

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

RSA-2170-2000(O&M)

Reserved on :-18.03.2026

Date of Pronouncement:- 08.04.2026

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Khadi Sewa Sangh

... Appellant

Versus

Punjab Khadi and Village Industrial Board, Chandigarh and Another

... Respondents

CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL

Argued by :-

Mr. Sunil Chadha, Senior Advocate with
Mr. Tara Dutt, Advocate
For appellant.

Mr. Aalok Jagga, Advocate (Through VC) and
Mr. Karan Inder Singh, Advocate
For respondent No.1.

Mr. I.S. Kingra, Senior Deputy Advocate General, Punjab
For respondent No.2-State of Punjab.

VIRINDER AGGARWAL, J.

1. The appellant–plaintiff has instituted the present Regular Second Appeal (hereinafter referred to as “RSA”), assailing the concurrent findings recorded by the learned District Judge, Jalandhar, as well as the learned Civil Judge (Junior Division), Jalandhar.

2. Briefly stated, the case of the appellant–plaintiff is that the suit land originally belonged to Punjab Cotton/Wool Spinning and Weavers Centre, a registered body under the State of Punjab. It is further pleaded



that the appellant–plaintiff society was constituted in April, 1967 and duly registered with the Registrar of Societies. Vide registered settlement deed dated 13.03.1968, defendant No.1 is stated to have transferred all right, title, and interest in the properties, fully detailed in the said deed, in favour of the plaintiff–Sangh. It is further averred that defendant No.1 was permitted only a permissive use of a portion of the property, shown in yellow in the site plan, by the Chairman of the Sangh.

2.1 It is further the case of the appellant–plaintiff that about two months prior to the institution of the suit, the defendants asserted ownership rights over the suit property. Upon inquiry, the defendants relied upon a judgment and decree dated 10.07.1972 passed by the learned Sub Judge First Class, Jalandhar in civil suit titled “M/s Punjab Khadi and Village Industries Board versus Khadi Sewa Sangh and others”. The said judgment and decree is challenged as being illegal, null and void, inoperative, and having no binding effect upon the rights of the plaintiff–Sangh, on the ground that the then Secretary of the plaintiff–Sangh lacked authority to enter into any alleged settlement.

2.2 It is further pleaded that the impugned judgment and decree are the outcome of fraud allegedly practised by the then Secretary of the plaintiff–Sangh in connivance with the defendants. It is also asserted that prior to the said decree, the suit property had already been pledged with the Khadi and Village Industries Commission, Bombay, and, therefore, no lawful settlement could have been entered into in respect thereof.

2.3 It is further averred that the plaintiff–Sangh raised construction over the suit land during the years 1972–73. In the year 1974, the plaintiff–Sangh was attached to the defendant Board by the Khadi Commission, Bombay. Thereafter, in January 1990, the plaintiff–Sangh



was again brought under the direct list of institutions with the concurrence of the defendant Board, in relation to loan liability amounting to ₹52 lakhs, which is stated to be that of the plaintiff–Sangh. It is thus pleaded that the plaintiff–Sangh has continued its existence since 1967 without interruption. It is further asserted that there has been no change in ownership in the revenue record, no mutation has been sanctioned in favour of the defendant Board, and that the plaintiff–Sangh has continued to pay property tax and other incidental charges including electricity and water charges. On these premises, the suit was instituted.

3. Upon notice, the defendants appeared and contested the suit by filing a written statement, raising preliminary objections inter alia that the suit is hopelessly barred by limitation, that the plaintiff has no locus standi and no cause of action. On merits, it was pleaded that the suit property had already been transferred to Punjab Cotton, Wool Spinning and Weavers Centre vide transfer deed dated 15.09.1959 along with all assets and liabilities for a consideration of ₹9,46,414/-. It was further contended that the defendants had merely granted a licence to the plaintiff to carry out its activities within the property in question. The execution of the settlement deed dated 13.03.1968 was specifically denied. It was further asserted that the defendants were in actual and physical possession of the entire property, and only a few rooms were in possession of the plaintiff in the capacity of a licensee. It was, therefore, denied that there was any occasion for the plaintiff to seek delivery of possession. The judgment and decree relied upon by the defendants was defended as legal, valid, and binding, with the assertion that the Secretary of the plaintiff–Sangh had acted with full knowledge and authority, and no fraud was practised. Dismissal of the suit was accordingly prayed for.

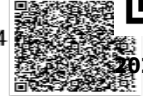


4. Upon a careful, comprehensive, and exhaustive consideration of the pleadings of the parties, the documentary record, and the submissions advanced, the learned Trial Court proceeded to frame the following issues for adjudication, so as to enable a precise, structured, and effective determination of the rival claims and defences:–

1. *Whether the plaintiff is entitled to the declaration as prayed for? OPP.*
2. *Whether the plaintiff is entitled to the relief of permanent injunction as prayed for?OPP.*
3. *Whether the suit of the plaintiff has not been filed within the period of limitation?OPD.*
4. *Whether the suit of the plaintiff is not properly valued for the purpose of court fee and jurisdiction?OPD.*
5. *Relief.*

5. After hearing the parties, the learned Trial Court partly decreed the suit. The relief of declaration and mandatory injunction qua possession was declined, whereas the relief of permanent injunction was granted in favour of the plaintiff. Aggrieved by the said judgment and decree, the defendants preferred an appeal before the learned District Judge, Jalandhar. Upon re-appreciation of the entire material on record and after hearing learned counsel for the parties, the learned First Appellate Court dismissed the appeal and affirmed the findings recorded by the learned Civil Judge, holding the same to be legal, valid, and based on correct appreciation of evidence.

6. Being dissatisfied with the concurrent findings returned by both the Courts below, the appellant–plaintiff has preferred the present Regular Second Appeal.



6.1 The appeal was admitted for hearing vide order dated 22.05.2003.

6.2 Notice was issued to the respondents, who entered appearance through counsel, including the learned Senior Deputy Advocate General, Punjab. The record was thereafter requisitioned.

7. I have heard learned counsel for the parties at considerable length and have bestowed anxious and thoughtful consideration upon their rival submissions, in the light of the pleadings of the parties, the evidentiary material on record, and the concurrent findings recorded by the Courts below.

8. At the outset, it is apposite to notice that the scope of a second appeal in the State of Punjab and Haryana is well-settled. Such appeals are treated as appeals under Section 41 of the Punjab Courts Act, 1918, and not strictly under Section 100 of the Code of Civil Procedure. Reliance in this regard may be placed upon the judgment of the Hon'ble Supreme Court in *Pankajakshi (Dead) through LRs and others v. Chandrika and others*, (2016) 6 SCC 157, followed in *Kirodi (since deceased) through his LRs v. Ram Parkash and others*, (2019) 11 SCC 317, and *Satender and others v. Saroj and others*, 2022 (12) Scale 92. In view of the law laid down in the aforesaid decisions, it is well settled that framing of a substantial question of law is not a sine qua non for adjudication of such appeals.

9. Learned Senior Counsel appearing for the appellant–Sangh contended that both the Courts below have erred in law and on facts in returning findings on Issues No.1 to 4. It is submitted that the findings are perverse, being based on surmises and conjectures, and arise from misreading and misinterpretation of the settlement deed Ex.P2/2 as well as



the judgment and decree dated 10.07.1972. It is further contended that the Secretary of the plaintiff–Sangh was not competent to suffer the decree in the absence of any resolution of the Governing Body authorizing him to do so. It is also submitted that no mutation has ever been sanctioned in favour of the defendant, and the suit has been wrongly held to be barred by limitation, as the cause of action arose only when the appellant–plaintiff acquired knowledge of the impugned judgment and decree, which is stated to be merely two months prior to the institution of the suit.

9.1 It is further urged that fraud has been duly established on record, allegedly perpetrated by the defendant in connivance with the then Secretary of the plaintiff–Sangh, rendering the judgment and decree dated 10.07.1972 void ab initio. It is also contended that the said decree is compulsorily registrable under law, as it purportedly creates rights in immovable property exceeding the value of ₹100/-, and reliance is placed upon ***Bhoop Singh v. Ram Singh Major, AIR 1996 SC 196.***

9.2 It is additionally contended that the earlier suit culminating in the decree dated 10.07.1972 was itself not maintainable, as no relief of possession was sought, and therefore, in view of the proviso to Section 34 of the Specific Relief Act, a mere declaratory suit was not competent. Reliance is placed upon ***Executive Officer, Arulmigu Chokkanatha Swamy Koil Trust, Virudhunagar v. Chandran and others, 2017 INSC 125.***

10. Per contra, learned counsel for the respondents–defendants contended that both the Courts below have concurrently and correctly appreciated the pleadings and evidence on record. It is submitted that the judgment and decree dated 10.07.1972 is legal and valid, and no material has been placed on record to establish any fraud or lack of authority on the



part of the then Secretary of the plaintiff–Sangh. It is further submitted that there was no requirement of any prior resolution authorizing the Secretary to suffer the statement, as he was competent to represent the institution.

10.1 It is further contended that the suit is hopelessly barred by limitation, having been instituted after nearly two decades from the date of the decree. Since the plaintiff was a party to the earlier proceedings and was duly served therein, limitation necessarily runs from the date of the decree itself, and not from any alleged date of knowledge.

10.2 It is further argued that the plaintiff was merely a licensee permitted to carry on activities on the suit property, and therefore, no question of seeking possession arose in the earlier proceedings. The decree, it is submitted, is declaratory in nature and does not create any fresh right, title, or interest in favour of the defendants so as to require compulsory registration.

11. The learned Civil Judge has recorded a categorical finding that the decree in favour of the defendants in the earlier proceedings was suffered by the then Secretary of the plaintiff–Sangh by making a statement on its behalf. It has further been observed that the Secretary was the head and duly authorized representative of the institution, and the burden to establish fraud was heavily upon the plaintiff–Sangh. However, apart from a bare assertion that no resolution was passed authorizing the Secretary, no cogent evidence has been led to establish any fraud, misrepresentation, or collusion.

11.1 It has further been held that any statement made by the Secretary on behalf of the institution is binding upon the plaintiff–Sangh, and there is no material to suggest any connivance between the defendants



and the then Secretary. It has also been noticed that no action was ever initiated by the plaintiff–Sangh against the said Secretary for allegedly making any unauthorized statement.

11.2 The Court further placed reliance upon letter Ex.D1, wherein the plaintiff–Sangh is stated to have admitted the ownership of the defendants and sought grant of lease, which was held to be inconsistent with its claim of ownership and possession. Reliance was also placed upon Ex.D2, order dated 21.08.1995, whereby the application for interim injunction filed by the plaintiff was declined, thereby negating its claim of exclusive entitlement for lease of property.

11.3 The learned Civil Judge concluded that the judgment and decree Ex.D3 and Ex.D4 are valid and lawful, and that the appellant–plaintiff failed to establish that the same were vitiated by fraud. The First Appellate Court concurred with these findings and further held that the decree did not create any fresh right for the first time, but merely affirmed existing rights, and therefore did not require registration. It was also noted that the settlement deed dated 13.03.1968 was under consideration and culminated in the decree dated 10.07.1972, which remained unchallenged for nearly two decades.

11.4 Both the learned Courts concurrently held that the plea of fraud was not substantiated, and that the possession of the plaintiff–Sangh was only that of a licensee, as also admitted in pleadings, and duly reflected in the earlier decree.

12. Learned counsel for the appellant further reiterated that the statement made by the then Secretary of the plaintiff–Sangh in the earlier proceedings was not backed by any resolution of the Governing Body and, therefore, could not bind the institution. In support of this contention,



reliance has been placed upon *Punjab State Cooperative Bank Ltd. v. Milkha Singh and another, 1996 (3) PLC 190*, wherein this Court interpreted the relevant bye-laws of the Bank, particularly Rule 46.8, in the context of authority of office bearers to bind the institution, which is as under:-

“To institute, conduct, defend, compound or abandon any legal proceedings by or against the Bank or its officers or otherwise concerning the affairs of the Bank.

11. The perusal of the above would show that this regulation only gives powers to the Managing Director to institute, conduct, defend any legal proceedings by or against the Bank but the decision to institute or defend the proceedings has to be taken by the Body Corporate for functions of its Managing Director. In the absence of that decision of the Board of Directors which is a decision taken by the body, the present appeal filed by the Managing Director alone would not be competent and maintainable.”

13. This Court, in the aforesaid judgment, interpreted the relevant bye-laws as empowering the Managing Director to institute, conduct, and defend any legal proceedings by or against the Bank. However, it was further held that the decision to institute or defend such proceedings must emanate from the competent body corporate, which is the authority vested with the governance of the affairs of the institution, and the Managing Director functions only in a delegated capacity.

13.1 It is, however, pertinent to note that the said judgment was rendered in the specific context of the bye-laws governing the concerned Bank. In contradistinction, the present case is governed by the Rules and Regulations of the plaintiff–Sangh, which constitute the relevant source of



authority and governance structure for its internal administration and decision-making processes.

13.2 As per the Rules and Regulations of the Sangh, the functions and powers of the General Body are expressly delineated under Clause 17, which governs the scope of authority, decision-making competence, and institutional control vested in the General Body of the plaintiff–Sangh. The said Clause 17 reads as under:-

17. The following among others are functions of the General Body.
 - a) To consider application for membership.
 - b) To consider removal of any member from the Membership.
 - c) To elect a Governing Body from amongst the all classes of the members.
 - d) To consider amendments to rules and regulations and additions and deletions etc. in the rules and regulations of the society.
 - e) To consider any other business brought forward by the Governing Body.
 - f) To lay down policies of the society and guidelines for the Governing Body.

14. So far as the duties and functions of the Secretary are concerned, the same stand specifically enumerated under Clause XI of the Rules and Regulations of the Sangh. The said Clause delineates the scope of authority, responsibilities, and administrative functions entrusted to the Secretary in relation to the day-to-day affairs and management of the institution. Clause XI, as relied upon, reads as under:-

11. DUTIES OF THE SECRETARY

- a) The Secretary shall carry on all the business, Commercial and otherwise on behalf of the Governing body and shall sign for Sangh under its seal; for obtaining loan from the Bank against interest subsidy eligibility certificate issued by the Commission



and with its approval mortgage/hypotheate its property as Security to the Bank.

- b) All the documents of the Sangh will be signed by the secretary or by a person authorised by the Sangh under its seal.
- c) The Secretary shall be the Chief Executive Officer and shall manage the whole business on behalf of the Sangh, he shall be sued or may sue on behalf of the Sangh, or engage services of any lawyer for this purpose or take proceedings in execution of an decree or order etc. of Court. He will be competent to spend upto the total budgeted amount.

14.1. So far as the powers of the Governing Body are concerned, the same are expressly provided under Clause-7 of the Rules and Regulations of the Sangh. The said Clause delineates the extent of authority vested in the Governing Body in relation to the management, supervision, and control of the affairs of the institution, as well as such other powers as may be necessary for the effective functioning of the Sangh. Clause-7, as relied upon, reads as under:-

07. ANNUAL MEETING

There will be at least one annual meeting of the Sangh, two ordinary meetings, Special meetings may be called when necessary.

The following items shall be considered by the Sangh, in its annual meeting besides any other matter brought forward, with the permission of the Chairman.

- a) Annual report about the working of the Sangh.
- b) To submit, scrutinise and approve the audited accounts of the Sangh
- c) In accordance with the rules of the Sangh, if and when necessity arises, to select the office, bearers or the members of the Sangh and of the sub-committees.



- d) To Sanction Budget for the next year.
- e) To Consider any other subject brought before the Sangh, by a member with a notice of one week to be placed before the meeting. The Chairman may permit any matter to be considered in the course of meeting as a miscellaneous matter which is a non-controversial matter. No such matter shall be thus considered if 1/3 of this members present object to the same.

Governing body will act as a managing or Executive Committee till a Managing Committee is constituted.

- f) That the institution shall send copies of report about its performance alongwith audited accounts, balance sheet etc. every year to the commission till it receives financial liabilities to the commission are outstanding.

15. The Rules and Regulations of the plaintiff–Sangh, when read as a cohesive and harmonious whole, clearly stipulate that the Sangh is required to be sued through its Secretary. In the present case, the earlier suit was instituted through the Secretary, who duly appeared on behalf of the Sangh and suffered the decree in question. In view thereof, it cannot be legitimately contended that the Secretary was not duly authorized, in terms of the governing Rules and Regulations, to represent the Sangh in judicial proceedings.

15.1 It is a well-settled principle of law that allegations of fraud must be pleaded with specificity and proved by cogent, credible, and convincing evidence of a standard higher than mere preponderance, akin to the strict scrutiny applicable in criminal jurisprudence. In the present case, both the Courts below have concurrently and rightly recorded a finding that the appellant–plaintiff has failed to discharge the burden of proving that the then Secretary, Shri R.L. Mehta, acted fraudulently or in connivance with the defendant Board.



15.2 It is further significant that the present suit has been instituted after an inordinate lapse of nearly two decades from the passing of the original decree. It is not the case of the appellant–plaintiff that it was unaware of the earlier proceedings or that it was not duly served therein. On the contrary, the appellant–plaintiff was admittedly aware of the said proceedings. Consequently, the limitation for assailing the judgment and decree is necessarily to be reckoned from the date of the decree itself, and the appellant–plaintiff cannot be permitted to disown or dispute such knowledge at this belated stage. The Courts below have, therefore, rightly held the suit to be barred by limitation.

15.3 With regard to the contention that the judgment and decree are void for want of registration, reliance placed upon ***Bhoop Singh v. Ram Singh Major (supra)*** is of no assistance to the appellant–plaintiff. The ratio laid down therein is that a decree which, for the first time, creates or declares rights, title, or interest in immovable property of the value exceeding ₹100/- in favour of a party requires compulsory registration.

15.4 In the present case, it is an admitted position that the defendant–Board was the owner of the suit property, and the claim of the plaintiff–Sangh is founded upon the settlement deed Ex.P2/2 executed through the defendant–Board. The earlier suit culminating in judgment and decree Ex.D3 and Ex.D4 essentially involved interpretation and affirmation of the existing rights flowing from the said settlement deed and did not, for the first time, create any new right, title, or interest in immovable property in favour of the defendant–Board. Accordingly, the Courts below have rightly concluded that the decree in question does not require registration under law.



15.5 As regards the contention that a simpliciter suit for declaration is not maintainable in the absence of consequential relief of possession, reliance placed upon *Executive Officer, Arulmigu Chokkanatha Swamy Koil Trust, Virudhunagar v. Chandran & Ors. (supra)* is equally misconceived. In the earlier proceedings, the plaintiff–Sangh itself was found to be in possession of the suit property in the capacity of a licensee, and consequently, the question of seeking consequential relief of possession did not arise unless and until such licence stood revoked. The status of the appellant–plaintiff as licensee under the defendant–Board having been judicially recognized in judgment and decree Ex.D3 and Ex.D4, the suit cannot be held to be hit by the proviso to Section 34 of the Specific Relief Act, 1963.

15.6 In view of the foregoing discussion and findings, this Court finds no merit in the present appeal, which is accordingly **dismissed** as being devoid of substance.

16. Consequent upon the final adjudication of the principal matter, all pending miscellaneous applications, if any, arising out of or connected with the present proceedings, shall stand disposed of by necessary implication. In light of the conclusions recorded hereinabove, no separate or independent orders are required to be passed in respect of such applications, the same having been rendered wholly infructuous and academic.

08.04.2026
Gaurav Sorot

(**VIRINDER AGGARWAL**)
JUDGE

Whether reasoned / speaking? Yes / No

Whether reportable? Yes / No