IN THE HIGH COURT FOR THE STATE OF TELANGANA AT: HYDERABAD CORAM:

* THE HON'BLE SRI JUSTICE K. LAKSHMAN

+ WRIT PETITION No.15852 OF 2021

% Delivered on: 31-08-2021

Between:

# <mark>M</mark> /s. S	Saket Mithalia Residents Association,	
rep.by	y its President	

.. Petitioner

Vs.

\$ The State of Telangana, rep by its Principal Secretary,	
Municipal Administration and Urban Development,	
Secretariat, Hyderabad & Others	Respondents

! For Petitioner	: Mr. Pottigari Sridhar Reddy	
^ For Respondent No.1	: Govt. Pleader for MA & UD	
For Respondent Nos.2 & 3	: Mr. Sampath Prabhakar Reddy Standing Counsel for GHMC	
For Respondent No.4	: Mr. M.S. Srinivasa Iyengar	
< Gist	:	
> Head Note	:	
? Cases Referred	:	
 (2012) 1 GLR 267 (2020) 2 GLR 1437 (2005) 5 SCC 632 (2008) 9 SCC 694 AIR 1985 (SC) 973 (2000) 1 SCC 566 (2014) 4 ALD 345 AIR 1990 (AP) 171 		

HON'BLE SRI JUSTICE K. LAKSHMAN WRIT PETITION No.15852 OF 2021

ORDER:

The petitioner, a Society registered under the provisions of Andhra Pradesh Societies Registration Act, 2001, filed the present writ petition under Article - 226 of the Constitution of India, to declare the proceedings Lr.No.06955/C1/LNZ/GHMC/2021-1, dated 06.07.2021, issued by respondent No.3 under Section - 450 of the GHMC Act, 1955, as illegal and unjust, and for a consequential direction to revoke / cancel the Building Permit No.3/C1/06693/2021, dated 10.05.2021, issued in favour of respondent No.4.

2. Heard Mr. Pottigari Sridhar Reddy, learned counsel for the petitioner, learned Government Pleader for Municipal Administration and Urban Development appearing on behalf of respondent No.1, Mr. Sampath Prabhakar Reddy, learned Standing Counsel for GHMC appearing on behalf of respondent Nos.2 and 3 and Mr. M.S. Srinivasa Iyengar, learned counsel for respondent No.4.

3. **<u>FACTS</u>**:

 i) The petitioner herein is a society registered under the provisions of the Andhra Pradesh Societies Registration Act, 2001 with registration No.1051 of 2007.

ii) The owners of Villas of a Gated Community called 'Saket Mithalia', situated at Saket, Kapra Mandal, ECIL Post, Medchal - Malkajgiri District, Telangana, have organized and formed the petitioner society.

iii) As per the bye-laws of the said Society, owners of the Villas are the members of the said Society. In case, a Member is in possession of more than one Villa, he / she will be taken as a Single Member. The members of the Society are bound by the bye-laws framed by the Society. There are 101 Duplex Villas in the residential Layout.

iv) Originally, permission was obtained from the then Municipality and the HUDA for residential Layout and construction of Villas along with Club with Ground + 1 Upper Floor, vide proceedings dated 18.03.2005. Constructions were made strictly in accordance with the sanctioned Lay-out Plan, leaving aside empty spaces for roads and parks etc.

4. <u>CASE OF THE PETITIONER</u>:

i) The petitioner has submitted representations dated 18.12.2020 and 06.04.2021 to respondent No.3 informing them that as per bye law -30 (a), the association shall not undertake any construction work that may affect the overall ambience and elevation of the colony and Bye law - 30 (b), as per which, no owner of the Villas shall alter the shape of the building by putting up additional rooms, building compound walls or platforms around the house, disturbing the uniformity of the colony. Thus, the petitioner has requested them not to grant any permission to any Member without NOC from the petitioner. ii) The GHMC without considering the said representations had issued Building Permission to respondent No.4 for construction of Second Floor vide Building Permit No.3/C1/06693/2021, dated 10.05.2021.

iii) Respondent No.4 did not disclose the fact that the plot for which permission was sought is part of the Gated Community Lay-out and that he is bound by the bye-laws of the Association formed by the Members of the Society. Thus, respondent No.4 has obtained the said Building Permit by suppressing and misrepresenting the facts.

iv) Therefore, the petitioner had given a complaint dated 24.05.2021 to respondent No.3 on 26.05.2021 who in turn, issued a Notice No.06955/C1/LNZ/GHMC/2021, dated 21.06.2021 under Section - 450 of the GHMC Act, 1955, to respondent No.4 calling for his explanation. Respondent No.4 had submitted his explanation without disclosing any valid ground on the aspect of suppression and misrepresentation of facts.

v) Thereafter, respondent No.3 has issued proceedings Lr.No.06955/C1/LNZ/GHMC/2021-1, dated 06.07.2021 informing the petitioner that the Building Permit issued in favour of respondent No.4 cannot be revoked on the grounds specified therein.

vi) According to the petitioner, Clause - 30 of its bye-laws deals with 'construction works' and as per Sub-Clause (b), no owner of the Villas shall alter the shape of the building by putting up additional rooms, building compound walls or platforms around the house, disturbing the

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uniformity of the colony. In violation of the said Clause, respondent No.4 has obtained the Building Permit dated 10.05.2021 for construction of second floor by suppressing and misrepresenting the facts. Despite bringing the said facts to the notice of respondent No.3, without considering the objections raised by the petitioner, respondent No.3 has granted building permit in favour of respondent No.4. Thus, the proceedings Lr.No.06955/C1/LNZ/GHMC/2021-1, dated 06.07.2021 issued by respondent No.3 are illegal and consequently, the building permit No.3/C1/06693/2021, dated 10.05.2021 issued by respondent No.4 has to be revoked.

5. SUBMISSIONS ON BEHALF OF PETITIONER:

i) Mr. Pottigari Sridhar Reddy, learned counsel for the petitioner, by referring to Clause - 30 of the bye-laws of the petitioner, would submit that as per the said Clause, respondent No.4 being the member of the petitioner and owner of one of the Villas shall not alter the shape of the building by putting up additional rooms, building compound walls or platforms around the house, disturbing the uniformity of the colony. Further, the Association shall not undertake any construction work that may affect the overall ambience and elevation of the colony.

ii) According to the learned counsel, though there were written representations submitted by the petitioner on 18.12.2020 and 06.04.2021 to respondent No.3, the same were not considered by it while granting

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building permit dated 10.05.2021 in favour of respondent No.4. Thus, the said building permit is liable to be revoked.

iii) In support of his submissions, learned counsel for the petitioner has relied on the following decisions:

- a) Sarjan Co-operative Housing Society Ltd. v. Surat
 Municipal Corporation¹ rendered by the High Court of
 Gujarat at Ahmedabad;
- b) Madhavnagar Cooperative Housing Society Limited v.
 Joint Registrar and Member, Board of Nominees² rendered by the High Court of Gujarat at Ahmedabad;
- c) Zoroastrian Co-operative Housing Society Limited v.
 District Registrar Co-operative Societies (Urban)³ rendered by the Hon'ble Supreme Court;
- d) New India Cooperative Housing Society Limited v.
 Municipal Corporation of Greater Mumbai⁴, rendered by the Hon'ble Supreme Court; and
- e) Daman Singh v. State of Punjab⁵, rendered by the Hon'ble Supreme Court.

iv) By referring to the principle laid down in the aforesaid decisions, learned counsel for the petitioner would submit that the present writ petition is maintainable and the action of respondent No.3 in

¹. (2012) 1 GLR 267

². (2020) 2 GLR 1437

³. (2005) 5 SCC 632 ⁴. (2008) 9 SCC 694

⁵. AIR 1985 (SC) 973

granting building permit to respondent No.4 is illegal, and consequently, the same has to be revoked.

6. <u>CONTENTIONS ON BEHALF OF RESPONDENT No.4</u>:

i) On the other hand, Mr. M.S. Srinivasa Iyengar, learned counsel for respondent No.4, would contend that the present writ petition is not maintainable in view of Section - 23 of the Telangana Societies Registration Act, 2001 (for short 'Act, 2001'). Bye-laws of the petitioner are not having any statutory force and they are contractual in nature.

ii) He would further contend that the principle relied on by the learned counsel for the petitioner in the aforesaid decisions is with regard to the Co-operative Societies Act and not with regard to the Societies Registration Act, 2001.

iii) According to him, the petitioner herein is a society registered under the provisions of the Andhra Pradesh Societies Registration Act, 2001 and not registered under the provisions of the Telangana Cooperative Societies Act, 1964. In case of violation of any contractual obligation by respondent No.4, the remedy available to the petitioner is under Section - 23 of the Act, 2001 but not by way of a writ petition, like the present writ petition.

iv) In support of his contentions, learned counsel for respondent No.4 has also placed reliance on the principle laid down in the following decisions:

- a) Hyderabad Karnataka Educational Society v. Registrar of Societies⁶ rendered by the Hon'ble Supreme Court;
- b) **Dr. Srinivasa Rao Kothapali v. Dr. Appa Rao Mukkamala**⁷ rendered by the then High Court of Andhra Pradesh at Hyderabad; and
- c) Sri Konaseema Co-operative Central Bank Ltd. Amalapuram v. N. Seetharama Raju⁸ rendered by a Full Bench of the then High Court of Andhra Pradesh at Hyderabad.

v) With the aforesaid contentions, learned counsel sought to dismiss the present writ petition.

7. CONTENTIONS ON BEHALF OF GHMC:

i) Mr. Sampath Prabhakar Reddy, learned Standing Counsel for GHMC appearing on behalf of respondent Nos.3 and 4, referring to the impugned proceedings dated 06.07.2021, would contend that the dispute between the petitioner and respondent No.4 is private in nature and that the GHMC does not have the power to decide a private dispute.

ii) According to him, role of the GHMC is only to see whether the party applying for permission is having *prima facie* title or not, and whether the building plan submitted by him/her is in accordance with the Act, Rules and various G.Os. issued by the Government from time to time. In the case on hand, the building permit accorded to respondent No.4 was in accordance with Law/Rules, and accordingly, the

⁶. (2000) 1 SCC 566

⁷. (2014) 4 ALD 345

⁸. AIR 1990 (AP) 171

Corporation has accorded the building permit in favour of respondent No.4 and, thus, the same cannot be revoked.

iii) With the aforesaid contentions, learned Standing Counsel sought to dismiss the present writ petition.

8. ANALYSIS AND FINDING OF THE COURT:

i) In view of the aforesaid rival submissions, the main grievance of the petitioner is that respondent No.4 has obtained the building permit dated 10.05.2021 for construction of second floor without obtaining NOC from it and by suppressing and misrepresenting the facts. According to the petitioner, respondent No.4 being owner of one of the Villas and Member of the petitioner shall not alter the shape of the building by putting up additional rooms etc. Bye-laws of the petitioner are binding upon respondent No.4 being Member of it. Even then, without obtaining NOC from the petitioner, he has applied for building permission by suppressing and misrepresenting the facts, and obtained it on 10.05.2021 from respondent No.3.

ii) In view of the above discussion, it is apt to reproduce Clause -30 of the bye-laws of the petitioner which is as under:

"30. CONSTRUCTION WORKS

- a) The Association shall not undertake any construction work that may affect the overall ambience and elevation of the colony.
- b) No owner of the villas shall alter the shape of the building by putting up additional rooms, building compound walls or platforms around the house, disturbing the uniformity of the colony.

c) Permissible repairs/alterations may be carried out upto 9PM only and the workers shall not stay in the compound beyond 9PM, without written permission of the Secretary/President."

iii) A perusal of the record would reveal that the petitioner has submitted representation dated 18.12.2020 to respondent No.3 informing that it has its own bye-laws for its administrations to maintain the uniformity ambience of the gated community; that as per Sub-Clause (b) of Clause - 30, no owner shall change the outer structure of the house to maintain the uniformity; that rule - 17 says that, for any internal alterations, owner has to obtain NOC from the petitioner, and accordingly requested respondent No.3 not to grant any permission for construction to respondent No.4 without any NOC from the petitioner. It had submitted another representation dated 06.04.2021 almost with the similar content. It is relevant to note that bye-law No.17 has no application to the facts of the present case. The petitioner did not specify rule - 17 of which rules. It is also relevant to note that there is no provision in the bye-laws of the petitioner to obtain NOC from it for making constructions.

iv) A perusal of the record would also reveal that respondent No.4 has submitted an application on 19.04.2021 for construction of second floor on the existing Villa, and respondent No.3 has considered the same and granted building permit order on 10.05.2021. Referring to the same, Mr. M.S. Srinivasa Iyengar, learned counsel for respondent No.4 would submit that by the time respondent No.4 made his application dated

19.04.2021, the petitioner had already submitted the aforesaid two representations dated 18.12.2020 and 06.04.2021 informing about Clause - 30 of its bye-laws and, thus, there is no suppression and misrepresentation of facts by respondent No.4 while making the application dated 19.04.2021. He would further submit that the petitioner was registered under the provisions of the Andhra Pradesh Societies Registration Act, 2001. The Villa owners are the Members of the petitioner. At present, there are 101 Duplex Villas in the residential Layout and they are members of the petitioner. The bye-laws of the petitioner do not have any statutory force. Thus, the present writ petition is not maintainable and, therefore, he requested to dismiss the same on the said ground itself.

v) In view of the aforesaid submissions, the following questions fall for consideration in the present writ petition:

- a) Whether the bye-laws of the petitioner are having any statutory force or not? and
- b) Whether respondent No.4 has obtained the building permit dated 10.05.2021 by suppressing and misrepresenting the facts and that the impugned proceedings dated 06.07.2021 are to be declared as illegal or not?

vi) As discussed above, the owners of Villas of Gated Community called 'Saket Mithalia' have organized and formed into the petitioner and accordingly they got it registered under the provisions of the Andhra Pradesh Societies Registration Act, 2001. They have also framed necessary bye-laws for the purpose of smooth administration of their society. The said bye-laws are binding on all the owners of Villas including respondent No.4 herein. There is no aid, much less financial aid to the petitioner from any Government or its Instrumentality, as defined under Article - 12 of the Constitution of India. Thus, the petitioner is purely a private entity consisting of owners of Villas called 'Saketh Mithalia', a gated community. Thus, the bye-laws of the petitioner do not have any statutory force, and they are contractual in nature.

vii) It is relevant to note that in **Sri Konaseema Co-operative Central Bank Ltd.⁸** a Full-Bench of the then High Court of Andhra Pradesh at Hyderabad had an occasion to deal with the aspect of whether the bye-laws framed by a co-operative society have the force of law? The Full Bench of the High Court referring to various provisions of the Co-operative Societies Act and the principle laid down by the Apex Court categorically held that the bye-laws framed by a co-operative society registered under the Andhra Pradesh Co-operative Societies Act do not have the force of law. They are in the nature of contract, terms of contract, between the society and its employees, or between the society and its members, as the case may be. Hence, where a society cannot be characterized as a 'State' the service conditions of its employees, governed by bye-laws, cannot be enforced through a writ petition. It further held that *mandamus, certiorari* and *prohibition* are public law remedies. They are not available to enforce private law rights. Every act of a society which may be a 'State' within the meaning of Article - 12, does not necessarily belong to public law field. A society, which is a 'State', may have its private law rights just like a Government. A contractual obligation, which is not statutory, cannot be enforced by way of a writ petition under Article - 226 of the Constitution of India.

viii) In **Dr. Srinivasa Rao Kothapali**⁷ a learned single Judge of the then High Court of Andhra Pradesh at Hyderabad held that membership of the Society only brings about a contractual relationship among the members forming it subject of course to the Act and the rules. So bye-laws of the Society are not in the nature of a statute. Therefore, the principle that unless the bye-law provides for it nothing can be done cannot be accepted.

ix) In Hyderabad Karnataka Educational Society⁶ the Apex Court referring to the principle laid down by it in T.P. Dover v. Lodge Victoria No. 363, S.C. Belgaum, [AIR 1963 SC 1143], The Cooperative Central Bank Ltd. v. The Additional Industrial Tribunal, Andhra Pradesh [(1969) 2 SCC 43], Kulchhinder Singh v. Hardayal Singh Brar [(1976) 3 SCC 828], Takraj Vasandi Alias K.L. Basandhi v. Union of India, [(1988) 1 SCC 236] and the full Bench judgment of the Andhra Pradesh High Court in Sri Konaseema Co-operative Central Bank Ltd.⁸ held that bye-laws of a society are a contract between the parties and bind on both the parties. Whereas, the decisions relied upon by the learned counsel for the petitioner mentioned above are with regard to the Co-operative Societies Act and not with regard to the Societies Registration Act.

x) In **Zoroastrian Co-operative Housing Society Limited**³, the Apex Court took note of the fact that when a person accepts membership in co-operative society by submitting himself to its bye laws and secures an allotment of a plot of land or a building in terms of the bye laws and places on himself a qualified restriction in his right to transfer the property by stipulating that the same would be transferred back to the society or with the prior consent of the society to a person qualified to be a member of the society, it cannot be held to be an absolute restraint on alienation offending Section - 10 of the Transfer of Property Act. He has placed that restriction on himself in the interests of the collective body, the society and he has voluntarily submerged his rights in that of the society. There was restriction on the transfer of plot / membership to class of certain persons and member wanted to transfer a plot to a person, who was not qualified as per the bye-laws held that original member / allottee is bound by the terms and conditions and bye-laws of the society.

xi) In **New India Cooperative Housing Society Limited**⁴ considering an identical question, the Apex Court held that Corporation cannot sanction the modified plan, unless a fresh NOC had been obtained by the lessee / member from the society.

xii) **Daman Singh⁵**, the Apex Court, on examination of the facts therein, observed and held that when a person becomes a member of a

Co-operative society, he loses his individuality *qua* the society and he has no independent rights except those given to him by the statute and the bye-laws.

xiii) Referring to the principle laid down in the above three judgments, on examination of the facts of the said cases, Gujarat High Court in **Sarjan Co-operative Housing Society Ltd.**¹ held that a member of the co-operative society obtain prior approval / sanction of the petitioner society before raising construction / renovation work.

xiv) In **Madhavnagar Cooperative Housing Society Limited**², referring to the principle laid down in the above four judgments and on examination of the facts therein, the Gujarat High Court held as follows:

"(1) A member of a Cooperative Housing Society has no legal right or any other right of any nature to use the land for commercial purpose. If it is a Cooperative Housing Society, then there cannot be any construction of commercial nature other than a residential house.

(2) A member of a Cooperative Housing Society is obliged in law to strictly abide by the bye-laws and other rules & regulations of the Society.

(3) No Municipal Corporation or a Municipality shall assume the power or jurisdiction or authority to sanction the plans without a valid No Objection Certificate issued by the Society. In the absence of a valid No Objection Certificate duly issued by the Society, the Corporation or the Nagarpalika, as the case may be, will have no authority to even accept the plans and look into the same.

(4) Before sanctioning the plans, even if there is any No Objection Certificate duly issued by the Society, the competent authority of the Corporation or the Nagarpalika, as the case may be, is dutybound to give a notice to the Society so that if the Society has anything further to say in the matter, they can put forward their case or objection.

(5) The plans sanctioned by the Corporation including the Building Use Permission could be termed as absolutely illegal as the same are contrary to the bye-laws of the Society.

(6) As the bye-laws of the Society, in the case on hand, provide that the members have to use the plot allotted to them only for residential purpose, there is no question of putting up any construction of commercial nature, i.e. other than the residential house.

(7) xxxxx

(8) When there are specific bye-laws in the Cooperative Housing Society for use of the house allotted to a member for residence, the land cannot be permitted to be converted into commercial use or any other purpose."

xv) Thus, all the above said five judgments are with regard to societies registered under Co-operative Societies Act, but not under Societies Registration Act. The object of Co-operative Society registered under Co-operative Societies Act is different from the object of a society registered under Societies Registration Act. In Co-operative Societies Act, the procedure for allotment / acquiring land, admission of member, allotment of land / house, use of the land / house allotted etc., will be mentioned specifically, whereas, in the Societies Registration Act, there is no such procedure. Here, the individuals, like flat owners, villa owners, advocates, doctors etc., will organize and form into an association. The bye laws framed by a society registered under Societies Registration Act are contractual in nature and are not statutory in nature. Therefore, the said principle laid down in the above judgments relied on by the learned counsel for the petitioner is not applicable to the facts of the present case.

xvi) As discussed above, the grievance of the petitioner herein is that respondent No.4 has not obtained NOC from it while submitting application for construction permission. As stated above, the bye-laws of the petitioner are not having any statutory force and they are only contractual in nature. Thus, the contention of the petitioner that respondent No.3 has obtained permission dated 10.05.2021 without obtaining NOC, by suppressing and misrepresentation of facts and respondent No.3 did not consider the said facts in the impugned proceedings dated 06.07.2021 is not sustainable. There is no dispute that the bye-laws of the petitioner are binding on respondent No.4 since he is also a Member of the petitioner, but said bye-laws are not statutory in nature and they do not have any force of law. Further, remedy available to the petitioner is only under Section - 23 of the Act, 2001, but not by way of submitting representations and lodging complaints. The petitioner cannot challenge the same by way of filing writ petition.

xvii) It is relevant to note that the challenge in the present writ petition is to the proceedings dated 06.07.2021 issued by respondent No.3 informing the petitioner that the building permit dated 10.05.2021 issued in favour of respondent No.4 cannot be revoked. Therefore, the writ petition is maintainable.

xviii) As per Section - 23 of the Act, 2001, in the event of any dispute arising among the Committee or the members of the society, in respect of any matter relating to the affairs of the society, any member of the society may proceed with the dispute under the provisions of the Arbitration and Conciliation Act, 1996, or may file an application in the District Court concerned and the said Court shall after necessary inquiry pass such order as it may deem fit. Whereas, in the case on hand, the petitioner instead of availing the said remedy, approached respondent No.3 by submitting representations and lodging complaint to revoke the building permit granted in favour of respondent No.4. Though respondent No.3 has issued a show-cause notice dated 21.06.2021 to respondent No.4 pursuant to the complaint dated 24.05.2021, on consideration of the reply submitted by respondent No.4 on 23.06.2021, informed the petitioner under the impugned proceedings that the role of GHMC is only to see whether the party applying for permission is having prima facie title or not, and whether the building plan submitted by him/her is in accordance with the Act, Rules and various G.Os. issued by the Government from time to time. According to respondent No.3, it has accorded building permit to respondent No.4 in accordance with law/rules and, therefore, the same cannot be revoked

xix) It is also relevant to note that respondent No.4, in his counter, has specifically contended that about 38 Villas have changed their frontage and appearance and also made some constructions. So, it is clear that many of the residents of the said gated community have made alterations. They have not obtained any NOC from the petitioner. He has specifically mentioned about the number of Villas and also the changes made by the owners. In proof of the same, he has filed photographs. A reply affidavit was filed by the petitioner to the said counter affidavit of respondent No.4 stating that respondent No.4 was the President of the petitioner during the period from 2018 to 2020, during which period, he has illegally allowed owner of Villa No.64 to construct second floor and a shed on the third floor, and also allowed the owner of Villa No.97 to construct a second floor. Thus, the said facts would reveal that the petitioner is a society and if respondent No.4 being the President of the petitioner fails to take any steps, it is for other members and the Executive Committee to take steps in accordance with Laws and as per the procedure laid down in the bye-laws. But they did not do so.

9. CONCLUSION:

i) In view of the above discussion, according to this Court, the bye-laws of the petitioner are not statutory in nature and they do not have any force of law. The remedy available to the petitioner is under Section - 23 of the Act, 2001. This Court is not inclined to declare the proceedings Lr.No.06955/C1/LNZ/GHMC/ 2021-1, dated 06.07.2021, issued by respondent No.3 under Section - 450 of the GHMC Act as illegal and unjust. Further, the petitioner is also not entitled to seek revocation of Building Permit No.3/C1/06693/2021, dated 10.05.2021, issued in favour of respondent No.4 on the ground that respondent No.4 has obtained the same by suppression and misrepresentation of facts, and

that he has obtained the same without NOC from the petitioner. As stated above, if at all the petitioner is having any grievance against respondent No.4, more particularly, with regard to violation of its byelaws the remedy available to it is under Section - 23 of the Act, 2001, but not by way of a writ petition. Though the present writ petition is maintainable, it is not an efficacious remedy. According to this Court, the efficacious remedy available to the petitioner is only under Section - 23 of the Act, 2001. Thus, the writ petition is devoid of merits and the same is liable to be dismissed.

ii) The present Writ Petition is accordingly dismissed. The interim order granted by this Court on 16.07.2021 stands vacated.

iii) However, in the circumstances of the case, there shall be no order as to costs.

As a sequel, the miscellaneous petitions, if any, pending in the writ petition shall stand closed.

K. LAKSHMAN, J

<u>Note</u>: L.R. Copy to be marked (B/O.) Mgr

31st August, 2021