214

IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

****

CWP-31389-2018
Date of Decision: 09.01.2026

****

The Punjab State Cooperative Labour & Construction Federation Ltd.

..... Petitioner

Versus

State of Punjab and others

..... Respondent

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present: Mr. D.V. Sharma, Senior Advocate with
Ms. Shivani Sharma, Advocate &
Mr. Manbir Singh, Advocate,
for the petitioner.

Mr. Raghav Goel, AAG, Punjab.

****

<u>JASGURPREET SINGH PURI, J.</u> (ORAL)

1. The present petition has been filed under Article 226 of the Constitution of India praying for issuance of a writ, order or direction for quashing the impugned letter No.RCS/E&T/EI/NA.2/83/799 dated 15.11.2018 (Annexure P-18) being contrary to the provisons of Section 48(1A) of the Punjab Co-operative Societies Act, 1961 (hereinafter referred to as 'the Act') and also for quashing the letter bearing Endst. No. RCS/Audit/S.A.1/2018/15649 dated 03.12.2018 (Annexure P-19) issued by respondent No.4.

2. Mr. D.V. Sharma, learned Senior Counsel appearing on behalf of the petitioner submitted that by way of the impugned letter dated 15.11.2018 (Annexure P-18), the Registrar, Co-operative Societies, Punjab had issued the directions that the statutory audit of the Apex Cooperative

Society i.e. the Punjab State Co-operative Labour and Construction Federation Limited (LABOURFED) shall be conducted by the office of the Chief Auditor, Co-operative Societies, Punjab and thereafter, vide Annexure P-19, the Additional Registrar, Co-operative Societies had written a letter dated 03.12.2018 to the Chief Auditor, Co-operative Societies, Punjab to conduct a special audit of the petitioner-Society and send an audit report regarding the same. He further submitted that in fact both the aforesaid letters qua the present petitioner-Society are totally illegal and contrary to the provisions of Section 48(1A) of the Act. While referring to the aforesaid position, he submitted that after the amendment which came into force on 28.07.2014, the aforesaid provision of Section 48(1A) of the Act was inserted wherein it is so provided that the accounts of the Co-operative Societies shall be audited by an auditor or auditing firm approved by the general body of the co-operative society from out of the panel of auditors or auditing firms approved by the Government or by an authority authorized by the Government or by an authority authorized by the Government in this behalf. He submitted that the aforesaid impugned letters (Annexures P-18 & P-19) are, therefore, contrary to the provisions of Section 48(1A) of the Act because no panel of auditors or auditing firms was approved by the Government and straight away by way of Annexure P-19, the Chief Auditor of the Co-operative Societies was directed to conduct a special audit of the petitioner-Society.

3. On the other hand, Mr. Raghav Goel, learned AAG, Punjab while referring to reply could not controvert the aforesaid legal submissions made by learned Senior Counsel for the petitioner.

4. I have heard learned counsels for the parties.

5. The provisions contained in Section 48 (1A) of the Act which is so reproduced in Para No.11 of the petition, are reproduced as under:-

> *"**48. Audit: (1)** The accounts of co-operative societies shall be audited at least once in each year within a period of six months of the close of financial year to which such accounts relate.*
>
> *(1A) The accounts of co-operative societies shall be audited by an auditor or auditing firm approved by the general body of the co-operative society from out of the panel of auditors or auditing firms approved by the Government or by an authority authorized by the Government in this behalf. The qualifications and experience of the auditors or auditing firms shall be such, as may be prescribed.*
>
> *(2) to (8) xx xx xx xx"*

6. The short point involved in the present case is as to whether vide Annexures P-18 & P-19, the Registrar, Co-operative Societies was competent to have directed the Chief Auditor of the Co-operative Societies, Punjab to conduct a special audit and as to whether it was contrary to Section 48 (1A) of the Act or not. A perusal of the aforesaid provision under Section 48 (1A) of the Act would show that the same can be done only by an auditor or auditing firm approved by the general body of the co-operative society from out of the panel of auditors or auditing firms approved by the Government or by an authority authorized by the Government or by an authority authorized by the Government in this behalf.

7. However, it is an uncontroverted position that no such panel was constituted and directly the Chief Auditor, Co-operative Societies, Punjab was directed to conduct a special audit of the petitioner-Society.

Clearly the aforesaid directions issued by way of Annexure P-18 qua the present petitioner and also the letter (Annexure P-19) issued by the Additional Registrar, Co-operative Societies to the Chief Auditor are contrary to the statutory provisions under Section 48 (1A) of the Act.

8. In view of the above, the present petition is allowed. The impugned letters (Annexures P-18 & P-19) are hereby set aside.

09.01.2026 **(JASGURPREET SINGH PURI)**
Bhumika **JUDGE**

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