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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-33411-2024(O&M)
DATE OF DECISION : 24.02.2025

THE PUNJAB STATE CO OPERATIVE SUPPLY AND MARKETING FEDERATION LTD …PETITIONER

Versus

JAGTAR SINGH AND ANR ...RESPONDENTS

CORAM : HON'BLE MS. JUSTICE LAPITA BANERJI

Present : Mr. Animesh Sharma, Advocate and
Ms. Sakshi Sharma, Advocate
for the petitioner.

LAPITA BANERJI, J.(ORAL)

CM-2873-CWP-2025

This is an application for placing on Annexure P-15.

Application is allowed. Document is taken on record subject to all just exceptions.

Main case

In the present writ petition, the petitioner has challenged the award dated March 27, 2019 (Annexure P-3) passed by the Deputy Registrar, Cooperative Societies, Sri Muktsar Sahib, order dated March 31, 2023 (Annexure P-2) passed by the Appellate Authority-Joint Registrar and order dated July 11, 2024 (Annexure P-1) passed by the Revisional Authority-Additional Registrar (Admin), Cooperative Societies.

2. The facts of the case, in brief, are as follows:-

(i) During the year 2000-2001, due to non-milling of paddy crop by M/s Modern Rice Mill Malout and negligence of the respondents-retired employees, the petitioner-Markfed suffered financial loss to the tune of Rs.40,55,635/-.

(ii) Pursuant to a punishment order dated October 04, 2007, four annual increments of the respondents-employees were reduced with prospective effect. The respondents-employees preferred an appeal against the punishment order.

(iii) Vide an order dated March 09, 2010 (Annexure P-7), the punishment order dated October 04, 2007 was set aside. The Appellate Authority confirmed that there was no shortage of rice during the year 2000-01. The shortage occurred during the year 1999-2000. Therefore, the custodians-employees for the year 1999-2000 were responsible for the shortfall.

(iv) The arbitration case was instituted against the miller and the employees by Markfed. Since the same was not instituted within the period of limitation, the said arbitration case was dismissed on April 04, 2018.

(v) The miller deposited two post-dated cheques with the petitioner, amounting to Rs.12,78,560/- each (Total Rs.25,57,120.00) for the loss incurred by the petitioner in the year 1999-2000. Both the cheques bounced and in the case filed under Section 138 of the

Negotiable Instruments Act, 1881 against the miller. The miller was sentenced to one year imprisonment and a fine of Rs.5000/-.

(vi) A case for recovery was filed against the miller-modern rice in Lok Adalat. With the consent of the parties, the Lok Adalat decided on January 31, 2015 that the miller would pay Rs.30,00,000/- with interest to the appellant. Rs.25 lacs were deposited in cash and for the remaining amount, a cheque was handed over which bounced again.

(vii) The miller was sentenced to 1 year imprisonment and a fine of Rs.5000/- by the Chief Judicial Magistrate, Sri Muktsar Sahib. The miller thereafter, deposited a sum of Rs.5,00,000/- to avoid punishment.

(viii) Markfed-petitioner thereafter filed an amended petition on April 18, 2018 for recovery of interest amount of Rs.1,82,61,677/- against the employees. It was contended before the learned Arbitrator by the employees-respondents that the petitioner could not have amended the petition for recovery of Rs.1,82,61,677/- when the claim of the petitioner was settled by way of a decision of the Lok Adalat.

(ix) The learned Arbitrator came to the finding that the petitioner and the miller had entered into a settlement and the entire amount along with interest was paid to the petitioner as per the decision of the Lok Adalat. Therefore, the claim of interest amount of Rs.1,82,61,677/- is not valid.

(x) Furthermore, the learned Arbitrator-Deputy Registrar came to the finding that since the order of the Lok Adalat was dated January 31, 2015, the petitioner could not have filed the amended petition on April 18, 2018 after a period of three years against the employees.

(xi) An appeal was filed before the Joint Registrar by the Markfed-petitioner herein challenging the order of the Deputy Registrar. The Joint Registrar vide the impugned order dated March 31, 2023, came to the decision that the view taken by the learned Deputy Registrar-Arbitrator was a correct one and the award merited no interference.

(xii) Thereafter, a revision petition was filed by the Markfed-petitioner before the Additional Registrar. Vide the impugned order dated July 11, 2024, the Additional Registrar held that the dispute was settled between the Markfed-petitioner and the miller before the Lok Adalat. Even punishing authority had ordered recovery from the employees only in case, the same was not recovered from the miller. Therefore, once the petitioner-Markfed consented to the settlement done with the miller, it could not raise any claim in respect of the same loss.

(xiii) The learned Additional Registrar also came to the finding that once the Establishment Officer of the petitioner-Markfed himself issued letter No.EOI/EAI/4/2023/551 dated March 24, 2023, deciding not to proceed against the employees, further loss could not be recovered from the employees. Accordingly, he held that the impugned orders dated March 27, 2019 and March 31, 2023 merited no interference and the revision petition was dismissed.

3. Vide an order dated December 11, 2024 passed by a Coordinate Bench of this Court, the petitioner was directed to produce the letter dated March 24, 2023 issued by its Establishment Officer. The letter dated March 24, 2023 has been produced on record.

4. Learned counsel appearing on behalf of the petitioner submits that there was no settlement with the respondents-employees and therefore, there was no bar in raising a claim against them. The loss suffered by the petitioner would ultimately be a loss to the public exchequer and therefore, despite the orders passed by the Lok Adalat, employees-respondents should not be allowed to go scot-free.

5. This Court has heard the learned counsel for the petitioner and perused the material on record.

6. From the perusal of the award passed by the Deputy Registrar and the impugned orders passed by the Joint Registrar and Additional Registrar, it becomes clear that the claim of the petitioner-Markfed has been settled before the Lok Adalat. The said claim of Rs.40,55,635/- has been wholly settled. Therefore, once the entire claim of the petitioner has been settled before the Lok Adalat, the respondents cannot be roped in to pay any interest arising out of the said claim. Furthermore, the respondents had retired long back. The disciplinary proceedings which were initiated during the tenure of their service, had been quashed. No disciplinary proceedings

were pending against the respondents-employees at the time of their retirement. Therefore, no recovery can be made at such a belated stage from the retired employees.

7. Moreover, from the perusal of the letter dated March 24, 2023 issued by the Establishment Officer of Markfed-petitioner, it becomes amply clear that the petitioner decided to recover the amount of loss from the miller only and not from the custodians-employees. Additionally, from the minutes of the meeting of the officials concerned of the Markfed-appellant held on November 29, 2019, it becomes amply clear that the Board had decided not to proceed against the employees-custodians for the loss incurred during the year 1999-2000. It was decided that proceedings for civil arrest of the miller may be initiated and it would not be appropriate to hold the employees of the petitioner-Markfed responsible. The interest component was decided to be treated as a trade loss and such decision was required to be placed before the competent authority for approval. How the petitioner-Markfed can be allowed to resile from its own decision also could not be suitably explained by the learned counsel appearing for the petitioner.

8. In the light of the aforesaid discussions, this Court finds that to saddle the retired employees now with the loss of the interest component will be wholly illegal and arbitrary, causing grave prejudice to the employees. This Court finds that there is no infirmity in the impugned orders dated March 27, 2019, March 31, 2023 and July 11, 2024. Consequently, CWP No.33411 of 2024 is **dismissed**.

9. Connected application(s), if any, shall also stand disposed of.

24.02.2025 **(LAPITA BANERJI)**
Prince **JUDGE**

Whether speaking/reasoned : Yes/No

Whether reportable : Yes/No