



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

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(1) **LPA-491-2021 (O&M)**
Date of Decision: 09.09.2025

The Kapurthala Central Cooperative Bank and others
....Appellants

Versus

State of Punjab and others
....Respondents

(2) **LPA-492-2021 (O&M)**

**Bachhauri Multipurpose Cooperative Agriculture Service Society
Limited and others**

....Appellants

Versus

State of Punjab and others
....Respondents

(3) **LPA-494-2021 (O&M)**

**Ramdaspur Multipurpose Cooperative Agricultural Service Society
Limited and others**

....Appellants

Versus

State of Punjab and others
....Respondents

(4) **LPA-495-2021 (O&M)**

Parminder Singh Pannu and others

....Appellants

Versus

State of Punjab and others
....Respondents



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(5) **LPA-625-2021 (O&M)**

Harjit Singh and others

....Appellants

Versus

State of Punjab and others

....Respondents

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

Present: Mr. D.V.Sharma, Senior Advocate with
Ms. Shivani Sharma, Advocate
for the appellant(s).

Mr. Rahul Rampal, Additional Advocate General, Punjab.

Mr. Ashwani Prashar, Advocate
for respondent No.3 – Punjab State Co-operative Bank Limited
(in LPAs No.491, 492, 494 and 495 of 2021).

Harsimran Singh Sethi, J. (Oral)

1. The present five appeals, the details of which are mentioned in the heading, are being disposed of through a common order as common question of law is involved in all the cases.

2. The present appeals are filed against the judgment of learned Single Judge, whereby the objections filed against the proposed amalgamation of District Central Co-operative Banks with Punjab State Co-operative Banks, are rejected.

3. The Learned Senior Counsel appearing on behalf of the appellant(s) submits that certain procedures are mandatory for the amalgamation of the banks, as envisaged under the Punjab Cooperative Societies Act, 1961 (hereinafter for short to be referred as 'the 1961 Act').



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Learned Senior Counsel for the appellant(s) further submits that Section 70-A of the 1961 Act, deals with winding up, reconstruction, supersession of society etc. and Section 70-A (1) deals with amalgamation of such banks and prescribes certain conditions under which the same can be done, but prior approval of Reserve Bank of India required for amalgamation of banks, is missing in the present cases.

4. Learned Senior Counsel for the appellant(s) further submits that even as of now, no final approval of the Reserve Bank of India has been received and rather, the same has been declined on 22.12.2021 hence, the order dated 29.12.2020 passed by the Registrar Co-operative Society, cannot be brought into operation qua amalgamation of the banks.

5. The learned counsels appearing on behalf of the respondent-State as well as Punjab State Co-operative Bank Limited submit that a bare perusal of the order dated 29.12.2020 shows that the principle approval for amalgamation had already been received by the Reserve Bank of India on 08.06.2020, copy of which has already been brought on record before the learned Single Judge as Annexure P-4 hence, the approval as required under Section 70-A (1) of the 1961 Act, stands duly complied with.

6. The learned State counsel submits that the approval was obtained before initiating the process of amalgamation, which also find mentioned in the impugned order dated 12.05.2021.

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

8. In order to appreciate the said fact that the prior approval of the



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Reserve Bank of India needed for amalgamation, Section 70-A (1) of the 1961 Act is mandatory so as to sustain the order dated 29.12.2020, relevant provision of the 1961 Act is reproduced hereunder for the ready reference:-

***“Section 70-A of the Punjab Cooperative Societies Act, 1961-
Order for winding up, reconstruction, supersession of Committee
etc. of Insured Co-operative Bank – Notwithstanding anything
contained in this Act, in the case of an insured co-operative bank-***

*(1) an order for winding up or an order sanctioning a
scheme of compromise or arrangement or of
amalgamation or [reconstruction including division
or reorganisation] of the bank may be made only
with the previous sanction in writing of the Reserve
Bank of India;”*

9. A bare perusal of the above reproduction would show that the prior approval of Reserve Bank of India is needed for amalgamation of the banks and same is necessary, which is a conceded fact between the parties concerned arguing this Letters Patent Appeal. The question which arises is that whether the said Section has been complied with in the facts and circumstances of the present case or not?

10. A bare perusal of the impugned order dated 12.05.2021 would show that the same record the following:-

*“The Reserve Bank of India vide its memo
No.2733/19.51.007/2019-20 dated 08.06.2020 intimated its in-
principle approval for amalgamation of District Central
Cooperative Banks of Punjab with the Punjab State Cooperative
Bank Limited Chandigarh.”*

11. The above said observation has been recorded in the impugned



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order dated 29.12.2020 keeping in view the letter received from the Reserve Bank of India dated 08.06.2020, which is as under:-

“DoR.CO.RCBD.No.2733/19.51.007/2019-20 June 8, 2020

*The Registrar of Co-operative Societies
Government of Punjab
17 Bays Building
Sector 17
Chandigarh – 160017
Punjab.*

Dear Sir,

Amalgamation of District Central Co-operative Banks of Punjab with the Punjab State Co-operative Bank Ltd., Chandigarh.

Please refer to your letter Memo No.11284 dated December 24, 2018 addressed to the Regional Director, Reserve Bank of India, Chandigarh on the captioned subject. Reference is also invited to the D.O. letter No. PS/Co.J.M/SPL-7 dated March 12, 2019 from Hon'ble Minister of Cooperation and Jails, Government of Punjab addressed to the Deputy Governor, Reserve Bank of India on the same matter.

2. *In this connection, we advise that keeping in view the assurance of the Government of Punjab (GoP) to strengthen the co-operative credit structure in the State by infusion of additional capital by way of contribution by the State Government ensuring capital adequacy in the amalgamated entity, meet post-amalgamation losses, if any, and the commitment to address various regulatory, supervisory and governance issues, we are agreeable "in-principle" to the proposal of GoP to amalgamate the twenty DCCBs with the PStCB. However, our final approval and consequential licensing of the branches of the DCCBs as branches of the PStCB is contingent on prior fulfilment of conditions indicated in the Annex to this letter and such*



additional conditions as NABARD may impose. Further, the GoP is also requested to ensure fairness in credit distribution across districts, post amalgamation, and put in place the required IT systems to facilitate smooth operations.

3. PStCB may approach RBI through NABARD for final approval with the status of compliance on all the applicable conditions for amalgamation.

4. The process may be completed before December 31, 2020.”

12. A bare perusal of the above reproduction would show that though permission was granted for undertaking the exercising of amalgamation but the right to finally approve the same was still kept by the Reserve Bank of India itself to be granted at the appropriate time after they receive the said proposal through NABARD.

13. It is a conceded fact that after the passing of the impugned order dated 12.05.2021 by the learned Single Judge, the proposal was also sent by the States of Punjab to the NABARD for onward transmission to the Reserve Bank of India for the grant of final approval as directed by the Reserve Bank of India in the letter dated 08.06.2020 reproduced hereinbefore.

14. A bare perusal of the order dated 12.05.2021 passed by the learned Single Judge would show that the said issue was neither raised and nor addressed by the learned Single Judge though, the same goes to the root of the controversy whether, the amalgamation could have been done without the final approval of the Reserve Bank of India.

15. Further, the learned counsel for the parties submit that the Reserve Bank of India vide its letter dated 22.12.2021, written to the Chief



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Secretary, Government of Punjab, has mentioned that the request for amalgamation has been declined. The said letter is as under:-

“DoR. RUR.S3053/19.51.007/2021-22 December 22, 2021

*Shri Anirudh Tewari
Chief Secretary
Government of Punjab
Chandigarh-160001.*

Dear Sir,

Regarding Final approval for amalgamation of District Central Co-operative Banks (DCCBs) of Punjab with The Punjab State Co-operative Bank Ltd.

Please refer to the communication resting with our letter No. DOR.RUR.S2637/19.51.007/2020-21 dated December 1, 2021 on the captioned subject.

2. *It may be observed that the condition at Sl. No. (v) of the annex to the RBI letter DoR.CO.RCBD. No. 'in-principle' approval 2733/19.51.007/2019-20 dated June 8, 2020 required that "A resolution shall be passed by such majority of the members present and voting at a General Body Meeting of PStCB and each DCCBs as required in the provisions of the Punjab Co-operative Societies Act". It is observed that this condition has not been complied with by four DCCBs which have not approved the scheme of amalgamation with the requisite majority.*

3. *In view of the above it is advised that the amalgamation of all the DCCBs in the State of Punjab with The Punjab State Co-operative Bank Ltd. has not been found possible.*

*Yours faithfully
Sd/-
(N. Sridhar)
General Manager”*

16. Faced with this situation, the learned State counsel submits that



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as the final approval has not been granted by the Reserve Bank of India, which is mandatory as per the conditions imposed by the Reserve Bank of India in the letter dated 08.06.2020 as well as Section 70-A (1) of the 1961 Act, the impugned order dated 29.12.2020 qua amalgamation of the banks will not be implemented till the final approval is received by the Reserve Bank of India.

17. Keeping in view the order supplied by the appellant(s) passed by the Reserve Bank of India dated 12.12.2021 which letter has gone unrebutted that the challenge was raised by the appellant(s) only on the ground that the final approval of the Reserve Bank of India has not been received and rather declined and the State has already conceded before this Court that the impugned order dated 29.12.2020 of amalgamation of banks will not be given effect to till the final approval is granted by the Reserve Bank of India as, the negotiation of the Government of Punjab with the Reserve Bank of India are still going on even after the passing of the order dated 21.05.2021 hence, the present appeals are disposed of in terms of the undertaking recorded by the State.

18. It may be noticed that this order will not come in the way of the Reserve Bank of India to grant the final approval if the Reserve Bank of India deem it fit qua the order dated 29.12.2020 as this Court is not staying any process initiated by the respondent but only undertaking has been given before this Court that the amalgamation of the banks as ordered vide order dated 29.12.2020 will not be given effect to till the final approval of the Reserve Bank of India.

19. Pending application(s), if any, stands disposed of.



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20. Photocopy of this order be placed on the files of other connected cases.

(HARSIMRAN SINGH SETHI)
JUDGE

(VIKAS SURI)
JUDGE

September 09, 2025
Varinder

Whether speaking/reasoned : Yes

Whether reportable : No