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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-14420-2026 (O&M)
Date of decision: 11.05.2026

Rajinder Singh Atwal

... Petitioner

Vs.

Punjab State Power Corporation Ltd. and others

... Respondents

CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR

Present: Mr. Surinder Garg, Advocate
for the petitioner.

Mr. Gurnoor Singh Sethi, Advocate
for respondents No.1 & 2.

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HARPREET SINGH BRAR, J. (ORAL)

1. Instant writ petition has been filed under Articles 226/227 of the Constitution of India for issuance of a writ in the nature of *certiorari* seeking setting aside the order dated 02.04.2026 (Annexure P-12) passed by respondent No.2, vide which claim of the petitioner for not making any recovery of loan amount from his retiral benefits stands rejected and further to direct the respondents not to make any recovery of loan amount from his pension in view of the letter dated 18.10.2023 (Annexure P-2) issued by respondent No.4.

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2. Learned counsel for the petitioner, *inter alia,* contends that the petitioner retired as Lower Division Clerk from the office of respondent No.2 on 31.07.2022. During his service term, the petitioner took four loans of Rs.80,000/-, Rs.65,000/-, Rs.50,000 and Rs.2,00,000/- on 01.09.2003, 19.01.2004, 24.05.2004 and 09.12.2013 from respondent No.3-Bank respectively, which he failed to reply. As such, respondent No.3-Bank instituted complaints under Section 138 of the Negotiable Instruments Act, 1881, in which the petitioner was acquitted in the years 2013 and 2024. Further, as the petitioner retired on 31.07.2022, respondent No.2-Corporation unilaterally started recovering the loan amount from his pension without issuing any notice or opportunity of hearing. The office of respondent No.2 also issued a letter dated 30.04.2024 (Annexure P-1) to the petitioner stating therein that the instructions dated 22.12.2023, 02.01.2024 & 18.10.2023 have been issued to recover the loan from the pension.

3. It is further contended that the petitioner served a legal notice dated 10.11.2025 (Annexure P-10), which remains unheeded. Thereafter, he approached this Court by way of filing CWP-58-2026, which was disposed of vide order dated 12.01.2026 (Annexure P-11) with a direction to respondent No.2 therein to consider and decide the aforesaid legal notice. In purported compliance, impugned speaking order (Annexure P-12) has been passed on 02.04.2026. Further, recovery from the pension of the petitioner without serving any notice or granting an opportunity of hearing is unsustainable in

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the eyes of law. In the absence of any disciplinary proceedings, no recovery from the pensionary benefits of a retired employee can be made. Moreover, recovery despite acquittal of the petitioner in the criminal complaint under Section 138 of N.I. Act is arbitrary and unjustified. Even respondent No.3-Bank has not filed any suit for recovery against the petitioner or initiated any other proceedings for the default made by him with respect to loan taken.

4. Learned counsel further refers to representation dated 12.08.2024 (Annexure P-4) submitted by the petitioner and contends that the petitioner has already paid Rs.1,13,940/- including Rs.5,000/- in cash. Thereafter, a cheque of Rs.1,08,940/- was deposited on 31.05.2013 in the Court of learned Judicial Magistrate 1st Class, Faridkot. In spite of that, vide letter dated 28.08.2025 (Annexure P-8), recovery was initiated from pension of the petitioner.

5. *Per contra,* learned counsel for respondents No.1 & 2 appears and files his Memorandum of Appearance in the Court today, which is taken on record. Registry is directed to tag the same at the appropriate place of the case file. He justifies the recovery imposed upon the petitioner from his pension, by contending that the Government of Punjab, Department of Cooperation, Medical Education & Research, Chandigarh, vide DO letter dated 76958 dated 18.10.2023, issued instructions regarding making recoveries from the employees, who defaulted in repayment of loan to the Punjab State Cooperative Bank Ltd. Further, such recovery is permissible

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under Section 39 of the Punjab Cooperative Societies Act, 1961 (for short 'the Act'). As such, the respondent-Corporation is fully justified in making recoveries from the pension of the petitioner, as he has defaulted in repayment of the loan amount.

6. Learned counsel for the respondent-Corporation further submits that the petitioner has submitted irrevocable authority letter to the respondent-Corporation at the time of availing the loan and as such, he cannot be allowed to wriggle out his financial obligations by using the delay tactics.

7. Having heard learned counsel for the parties and after perusing the record of the case with their able assistance, it transpires that the petitioner had allegedly taken loan of Rs.50,000/- on 24.05.2004. When he failed to repay the loan amount, a complaint under Section 138 of N.I. Act was filed against the petitioner, which was dismissed and he earned acquittal from the Court of learned Judicial Magistrate 1st Class, Faridkot on 08.07.2013. Similarly, with regard to loan of Rs.80,000/- taken on 01.09.2003, a complaint under Section 138 of N.I. Act is pending before learned Judicial Magistrate 1st Class, Faridkot.

8. Further, the petitioner deposited certain amount regarding two other loan accounts. It is specific stand of the petitioner that he paid Rs.1,13,940/- including Rs.5,000/- in cash and cheque of Rs.1,08,940/- was also deposited on 31.05.2013 in the Court of learned Judicial Magistrate 1st Class, Faridkot. Further, loan of Rs.2.00 lakhs taken on 09.12.2013 is based

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upon guarantor, in which no authority letter has been provided by the Drawing and Disbursing Officer of the respondent-Corporation.

9. As far as the arguments raised by learned counsel for the respondent-Corporation regarding instructions dated 18.10.2023 (Annexure P-2) issued by the Government of Punjab, Department of Cooperation are concerned, it is Demi-Official letter No.76958 written by Administrative Incharge of the Department of Cooperation to the Principal Secretary, Department of Power, Government of Punjab regarding recovery of loan amount from the pensions/retiral dues of the employees, who have defaulted. The recovery from the pension of the petitioner is sought to be made regarding the loans taken in the years 2003 and 2004. As such, failure of respondent No.3-Bank to make efforts in accordance with law, for more than two decades, cannot be sustained or justified in making recoveries in this manner.

10. Furthermore, the matter regarding recovery from the pension of a retired employee was considered by this Court in ***CWP-11700-2026*** titled as ***Naresh Vs. State of Punjab and others,*** decided on 29.04.2026, wherein it was concluded that the recovery in terms of Section 39 of the Act can only be made from the salary of the employee and not from the pension of a retired employee. In the said judgment, following has been observed: -

> *"7. I have heard learned counsel for the parties and perused the record of the case file with their assistance. It is not in dispute that the petitioner had availed a loan in the year 2013 and he*

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stands retired from service of respondent No.4 in the month of March, 2026. Further, the petitioner is suffering from serious kidney disease and he has to undergo regular dialysis.

8. A plain reading of Section 39 of the Act makes it abundantly clear that it authorizes deduction from the "salary or wages" of an employee pursuant to an agreement executed in favour of a cooperative society. The provision does not, in any manner, extend to or authorize recovery from retiral or pensionary benefits payable to the employee. Thus, the reliance placed by the respondents on Section 39 of the Act is wholly misconceived and legally untenable. For ready reference, Section 39 of the Act reads as under:-

> *"**39. Deduction from salary to meet co-operative societies' claim in certain cases.**-*
>
> *(1) Notwithstanding anything contained in any law for the time being in force a member of a co-operative society may execute an agreement in favour of the society providing that his employer shall be competent to deduct from the salary or wages payable to him by the employer, such amount as may be specified in the agreement and to pay the amount so deducted to the society in satisfaction of any debt or other demand owing by the member to the society.*
>
> *(2) On the execution of such agreement, the employer shall, if so required by the co-operative society by a requisition in writing and so long as the society does not intimate that the whole of such debt or demand has been paid, make the deduction in accordance with the agreement and pay the amount so deducted to the society, as if it was a part of the salary or wages payable in the day as required under the Payment of Wages Act, 1936 (IV of 1936). Such payment*

shall be valid discharge of the employer for his liability to pay the amount deducted.

(3) If after the receipt of a requisition made under sub-section (2), the employer at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned or makes default in remitting the amount deducted to the society, the society shall be entitled to recover any such amount from the employer as arrears of land revenue and the amount so due from the employer shall rank in priority in respect of the liability of the employer equal to that of the wages in arrears."

(emphasis supplied)

9. Further, perusal of letters dated 25.02.2026 & 03.03.2026 (Annexures R-4/2 & R-4/3) indicates that upon making a request by respondent No.4-Council to issue No Dues Certificate to the petitioner, respondent No.5-Bank, vide letter dated 03.03.2026, refused to issue the same, citing an excessive and inflated outstanding loan amount of Rs.8,66,870/-. However, from bare reading of loan account statement (Annexure P-2), it is clear that an amount of Rs.1,83,200/- is to be paid towards outstanding loan amount as on 12.03.2026.

10. In view of the above discussion, present writ petition is allowed and the respondents are directed to release the retiral benefits of the petitioner, including gratuity, leave encashment and other admissible dues within a period of three months from the date of receipt of a certified copy of this order."

11. In view of the above, present petition is allowed and the impugned order dated 02.04.2026 (Annexure P-12) passed by respondent

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No.2 is hereby set aside. The respondent-Corporation is directed to repay the amount recovered from the pension of the petitioner along with interest @6% *per annum* within a period of three months from the date of receipt of certified copy of this order.

12. The pending miscellaneous application(s), if any, shall stand disposed of.

[HARPREET SINGH BRAR]
JUDGE

11.05.2026
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Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No