIETY LTD.

.....Petitioner

Through: Mr. S K Sharma, Adv.

versus

REGISTRAR OF COOPERATIVE SOCIETIES AND ORS.

.....Respondents

Through: Mr. Lalitaksh Joshi, Ms. Minu
Kumari, Adv. for R-1

CORAM:

JUSTICE PRATHIBA M. SINGH

JUSTICE MADHU JAIN

Prathiba M. Singh J.,(Oral)

1. The present petition, *inter alia*, challenges the impugned order dated 22 February, 2019 passed by the Delhi Cooperative Tribunal (hereinafter “DCT”) in Appeal No. 27/2018/DCT dismissing the appeal of the Petitioner Society.
2. The said appeal arises out of an Award dated 22nd April, 2017 passed under Section 71 of the Delhi Co-operative Societies Act, 2003 (hereinafter “the Act”).
3. The brief facts of the case are that the Petitioner Society had sanctioned a loan of Rs. 2,00,000/- to one Sh. Sheoraj Singh - Respondent No. 2 in respect of which certain persons had stood as surety who are Respondent Nos. 3 to 5.



The said loan was to be repaid in 36 monthly instalments. The Respondent No. 2 is stated to have defaulted in repaying the said loan and in this regard the Petitioner Society had filed a claim for recovery of its dues under Section 70/71 of the Act.

4. The matter was referred to the Arbitrator and during the arbitration proceedings, Respondent No. 3 - Sh. Kanwar, is stated to have expressed that in his financial condition he has taken enough steps to contact the principal debtor/Respondent No. 2 and influence his family to repay the loan. However, they have not repaid. Accordingly, *vide* Award dated 22nd April, 2017, the Respondent No. 2 was held liable for repayment of the subject loan and for the circumstances explained in the award, the Id. Arbitrator had discharged and absolved Respondent No. 3 - Sh. Kamwar from his responsibility and liability as a surety. The operative portion of the Award reads as under:

*“Awarded that the Principal Debtor Mr. Sheoraj Singh, primarily, pay to M/s. C.A. Co-operative Thrift & Credit Society Ltd. Rs.309,307/= (Rs.254,608/= as Principal, Rs.30,603/= as Interest and a cost of Rs.24,096/=) as on 06 - 04 - 2017 with further simple Interest @18% p.a. & 3% p.a. on Rs.200,000/= (loan advanced) w.e.f. 07 - 04 - 2017 till realization of the dues in full. Compounding of interest beyond 06 - 04 - 2017 is disallowed in the absence of proper and authentic document on record. **The Surety (Defendant No,3) Mr. Sri Kanwar stands absolved of his responsibility and liability as Surety.** In the event of all legal efforts failing in tracing/locating the Principal Debtor (Borrower) and resultantly in non-realization of the dues from the Defendant No.1 (Principal Debtor/Borrower) the award be executed against the Sureties i.e. Defendant No.2 & 4 proportionately as laid down in order of the Hon'ble High Court of Delhi passed by Double Bench in WPC No.1887/2007 on 06 - 05 - 2010 involving case of identical nature and the Delhi*



Cooperative Act, Rules and Bye-laws.

It was and is Society's prerogative to proceed against the P.D. in question under Co-op. Act and the Rules to get his salary attached to realize its dues as he authorized the Claimant Society to do so if he defaults.”

5. The said Award dated 22nd April, 2017 was challenged before the DCT by the Petitioner Society. The basic contention before the DCT was that Sh. Kanwar was the only person who had the capacity to repay the subject loan. However, the DCT had dismissed the appeal on the ground that the same was belated.
6. The submission of Mr. S.K. Sharma, Id. Counsel appearing for the Petitioner Society is that the surety could not have been absolved, which is contrary to the provisions of the Act as also the Contract Act, 1872.
7. The Court has heard the Petitioner as well as the Id. Counsel for the RCS. The Award itself was passed in 2017 and the DCT had dismissed the appeal *qua* absolving of the surety way back on 22nd February, 2019. However, till date, it appears that the Petitioner Society has taken no steps to execute the Award which was passed against the Principal Debtor/Respondent No. 2, his family or any of the other persons who are the Respondents herein.
8. In fact the Court has been informed today that one of the sureties *i.e.*, Respondent No. 5 - Om Prakash has in fact passed away and his legal representatives are unavailable.
9. Under these circumstances, the Court does not find any perversity in the impugned order passed by the DCT, which had dismissed the appeal on the ground of delay.
10. The present petition is accordingly rejected.



2026:DHC:4050-DB



11. The Petitioner Society is free to execute the Award dated 22nd April, 2017 against the Principal Debtor/Respondent No. 2 and any other sureties who may be available.

12. The petition along with pending application(s), if any, is disposed of. Pending applications, if any, are also disposed of.

**PRATHIBA M. SINGH
JUDGE**

**MADHU JAIN
JUDGE**

MAY 7, 2026/prg/msh