101+524 IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

1. CM-6606-LPA-2025 in/and
LPA-6-2004

Registrar Co-operative Societies, Union Territory, Chandigarh
..Applicant

Versus

Hem Raj and others ....Respondents

2.
LPA-7-2004 (O&M)
Date of decision: 16.09.2025

Registrar Co-operative Societies, Union Territory, Chandigarh
...Applicant

Versus

Super Bazar Chandigarh employees Union(Regd.) and others
....Respondents

CORAM: HON'BLE MR. JUSTICE HARSIMRAN SINGH SETHI
HON'BLE MR. JUSTICE VIKAS SURI

Present: Ms. Madhu Dayal, Senior Standing Counsel with
Ms. Ekakshra Mahajan Mandhar, Panel Counsel
for the non-applicant-appellant(s)-U.T., Chandigarh.

Mr. Ajay Bhardwaj, Advocate
for respondent No.6 in LPA-6-2004.

Mr. Jagdeep Jaswal, Advocate
for applicant-respondents in LPA-6-2004.

Mr. Sanjay Tangri, Advocate and
Mr. Gaurav Tangri, Advocate for
respondents No.1 and 2 in LPA-7-2004.

Mr. Rajesh Hooda, Advocate
for respondent No.11 (EPFO).

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<u>HARSIMRAN SINGH SETHI , J (Oral):</u>

<u>CM-6606-LPA-2025</u>

Prayer in the present application filed under Section 151 CPC is for fixing an actual date of hearing in the main appeal.

Heard.

For the reasons mentioned in the application, the same is allowed. By consent of parties appeal is taken today itself.

<u>Main Case</u>

1. This order shall dispose of aforesaid two appeals since common questions of facts and law are involved in the same. For the sake of convenience, facts are being taken from LPA-6-2004.

2. In the present Letters Patent Appeal by which, judgment of the learned Single Judge dated 28.03.2003 has been challenged, whereby the order passed by the Chandigarh Administration dated 10.10.2000 (Annexure P-9) and 02.11.2000 (Annexure P-10), as well as the order dated 15.03.2001 (Annexure P-12) were set aside.

3. Before deciding the issue with regard to the validity of the order dated 28.03.2003 passed by the learned Single Judge, certain facts may be noticed. Respondents herein were the employees of the Central Co-operative Consumers Store limited Chandigarh which is also known as Super Bazar (hereinafter referred as society). Vide order dated 02.11.2000, which was for winding up of the society, and the notice was printed in Tribune vide which the Liquidator had terminated the services of the employees working therein. Against the said orders, appeals bearing i.e. Appeal No.363 of 2000, Appeal No.364 of 2000, Appeal No-367 of 2000 and Appeal No.367-A of 2000 were preferred qua the winding up as well as of termination of the services of the employees, before the Secretary Cooperation Duty Chandigarh, which, appeals came to be dismissed on 15.03.2001. All these aforesaid orders were challenged by the aggrieved employees of the society before the learned Single Judge and ultimately the same were set aside vide judgment dated 28.03.2003, keeping in

view the detailed reasons given therein. The said judgment of the learned Single Judge has been impugned in the present Bunch of LPA which are pending for the last more than two decades for adjudication.

4. It may briefly be stated that, as the judgment of learned Single Judge was stayed, the winding up proceedings of the society were undertaken and a Committee constituted by this Court was made in charge of disposing of the properties of the society and the properties were ultimately sold and the proceeds thereof were deposited with the Bank in a fixed deposit, so that, the said amount generate interest as well.

5. Thereafter, the question arose as to how the said generated amount is to be utilized, for which, as per order dated 27.04.2012 passed by the Coordinate Bench, entrusted the task of deciding various claims and distribution of assets to Mr. Justice (retd.) G.C. Garg, who was appointed as official Provisional Liquidator.

6. The said official Provisional Liquidator has submitted eleven interim reports with regard to the action taken for utilizing the money which was received as a sale proceeds of the assets belonging to the society and according to the interim report seven, the Provisional Liquidator has said that the service disputes of that large number of employees have been redressed and they have been paid their entitlements as mentioned in the Civil Miscellaneous No.5308. Further, it has come on record that the employees of the society have been paid the gratuity and the leave encashment admissible to them but qua some of the employees, the same could not be paid as the same was not payable under law or the employe concerned did not come forward for the settlement of their dues. Further, the amount which remains after the payment of the certain service benefits to the employees concerned, the same is still lying in the Bank earning interest.

7. Further, the other claims also, raised against the said society were also cleared from the said amount and, this Court is informed that as of now, a sum of Rs.11,50,00,000/- (approximately) is still lying as an asset of the society. Keeping in view the above mentioned facts, the claims of the respondents employees are being adjudicated.

8. The first claim being raised by the employees of the society concerned is that before the winding up of the society i.e. 10.10.2000 the Chandigarh Administration had constituted a Committee to record as to whether society can run keeping in view the losses being incurred by the Society. The said Committee recorded the winding up of the society and recommended that the employees of the society should be adjusted in other institutions of Chandigarh Administration and absorb such employees in the other units of the Chandigarh Administration, but despite the said assurance, no such benefit has been extended to them, hence said in action warrants adequate compensation to the employees.

9. The further, grievance being raised by the respondents workmen is that as per the notice given by the Chandigarh Administration at the time of termination of their services on account of winding up of the society, they were to be given three months salary in lieu of the notice, which benefit of three months salary has also not be extended to them, which factor also needs to be taken care of, from the assets of the society.

10. The last argument being raised by the respondent employee is that they have been waiting for said benefits for the last more than two decades and even the leave encashment and gratuity were delayed and upon the said delayed payment also, from the date of the termination of their services of the respective employees, they should have been paid the interest, which is their entitlement as per settled principle of law.

11. At this stage, learned counsel appearing on behalf of the Provident Fund Authority submits that their claim has also not been settled by the Provisional Liquidator though, a claim of Rs.32.05 lacs as on 2012, qua the payment of the Provident Fund in respect of the employees working, is also to be cleared from the pending assets of the society though, the Provident Fund Department is not pressing for the damages under Section 14-B of the Employees Provident Fund and Miscellaneous Provisions Act, 1952, keeping in view the prolonged litigation between the Chandigarh Administration and the employees.

12. Learned counsel appearing on behalf of the appellant submits that they have no problem in disposing of the assets in case the claims are found genuine by the Competent Court of law.

13. Learned counsel appearing on behalf of the appellant further submits that as per her instructions from the Department, no Provident Fund share of the employees was deducted and even if, this Court finds that any amount is to be paid on account of Provident Fund the same be only restricted to the employe's shares and interest if any.

14. We have heard the learned counsel for the parties and have gone through the record with their able assistance.

15. Keeping in view the averments which have been made in the proceedings paragraphs the claims are being raised by the employees of the society, who were working with the society (Super Bazar), at the time when the society was wound up i.e. 10.10.2000 (Annexure P-9) and their services were terminated vide Public Notice dated 02.11.2000 (Annexure P-10). They are claiming their dues for the period they have rendered service as well as the salary of the notice period, according to the terms and conditions of the Chandigarh Administration itself . The further claim of the employees is that as

they were not adjusted in any other Department Chandigarh Administration, though promised by the Chandigarh Administration, hence they should be suitably compensated as, at the said age, after rendering years of service they could not find any other job to sustain themselves and are still on road despite expiry of more than two decades. The last argument which was raised for the grant of interest on the payments which have already been made to them by the Provisional Liquidator as mentioned in the seventh interim report keeping in view the service benefit for which they have already been entitled.

16. The last argument is being taken first with regard to the grant of interest. As per the settle principle of law, once an employee has a right qua a particular benefit, but the grant of the said benefit is delayed and the amount is kept by the employer, the employee is entitled for the grant of interest. The judgment of the this Court in "***J.S. Cheema Vs. State of Haryana***" is reproduced here under:-

> *"The jurisprudential basis for grant of interest is the fact that one person's money has been used by somebody else. It is in that sense rent for the usage of money. If the user is compounded by any negligence on the part of the person with whom the money is lying it may result in higher rate because then it can also include the component of damages (in the form of interest). In the circumstances, even if there is no negligence on the part of the State it cannot be denied that money which rightly belonged to the petitioner was in the custody of the State and was being used by it."*

17 A bare perusal of the above would show that it has been held that once an amount was found due to an employee and the same is retained by the department for its own benefit, the same interest is liable to be paid.

18. In the present case, once the Provisional Liquidator, after ascertaining all the facts found the employees entitled for the grant of certain

service benefits, which includes gratuity as well as leave encashment and the salary for a period of three months, the employees are held entitled for the grant of interest @ 6% per annum on the said benefits from the date the amount became due till the payment of such amount to the employees by the Provisional Liquidator as the same were released to them after inordinate delay. Once the service benefits were the entitlement of the employees concerned, delay in release has to be compensated by arrears of interest which is being extended to the employees.

19. The second prayer of the workmen is that they have not been paid the salary of three months notice. A bare perusal of the public notice dated 02.11.2000 which was issued by the liquidator of the society copy of which has been appended as Annexure P-10 with the writ petition, the following assertions were made:-

> *"The concerned employees may hand over the charge, if any, to the undersigned or the authorized nominee of the undersigned and may loddge their claim in respect of arrears of pay etc. including the pay of three months in lieu of notice period to the undersigned within thirty days of the date of publication of this notice, which will be paid out of the funds whenever available with the undersigned according to Section 59 of the Punjab Co-operative Societies Act, 1963 (as applicable in U.T., Chandigarh). A copy of this public notice is also being sent to each and every employee on the rolls of the Super Bazar by registered post as well."*

20. A bare perusal of the above reproduction would show that the employees were held entitled for the three month salary for the non-grant of three months notice which was required to be given to the employees before terminating their services and the said amount was to be paid after generation

of the funds after liquidating the asset of the society for which a Provisional Liquidator was appointed.

21. It is a conceded fact that the said salary of the notice period has not been given to the employees, as nothing evident has been brought on record to show that at any given point of time, the same was paid to the employees. That being so, the same is entitlement of the workmen under the notice by the official liquidator and therefore, all the employees are also held entitled for three months salary, qua notice of pending salary which they were drawing at the time when their services were terminated vide public notice dated 02.11.2000. It may be noticed that on this amount of three months salary also interest with the workmen will be entitled for interest @ 6% per annum from the date their services were terminated till the actual payment of the same.

22. It may be noticed that the argument which has been raised to be adjudicated of this Court is whether any compensation is to be given to the employees for not adjusting them in any other institution which was being run by the Chandigarh Administration. It may be noticed that prior to the winding up of the society i.e. on 10.10.2000, a Committee was formed consisting of the Assistant Registrar, Co-operative Societies U.T., Chandigarh, Assistant General Manager, Super Bazar, Chandigarh and Retd. Teh-cum-ABCS U.T., Chandigarh. The said Committee made recommendations and a recommendation No.2 was as under:-

> *" The surplus staff as a result of recommendation of the Committee may be got absorbed in other Coop. Institutions or any other such Department Office like the CITCO, Chandigarh Housing Board, Market Committee, Marketing Board, Social Welfare Advisory Board etc."*

23. Though, the vide aforementioned reproductions the U.T. Chandigarh, accepted the recommendation of winding up but it is being

contended that the said recommendation for absorption was never accepted or made applicable.

24. Once, the recommendations were made to absorb the employees in another institutions which were being run by the Chandigarh Administration. So that they can earn a livelihood, the Chandigarh Administration was required to look into the said aspect especially when, prior to the winding up, certain employees who left Society (Super Bazar), were adjusted in the other Department of Chandigarh Administration. Should non-grant of opportunity to make livelihood be considered keeping in view the sudden termination of the services of the respondent employees as to whether, such employees need to be compensated or not. Keeping in view the fact that the services of the respondent employees came to be terminated abruptly without giving them any notice, the employees who have not been adjusted in any other department should have been given compensation so that, the non-earning of a livelihood for a substantial period of time is compensated. Once the Committee which was formed and the same recorded the winding up of the society along with recommendations to absorb the employee in the other institutions denial of absorption should be on valid ground, but no such ground has been given to the Court. Further, the said aspect of grant of compensation is being taken into account by this Court as after liquidating the asset, the large amount of asset of society is still lying to be utilized and such assets need to be utilized for the employees, who were part and parcel of running the society for a substantial time. Keeping in view the above, this Court is of the view that out of total amount of Rs. 11,50,00,000/- which is lying, a sum of Rs.5 cores which is the applying interest generated from the assets, be equally distributed among all the employees as part of the compensation to be paid to them for not providing them any alternative job and for abruptly terminating their services despite

recommendation to absorb them. It may be noticed that the employees, who had already retired prior to the winding up of the society or, who were facing departmental proceedings, and was held guilty of major misconduct shall not be included for the purpose of grant of compensation. It is clarified that qua the employee who was facing the departmental proceeding but not held guilty upto the time of termination of their service, they will also be paid the compensation out of the money mentioned above.

25. At this stage, learned counsel appearing on behalf of the Provident Fund Commissioner submits that they have also raised certain claims against the society for non-payment of the Provident Fund dues qua the employees working with the society and up to year 2012, the amount including interest was approximately Rs.32.5 lacs. Learned counsel also submits that the Provident Fund Department be also released the said claim of Rs.32.05 lacs and the said amount is exclusive of any penalty for non-deposit, and is also only qua the share of the society as, no amount from the employees was ever deducted during their service.

26. As the society has already been wound up and unfortunately, the official liquidator, appointed by this Court has passed away, rather than sending the matter to the two Departments to adjudicate upon the said claim, and the amount being claimed towards Provident Fund is also ultimately to be released to the employees concerned, the Provident Fund Department will be entitled for the payment of Rs.32.5 lacs which will also be released in their favor by the Competent Authority within a period of eight weeks from the date of receipt of the copy of this order and the Provident Fund Authorities are directed to release the said amount to the entitled employee of the society, within a period of two months thereafter.

27. The remaining amount if any left out of the assets of the society, which will be substantial, keeping in view the fact that as of now, a sum of Rs.11,50,00,000/- crore is lying, will be deposited with the Registrar Co-operative Society, U.T., Chandigarh, to be used as per rules and regulations.

28. It may be further noticed that in case any employee raises any claim with the Registrar Co-operative Society within a period of three years from the date of deposit, a sum of Rs.2 crores will be kept in the bank account so that any delayed claim preferred by any employee is adjusted from the said amount and said amount and the interest earned on such amount should be ensured.

29. It may be noticed that this order is being passed under special circumstances in view of the facts that the society stands wound up for the last more than two decades and the employees have been litigating to claim the benefit admissible to them and the society has the assets to satisfy those claims but the same shall not be treated as a precedent.

CM-4159-LPA-2018 in/and
LPA-7-2004

Two employees namely Taran Chand and Ashwani Kumar, have claimed that they have not been given benefits after termination of their services upon winding up of the society only on the ground that the certificate submitted by them at the time of recruitment were found to be not genuine but, at a later stage, those document were found to be correct. Hence, the benefit already extended to the other employees, should also be extended to these employees.

The Chandigarh Administration will look into the said aspect. In case, both these two employees are found entitled for the benefit, and have not been extended that same, as extended to the similarly situated employees, claim of such employees will be considered and appropriate speaking orders will be passed within a period of eight weeks from the date of receipt of the copy of this order.

With the aforesaid terms the appeal stands disposed of.

A photocopy of this order be placed on the file(s) of connected case(s).

Pending miscellaneous application(s), if any, stand disposed of accordingly.

(HARSIMRAN SINGH SETHI)
JUDGE

(VIKAS SURI)
JUDGE

16.09.2025
monika

1. Whether speaking/ reasoned	:	Yes /No
2. Whether reportable	:	Yes /No