



CWP-11161-2024 (O&M)

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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

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CWP-11161-2024 (O&M)
Date of Decision: 10.12.2024

DHARAMJIT SINGH AND ORS

... Petitioners

Vs.

**REGISTRAR COOPERATIVE
SOCIETIES, PUNJAB AND ORS**

.... Respondents

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL

Present: Mr. Anupam Bhardwaj, Advocate for the petitioners.

Mr. Malkit Singh Dhillon, DAG, Punjab

Mr. Arun Gosain, Advocate for respondent No.3.

SUVIR SEHGAL, J. (ORAL)

1. Instant writ petition has been filed under Article 226/227 of the Constitution of India for issuance of a writ in the nature of certiorari for quashing notice dated 30.04.2024, Annexure P-9, whereby petitioners have been placed under suspension under Section 27(2) of the Punjab Cooperative Societies Act, 1961 (for short “1961 Act”).

2. Mr. Anupam Bhardwaj, Advocate submits that petitioners are the Directors of the Ludhiana Cooperative Milk Producers Union Ltd. (for short ‘Co-operative Society’) and they have been placed under suspension by impugned notice, Annexure P-2. By referring to proviso to Section 27(1) of the 1961 Act, he contends that petitioners could not be suspended as the Co-operative Society does not have any Government



shareholding nor has it received any loan or financial assistance from the Government.

3. Upon notice, writ petition has been contested by the respondents and separate response has been filed on behalf of officials respondents No. 1 and 2 and Co-operative Society-respondent No.3. It has been *inter alia* averred that proviso to Section 27(1) of the 1961 Act, is not applicable as the State Government stood as a guarantor for various loans and financial assistance has been extended to the Co-operative Society. In particular, reference deserves to be made to para 5 of the reply filed by way of an affidavit of the Joint Registrar, Cooperative Societies, Patiala, which is reproduced hereunder:-

“5. That the General Manager of Respondent No.3 (The Ludhiana District Cooperative Milk Producers Union Limited), Ludhiana vide its letter No.LMU/PSL/A-3/7851 dated 22/05/2024 has reported that The Ludhiana District Cooperative Milk Producers Union Limited, Ludhiana has received various Grants-in-Aid from the Central Government under the various schemes viz. (1) National Programme for Dairy Development (NPDD) in the shape of financial assistance; (2) Grant from Punjab Rural Development Board; and (3) National Dairy Development Board etc. Milk Union, Ludhiana has been a beneficiary of various Central and State Schemes for implementation of Quality Milk Program in the State for which the State Implementing Agency is required to send progress reports regularly, till the project completion. The National Dairy Development Board has sanctioned interest bearing term loan of



Rs.7987.56 lakh to Milk Union, Ludhiana for 10 years for "Establishment of New Dairy Plant of 500 TLPD Capacity and Expansion of Butter Section to 10 TPD" under Dairy Processing & Infrastructure Development Fund (DIDF) scheme, a Central Sector Scheme of the Government of India. As per the terms and conditions of sanction of the loan; the State Government stood guarantor for the repayment of the loans together with all interest, costs, charges, expenses and other money due and payable under this sanction, in favour of NABARD. The State Government of Punjab stood guarantor for the loan sanction letter received from the NABARD to borrow a term loan of Rs. 45 crores to be repayable in 7 years for modernization and upgradation of Milk Plants. One of the conditions of the said sanction letter is that "(5) the said loan, together with all interests at the agreed rate, costs, charges, expenses and other money whatsoever as stipulated in the said sanction letter shall be secured by the guarantee of the State Government of Punjab".

Apart from this, the State Government of Punjab has released the financial assistance amount of Rs. 25 crore under the Scheme "Financial Assistance to the Punjab Cooperative Milk Producers' Federation Limited for providing incentive to Milk Producers". Out of the said State Scheme, Milk Union, Ludhiana is a beneficiary to an amount of Rs. 5.45 crore. It may need mention here that Milk Union, Ludhiana is a Cooperative Society comprising of various Milk Producers' Cooperative Societies (MPCs) as its members."

4. Although, Mr. Bhardwaj, has rebutted the stand taken by the



respondents by pleading that the financial assistance has never been extended to the society by the State Government and some amount has been disbursed by the Central Government, but he is not in a position to dispute the communication dated 26.05.2018, Annexure R-3/3, which establishes that the State Government has stood as a guarantor for the loan extended to the Co-operative Society.

5. In view of the above, it is clear that proviso to sub-Section 27(1) of 1961 Act, is not applicable. As the State Government stood as a guarantor for various loans, it is empowered to place the Managing Committee of the Co-operative Society under suspension.

6. There is no merit in the writ petition, which is hereby dismissed.

10.12.2024
pooja saini

(SUVIR SEHGAL)
JUDGE

Whether Speaking/Reasoned	Yes/No
Whether Reportable	Yes/No