

**IN THE COURT OF THE REGISTRAR COOPERATIVE SOCIETIES, DELHI**  
**OLD COURTS BUILDING, PARLIAMENT STREET, NEW DELHI-110001**

F.NO.47/GH-1112/AR/SEC-1/GH/RCS/2022 / 2985 - 88

Dt:- 26/5/25

**IN THE MATTER OF:**

Jagat Singh

Petitioner

Versus

Taru Dixit & Braj Bhushan

Respondents

**ORDER**

This order shall dispose of the proceedings initiated vide Show Cause Notice dated 23.08.2024 issued u/r 20(1)(c)(1) & (iii) (2) of DCS Rules, 2007 read with Section 87 & 41 (d) of DCS Act, 2003 whereby Taru Dixit & Braj Bhushan was called upon to show cause as to why cessation of membership should not be granted against them U/r 20(1) (c) (i) & (iii) of DCS Rules 2007 read with section 87 & 41(d) of DCS Act, 2003,

**The brief facts of the case are as under:-**

Taru Dixit & Brij bhushan were enrolled as a member of the Bhagwati Co-operative Group Housing Society. Ltd (Regn. No. 1112/GH), Plot no. 1A, Sector-22, Dwarka, New Delhi-110075 The petitioner has stated that the respondent is having a residential property in Delhi bearing No. 3/501, Baverrly Park (Jaypee CGHS ) Sec-22 Dwarka Delhi The petitioner accordingly prayed to cease the membership of the respondent on account of disqualification of holding the property bearing property No. 3/501, Baverrly Park (Jaypee CGHS ) Sec-22 Dwarka Delhi

In his reply dated 07/01/2025 ,The respondent, Ms. Taru Dixit & BrijBhushan , submitted that, The respondents purchased the flat in Jaypee CGHS Ltd. out of compulsion after the cancellation of the lease deed of Bhagwati CGHS Ltd. by DDA, and not for gain under cooperative norms. The flat was bought at market value without any concessional benefit.

There is a clear distinction between membership taken before allotment for availing benefits and membership obtained under Section 91 of the DCS Act, 2003 after buying a flat at market rate. The restriction under Rule 20(1)(c)(iii) applies only to the former.

Thus, the respondents respectfully submit that they do not incur disqualification, and the show cause notice deserves to be withdrawn.





The Bhagwati Co-operative Group Housing Society Ltd. submits that respondent members, Ms. Taru Dixit and Mr. Bharat Bhushan, applied for membership in October 2017 while residing in rented accommodation, based on assurances from the then Society officials that possession would be given within 12 months. However, due to DDA's cancellation of the lease deed on 30.09.2020 and prolonged litigation, construction was halted, leaving members in distress.

Faced with continued rent payments and EMIs for loans taken for their Bhagwati flat, and without any refund, the respondents purchased Flat No. 3/501, 5th Floor, Jaypee CGHS Ltd. on 25.03.2021 at market value. This flat is part of a multi-storey building, and their share in the land is less than 66.72 sq. meters.

**It is relevant to read the provisions of DCS Act and Rules in this regard which are as under:**

*20. Disqualification of membership*

*(1). No person shall be eligible for admission as a member of a co-operative society if he:-*

*(c) In the case of membership of a co-operative housing society,*

*(1) owns a residential house or a plot of land for construction of residential house in any of the approved or un-approved colonies or other localities in the National Capital Territory of Delhi, in his own name or in the name of his spouse or any of dependent children, on lease hold or free-hold basis or on power of attorney or on agreement for sale.*

*Provided that above clause shall not be applicable,*

*(a) in case of co-sharers of property whose share is less than 66.72 sq. metres of land or if the residential property devolves on him by way of inheritance:*

*(b) in case of a person who has acquired property on power of attorney or through agreement for sale and on conversion of the property from leasehold to freehold on execution of conveyance deed for it, if such person applies for the transfer of membership of the housing society concerned*

*(ii) deals in purchase or sale of immovable properties either as principal or as agent in the National Capital Territory of Delhi, or*

*(iii) his spouse or any of his dependent children is a member of any other cooperative housing society*

It is to note that in terms of Section 41(3) of the DCS Act, 2003, the Registrar may of his own motion, if satisfied that any member has incurred any of the disqualification under sub section (1) declare through an order in writing that such member is disqualified to be a member.

It is pertinent to mention here that in *Kalu Ram Sharma vs. Financial Commissioner*, the Delhi High Court held that mere ownership of another residential property purchased at market value does not disqualify a person from cooperative society membership, as disqualification under the DCS Rules is intended only to prevent misuse of concessional allotments.

Similarly, in *Bindiya Agarwal vs. RCS*, the Court reiterated that purchasing a flat at market price—without availing any preferential or concessional benefit—does not attract



disqualification under Rule 20(1)(c)(iii) of the DCS Rules, 2007. The Court emphasized that bonafide market purchases made under compulsion or after lease cancellations should not penalize individuals seeking cooperative membership.

In view of the submissions and supporting documents, it is evident that the respondents, Ms. Taru Dixit and Mr. Brij Bhushan, purchased the flat in Jaypee CGHS Ltd. at the prevailing market value under compelling circumstances arising from the cancellation of the lease deed of Bhagwati CGHS by the DDA. Since the purchase was made without availing any concessional benefit or preferential allotment rights, it does not attract disqualification under Rule 20(1)(c)(iii) of the DCS Rules, 2007. This view is supported by the judgments of the Hon'ble Delhi High Court in *Kalu Ram Sharma vs. Financial Commissioner and Bindiya Agarwal vs. Registrar Cooperative Societies*, wherein it was held that bona fide purchase at market value, without any concessional benefit, does not amount to disqualification for cooperative society membership.

It is further noted that Bhagwati Co-operative Group Housing Society Ltd. has supported and concurred with the respondents' statement in its reply/submission.

Accordingly, the membership of the respondents in Bhagwati Co-operative Group Housing Society Ltd. is restored, and the Show Cause Notice is hereby disposed of.



Anil Kumar Singh  
Registrar Cooperative Societies

Sent to:

1. Sh. Jagat Ram D-407, Sri Durga CGHS Sector -12 Dwarka Delhi-110075.
2. Taru Dixit & Brijbhushan(Through President/ Secretery )
3. Assistant Registrar (Sec-1), office of RCS
4. ARCS IT