

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 12-09-2017

CORAM

THE HON'BLE Mr. JUSTICE S.M.SUBRAMANIAM

W.P.No.2564 of 2015

G.Dhandapani

... Petitioner

Vs

1. The Joint Registrar of Co-op. Societies
Villupuram Region,
Villupuram District.
2. The Deputy Registrar of Co-op. Societies
Thirukoilur Circle, Thirukoilur,
Villupuram District.
3. The President
Pavandhur Primary Agricultural
Co-op. Credit Society,
Pavandhur, Thirukoilur Taluk
Villupuram District.

... Respondents

PRAYER: Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Mandamus, directing the respondents to disburse the retirement benefits of Gratuity, Provident Fund and Earned Leave Salary together with interest to the petitioner as per U/s.78 and 79 of Tamil Nadu of Tamil Nadu Co-op. Societies Act.

For Petitioner: Mr.C.Prakasam

For Respondents: Mr.L.P.Shanmugasundaram

Special Government Advocate (Co-op)

O R D E R

The relief sought for in this writ petition is for a direction to direct the respondents to disburse the retirement benefits of Gratuity, Provident Fund and Earned Leave Salary together with interest to the petitioner as per Sections 78 and 79 of Tamil Nadu of Tamil Nadu Co-op. Societies Act (hereinafter referred to as "the Act").

2. The writ petitioner was appointed as a Clerk in the third respondent-Society on 1.8.1975 and further promoted to the post

of Secretary in the year 1981. An enquiry under Section 81 of the Act, was ordered by the Deputy Registrar of Co-operative Societies, in relation to the irregularities noticed in the third respondent-Society. However, the petitioner states that no surcharge proceedings are initiated against him nor any criminal case has been registered. The writ petitioner was due to retire from service on attaining the age of superannuation on 31.10.2014. However, he was not allowed to retire from service though he was relieved from the post. The grounds stated in the order of relieving is that the surcharge proceedings and the criminal case, are against the writ petitioner.

3. The statement made by the writ petitioner in his affidavit filed in support of the writ petition is self-contradictory and this Court is of the view that the writ petitioner has not stated the facts and circumstances in clear terms in this writ petition. This Court is of a doubt that the factual aspects are not narrated in clear terms. In paragraph-2 of the affidavit, it is stated by the writ petitioner that no surcharge proceedings are initiated against him under Section 87 of the Act nor any criminal case has been registered against him. In the next line, the petitioner states that on the last date of his retirement on 31.10.2014, he was not allowed to retire from service. However, the relieving order states that the surcharge proceedings and the criminal case, are pending.

4. Thus, the writ petitioner has not stated whether the surcharge proceedings and the criminal case, are pending against him or not. The normal presumption is that even after receipt of the relieving order dated 31.10.2014, in which he has stated that surcharge proceedings and the criminal case, are pending, the writ petitioner ought to have verified the same and informed to this Court in relation to pendency. Further, this Court is of the opinion that the writ petitioner is not interested in stating the clear facts in this writ petition. Contrarily, the writ petitioner has filed this writ petition only on the ground that the retirement benefits of Gratuity and Provident Fund should be disbursed to him under Sections 78 and 79 of the Act. The writ petitioner has not elaborated his contentions in respect of the reasons stated for non-payment of the Gratuity and Provident Fund. Contrarily, an attempt is made to urge this Court to settle the terminal benefits under Sections 78 and 79 of the Act, holding that the provisions are statutory and therefore, the respondents cannot withheld the amount of Gratuity and Provident Fund.

5. The learned counsel for the writ petitioner urged this Court that an employee of a Co-operative Society facing surcharge proceedings under the provisions of the Act, cannot be deprived of his right of Provident Fund and Gratuity. The surcharge proceedings are initiated separately under Section 87

of the Act, based on the enquiry report submitted under Section 81 of the Act. Thus, the action under Section 87 of the Act, cannot be a bar for disbursing the Provident Fund and Gratuity to the petitioner under Sections 78 and 79 of the Act, which is also statutory in nature.

6. This Court is of the view that the action initiated under the provisions of the Tamil Nadu Co-operative Societies Act, cannot be separated at the convenience of the writ petitioner. First of all, the provisions of the Co-operative Societies Act, in respect of the action initiated against the Co-operative Society employees, have to be read cogently and is to be applied consistently, so as to achieve the objects enumerated and sought to be achieved under the Act itself.

7. The very purpose and the object of the enactment is to protect the interest of the Co-operative Societies in the State, more specifically, registered under the said Act. During the course of extending the protection to the members of the Co-operative Societies, who all are none other than the investors and the competent authorities under the Act, must be vigilant and their actions must be cogent, consistent and the interest of both the institution as well as the members to be protected in all respects. Thus the very arguments advanced by the learned counsel appearing for the petitioner that the action under Sections 81 and 87 are independent and the right of an employee under Sections 78 and 79 are separate. The learned counsel made an attempt to draw a line between the liability and the right.

8. This Court is of the opinion that liability and right are corresponding in nature and cannot be separated in respect of the action to be initiated or initiated under the provisions of the Tamil Nadu Co-operative Societies Act. Thus, this Court cannot accept the view that the provisions of the Act, to be interpreted separately so as to settle one claim to the employee and recover the loss from the very same employee. The action must go altogether, so as to achieve the object sought to be achieved under the provisions of the very Act. Such being the concept to be adopted, the writ petitioner cannot claim that the Provident Fund and Gratuity to be disbursed to him under Sections 78 and 79 of the Act and thereafter competent authorities shall initiate action against the writ petitioner under Section 87 of the Act. Withholding the terminal benefits of an employee has got a purpose for protecting the interest of the Society and its members. When execution proceedings are initiated and attachment of property is ordered or withholding the terminal benefits are ordered, the very purpose is to protect the institution as well as the members, who are all investors in the institution. Thus, this Court cannot find fault with such withholding of terminal benefits or attaching the properties to realise the dues payable to the Society.

9. For instance, if the amount of Gratuity and Provident Fund are already disbursed to the employees or the properties are not attached, then the situation may arise that the Society concerned may not be in a position to recover the dues from the employees. Even the provision for attachment before judgment is provided under the Civil Procedure Code. The very purpose of such attachment is to protect the interest of the institutions or the decree holder. Under these circumstances, the very argument that the action under the Act, are independent in respect of Section 87 and Sections 78 and 79 are unacceptable and accordingly, the contention of the learned counsel for the petitioner is rejected.

10. This Court is of the firm opinion that all actions initiated under the provisions of the Act, are independent and to be taken together cogently and the interest of the institution to be protected. Based on the report submitted under Section 81 of the Tamil Nadu Co-operative Societies Act, three fold actions are permissible under law:-

- (i) Surcharge proceedings under Section 87 of the Act;
- (ii) Registration of a criminal case through the Central Crime Investigation Wing for the offences committed under the Indian Penal Code;
- (iii) Disciplinary proceedings under the Special Bye-Laws.

11. All these actions can go simultaneously and absolutely, there is no bar for the authorities competent to proceed with these actions against the employees. The action under Section 87 is for the purpose of recovering the loss caused on account of such irregularities committed by the employees. A final order passed under Section 87 of the Act, is an appealable order under Section 152 of the Tamil Nadu Co-operative Societies Act. In respect of criminal prosecution, the offences committed under the Indian Penal Code are to be prosecuted under the Criminal Law and those actions are entirely different and the same is for the purpose of convicting the employees, who have committed the offences under the Indian Penal Code.

12. Departmental disciplinary proceedings are initiated for the purpose of punishing an employee for the misconduct committed under the Conduct Rules and the process for conducting enquiry are different and independent.

13. Surcharge proceedings under Section 87, a show cause notice has to be issued to the employee concerned and on receipt of the reply, an enquiry shall be conducted by the competent authorities and a final order to be passed after considering the materials available on record, including the final report submitted under Section 81 of the Tamil Nadu Co-operative Societies Act.

14. Criminal prosecution will be conducted under the provisions of the Criminal Procedure Code by the Criminal Courts and the Commercial Crime Investigation Wing of the Police Department will prosecute the offenders in accordance with law. Thirdly, the departmental proceedings are to be conducted by the disciplinary authorities under the Rules. Accordingly, an enquiry has to be conducted by the Independent Enquiry Officer, who in turn has to conduct an enquiry by affording an opportunity to the delinquent employees and thereafter based on the enquiry report, the disciplinary authority has to provide further opportunity to the delinquent and take a decision and pass final orders in the disciplinary proceedings.

15. All these actions are mandatory in order to maintain an absolute integrity in the institution. The hard earned money of the members concerned are invested in the Co-operative Society. The management and the employees are the custodian of such hard earned investment made by the innocent members. Thus, such actions are certainly imminent and required to maintain discipline, integrity and the interest of the institution in respect of the investments. Thus, there is no irregularity in proceeding or initiating actions against the erred employees under the provisions of the Tamil Nadu Co-operative Societies Act and initiating appropriate different actions provided under the Act, is to protect the interest of the Co-operative Societies.

16. The learned counsel for the petitioner contended that the subsistence allowance has not been paid to the writ petitioner and the prayer for payment of subsistence allowance is also sought for in this writ petition. In respect of subsistence allowance, the course of action is entirely different and the writ petitioner has to exhaust the remedy available under Section 153 of the Tamil Nadu Co-operative Societies Act and here, it is not made clear that whether the writ petitioner has made any such revision before the competent authority under the provisions of the Act. In the absence of any such revision, this Court cannot consider the relief in relation to the payment of subsistence allowance.

17. The learned counsel appearing for the writ petitioner made a submission that in view of Sections 78 and 79 of the Act, terminal benefits of the writ petitioner cannot be stopped and even during the pendency of the criminal case, the respondents cannot withhold the terminal benefits due to the writ petitioner.

18. Further, the learned counsel submitted that Sections 78 and 79 being a Statute the same cannot be violated and the non-payment of terminal benefits is a statutory violation and therefore, the principles laid down by the Larger Bench need not

be applied to the cases of settlement of terminal benefits.

19. The learned counsel further contended that the Larger Bench of this Court says that writ is not maintainable against the Co-operative Societies. Further, if it is a statutory violation, then a writ petition can be entertained. In the case on hand, it is the case of violation of Sections 78 and 79 of the Act and therefore the writ is to be entertained and the prayer sought for has to be granted in favour of the writ petitioner.

20. The learned Special Government Pleader (Co-operative) appearing on behalf of the respondents made a submission that the Larger Bench is clear on the issue that a writ can be entertained under Article 226 of the Constitution of India only after exhausting the remedy available under Section 153 of the Tamil Nadu Co-operative Societies Act, 1983.

21. Secondly, the Hon'ble Single Judge of this Court in the case of R.Gopalan Vs. The Registrar of Co-operative Societies and Ors. reported in W.P.No.9976 of 2015 dated 07.04.2015. The relevant paragraphs being 5 to 9, which is extracted hereunder : -

"5. The learned counsel for respondents 1 and 2 has submitted that the petitioner has an effective remedy under the Payment of Gratuity Act, if the third respondent institution is covered under the said Act. The payment of Gratuity Act is a self contained code and even in the case of workman covered by the Industrial Disputes Act, such workman cannot make a claim under Section 33-C(2) of the Industrial Disputes Act before the Labour Court in respect of gratuity and such workman shall approach the Controlling and Appellate authority under the payment of Gratuity Act, as held by the Apex Court reported in 1980 1 SCC 4 [State of Punjab V. Labour Court, Jullundur and Others].

6. If the payment of Gratuity Act is not applicable to the establishment, then Section 78 of the Tamil Nadu Co-operative Societies Act would govern the institution. In that event, the petitioner could approach the Revisional Authority under Section 153 of the Act.

7. He would further submit that if the third respondent is governed by Employees Provident Fund Act, then he could approach the authority under the said Act. If not, then Section 79 of the Tamil Nadu Co-operative Societies Act would govern the situation and he would approach the revisional authority under Section 153 of the said Act for his settlement of PF dues.

8. I am in entire agreement with the submission made by the learned counsel for the respondents. The petitioner seeks interest for the delayed payment of gratuity and provident fund. In the case on hand, terminal benefits are paid. The only issue is whether the petitioner is entitled to interest for the belated payment of 253 days.

9. In my view, the petitioner could approach the appropriate authority under the relevant statutes seeking the relief relating to interest on the belated payment of terminal benefits. Hence, the writ petition is not maintainable. Further, writ petition is not maintainable against the Co-operative Societies. Accordingly, the writ petition stands dismissed. However, this will not preclude the petitioner from approaching the concerned authorities under the relevant statute. No costs. Connected miscellaneous petition is closed."

22. Further, the learned Special Government Pleader referred the Judgement of the Hon'ble Supreme Court of India in the case of State of Punjab Vs. Labour Court, Jullunder and Ors. reported in (1980) 1 SCC 4. The relevant paragraphs 6 and 7, which is extracted hereunder : -

"6. The third contention raised by the appellant is that the employee respondents were not entitled to apply under section 33-C(2) of the Industrial Disputes Act, 1947 for payment of the gratuity, and should have, if at all, applied under the provisions of the Payment of Gratuity Act. It is urged that the Payment of Gratuity Act is a self-contained code incorporating all the essential provisions relating to payment of gratuity which can be claimed under that Act, and its provisions impliedly exclude recourse to any other statute for that purpose. The contention has force and must be accepted. A careful perusal of the relevant provisions of the Payment of Gratuity Act shows that Parliament has enacted a closely knit scheme providing for payment of gratuity. A controlling authority is appointed by the appropriate Government under section 3. and Parliament has made him responsible for the administration of the entire Act. In what event gratuity will become payable and how it will be quantified are detailed in section 4. Section 7(1) entitled a person eligible for payment of gratuity to apply in that behalf to the employer. Under section 7(2), the employer is obliged, as soon as gratuity becomes payable and whether an application has or has not been made for payment

of gratuity, to determine the amount of gratuity and inform the person to whom the gratuity is payable specifying the amount of gratuity so determined. He is obliged, by virtue of the same provision, to inform the controlling authority also, thus ensuring that the controlling authority is seized at all times of information in regard to gratuity as it becomes payable. If a dispute is raised in regard to the amount of gratuity payable or as to the admissibility of any claim to gratuity, or as to the person entitled to receive the gratuity, section 7(4) (a) requires the employer to deposit with the controlling authority such amount as he admits to be payable by him as gratuity. The controlling authority is empowered, under section 7(4) (b), to enter upon an adjudication of the dispute, and after due inquiry, and after giving the parties to the dispute a reasonable opportunity of being heard, he is required to determine the amount of gratuity payable. In this regard, the controlling authority has all the powers as are vested in a court while trying a suit under the Code of Civil Procedure, 1908 in respect of obtaining evidentiary material and the recording of evidence. The amount deposited by the employer with the controlling authority as the admitted amount of gratuity will be paid over by the controlling authority to the employee or his nominee or heir. Section 7 (7) provides an appeal against the order of the controlling authority under section 7(4) to the appropriate Government or such other authority as may be specified by the appropriate Government in that behalf. The appropriate Government or the appellate authority is empowered under section 7 (8), after giving the parties to the appeal a reasonable opportunity of being heard, to confirm, modify or reverse the decision of the controlling authority. Where the amount of gratuity payable is not paid by the employer within the prescribed time, the controlling authority is required by section 8, on application made to it by the aggrieved person, to issue a certificate for that amount to the Collector. The Collector, thereupon, is empowered to recover the amount of gratuity, together with compound interest thereon at the rate of nine per cent per annum from the date of expiry of the prescribed time, as arrears of land revenue, and pay the same to the person entitled thereto.

7. It is apparent that the Payment of Gratuity Act enacts a complete code containing detailed provisions covering all the essential features of a scheme for payment of gratuity. It creates the right to payment of gratuity, indicates when the right will accrue, and lays down the principles for quantification of the gratuity. It provides further for recovery of the amount, and contains an especial provision that compound interest at nine per cent per annum will be payable on delayed payment. For the enforcement of its provisions, the Act provides for the appointment of a controlling authority, who is entrusted with the task of administering the Act. The fulfilment of the rights and obligations of the parties are made his responsibility, and he has been invested with an amplitude of power for the full discharge of that responsibility. Any error committed by him can be corrected in appeal by the appropriate Government or an appellate authority particularly constituted under the Act."

23. The learned Special Government Pleader (Co-op) further contended that the writ petitioner was an employee of the Co-operative Society and was facing criminal proceedings as on the date of his retirement and therefore, the terminal benefits cannot be settled on the day of his retirement, only after the conclusion of the criminal proceedings the same can be settled.

24. The learned counsel appearing for the writ petitioner opposed the contention by stating that the services of the writ petitioner is non-pensionable in nature and therefore once the writ petitioner is allowed to retire from service, then the terminal benefits cannot be withheld by the authorities concerned. Therefore, even in case the writ petitioner is convicted in the criminal case, no action can be taken against the employee. In this view of the matter, the terminal benefits cannot be denied under Sections 78 and 79 of the Act.

25. The learned counsel appearing for the writ petitioner further submitted that terminal benefits are legal rights of an employee and the same cannot be deprived on the ground that there are no rules for the initiation of disciplinary proceedings as far as the employees of Co-operative Societies are concerned after their retirement.

26. In this regard the learned counsel cited the judgment of the Hon'ble Supreme Court of India, in the case of State of Jharkhand & Ors. Vs. Jitendra Kumar Srivastava & Anr on 14th August, 2013 in Civil Appeal No.6770 of 2013, held in paragraph no. 11 is extracted hereunder:-

"11. Reading of Rule 43(b) makes it abundantly clear that even after the conclusion of the departmental inquiry, it is permissible for the Government to withhold pension etc. ONLY when a finding is recorded either in departmental inquiry or judicial proceedings that the employee had committed grave misconduct in the discharge of his duty while in his office. There is no provision in the rules for withholding of the pension/ gratuity when such departmental proceedings or judicial proceedings are still pending."

In this context, this Court has to examine the judgements and the submissions made by the respective counsels appearing on behalf of the parties in lis.

27. This Court is of the view that with regard to the maintainability of the writ petition, the Court has to look into the legal principles settled by the Larger Bench of this Court in the case of K.Marappan Vs. The Deputy Registrar of Co-operative Societies and another reported in 2006 (4) CTC 689 in paragraph no. 21 of the judgment. The following are the propositions derived by the Larger Bench:-

Sub class (i) of para 21 states that by applying the tests evolved by the Supreme Court in that behalf, if a particular co-operative society can be characterised as a State within the meaning of Article 12 of the Constitution (applying the tests evolved by the Supreme Court in that behalf), it would also be an authority within the meaning and for the purpose of Article 226 the Constitution. In such a situation, an order passed by a society in violation of the bye-laws can be corrected by way of writ petition.

Sub Class (ii) of para 21 states that by applying the tests in Ajay Hasia it is held that the respondent society carrying on banking business cannot be termed as an instrumentality of the State within the meaning of Article 12 the Constitution.

Sub Class (iv) of para 21 states that a society, which is not a State would not normally be amenable to the writ jurisdiction under Article 226 of the Constitution, but in certain circumstances, a writ may

issue to such private bodies or persons as there may be statutory provisions which need to be complied with by all concerned including societies. If they violate such statutory provisions a writ would be issued for compliance of those provisions.

Sub Class (iii) of para 21 stipulates even if a society cannot be characterised as a State within the meaning of Article 12 of the Constitution, even so a writ would lie against it to enforce a statutory public duty cast upon the society. In such a case, it is unnecessary to go into the question whether the society is being treated as a person or an authority within the meaning of Article 226 of the Constitution.

Sub Class (iv) of para 21 states that a society, which is not a 'State' would not normally be amenable to the writ jurisdiction under Article 226 of the Constitution, but in certain circumstances, a writ may issue to such private bodies or persons as there may be statutory provisions which need to be complied with by all concerned including societies. If they violate such statutory provisions a writ would be issued for compliance of those provisions.

Sub Class (v) of para 21 states that where a Special Officer is appointed in respect of a co-operative society which cannot be characterised as a State a writ would lie when the case falls under Clauses (iii) and (iv) above.

28. In respect of the facts of the present case, it is relevant to cite paragraph no. 21 (vi) and (vii) and the same are extracted hereunder:-

Class (vi) of para 21 categorically enumerates that the bye-laws made a co-operative society registered under the Tamil Nadu Co-operative Societies Act, 1983 do not have the force of law. Hence, where a society cannot be characterised as a 'State', the service conditions of its employees governed by its bye-laws cannot be enforced through a writ petition.

Class (vii) of para 21 states that in the absence of special circumstances, the Court will not ordinarily exercise power under Article 226 the Constitution of India when the Act provides for an alternative remedy.

29. In this context, let us now look into the provisions of the Tamil Nadu Co-operative Societies Act, 1983. The Act is a

specially enacted to govern the Co-operative Societies in the State. The Act is self-contained code providing mechanism for the redressal of the grievances including to the employees of the Co-operative Societies.

30. Section 78 stipulates that the registered society not being an establishment to which the employees Provident Fund applies may establish a Provident Fund for the benefit of its Employees to which shall be credited all contributions made by the Employees and the Society in accordance with the Bylaws. A Provident Fund established by a registered Society under sub-section

(1) shall be invested in the Financing Bank, but shall not --

- (a) be used in the business of the society:
- (b) form part of the assets of the society:
- (c) be liable to attachment or be subject to any other process of any court of other authority.

31. Section 79 deals with Gratuity Fund which is extracted hereunder:-

(1) A registered society not being an establishment to which the Payment of Gratuity Act, 1972 (Central Act 39 of 1972) applies, may provide by its by-laws for payment of gratuity to the employees at such rates and on such conditions as may be specified in the by-laws and such society may establish a gratuity fund or make other arrangements for the purpose.

(2) A gratuity fund, if any, established by a registered society under sub-section (1) shall be invested in the financing bank, but shall not-

- (a) be used in the business of the society:
- (b) form part of the assets of the society:
- (c) be liable to attachment or be subject to any other process of any court or other authority.

32. In both the sections, it is very clear that the General Act viz., the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972 are not applicable to the employees of the Co-operative Societies.

33. In this regard, the Act provides that the Co-operative societies in the state of Tamil Nadu may establish Provident Fund for the benefits of its employees.

34. Thus, it is clear that a separate account can be opened for the purpose of settlement of both Provident Fund and Gratuity amount to the employees of the respective Co-operative Societies. This Court has to see that as of now, the Provident Fund and Gratuity amount dues are settled to the employees of the Co-operative Societies by creating separate funds in the respective Central Co-operative Banks, in which primary Co-operative Societies are members. In other words, Primary and other Co-operative Societies are the members of the Central Co-operative Bank concerned in the District Level and all the primary societies are having accounts in this regard. Accordingly, the Provident Fund account and the Gratuity account are maintained by the respective Co-operative Societies by operating a separate account in the concerned District Central Co-operative Banks. All the settlements in respect of the Provident Fund and Gratuity are settled to the employees through this account only.

35. It is an undisputed fact that the General Acts viz., The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Payment of Gratuity Act, 1972 are not applicable to the employees of the Co-operative Societies and all statutory benefits like Gratuity, Provident Funds are extended through the Provisions of the Special by-laws and being maintained by way of Separate Fund under the Central Co-operative Bank concerned under the Co-operative Societies Act.

36. The legal principles in this regard is that when there are by-laws and a Special Acts provides mechanism for the purpose of providing Gratuity and Provident fund to its employees then the General Acts will not be applicable and the Special Act will prevail over the General Act.

37. The Co-operative Societies Act being a Specially enacted Act for regulating the affairs of the Co-operative Societies in the State, the Co-operative Societies Act will be applicable to the employees of the co-operative societies, in the state of Tamil Nadu.

38. Further, Sections 78 and 79 of the Act also made it very clear that the society through by-laws shall establish a separate account for the purpose of settling Provident Fund and Gratuity to the retiring employees.

39. In this context, this Court is of the opinion that in respect of the employees of the Co-operative Societies, the provisions of the Co-operative Societies Act alone is applicable and not the General Act.

40. Now, this Court has to consider the spirit of the Larger Bench judgment regarding the maintainability of the writ petition and the settlement of the statutory dues. When this Court has to come to the conclusion that Provident Fund and Gratuity are regulated under the Provisions of the Tamil Nadu Co-operative Societies Act, through a separate account in the Central Co-operative Bank, the other mechanism provided under the Tamil Nadu Co-operative Societies Act is also made applicable to the employees of the Co-operative Societies regarding the settlement of all the terminal benefits including the service conditions.

41. By-laws of the Co-operative Societies are enacted by the Board and the same was approved by the Registrar of Co-operative Societies under the Provisions of the Act.

42. Thus, the by-laws governing the service conditions, and the Act in respect of the settlement of statutory rules are to be applied in respect of the employees of co-operative societies.

43. When the Act is made applicable, more specifically, under Sections 78 and 79 of the Act. This Court is bound to see other provisions relating to the redressal of grievances in respect of the employees under the Act. When the Provident Fund amount and the Gratuity amount created under Sections 78 and 79 of the Act are not settled in respect of the employees of the Co-operative Societies, they are bound to exhaust the remedy available under Sections 153 and 154 of the Act. The employees cannot be allowed to take a dual stand in this regard and once they claim the benefits of provisions under Sections 78 and 79 of the Act, they are bound to exhaust the remedy available under Sections 153 and 154. The power under Section 153 for revision is Quasi Judicial in nature. However, once the power of revision is exercised by the Competent Authority and a final order is passed, thereafter, a writ can be entertained under Article 226 of the Constitution of India.

44. Thus the legal principles are well enumerated by the Larger Bench of this Court in Class (vi) and (vii) of paragraph no.21 of the Judgment. It is made clear that the co-operative

societies registered under the Tamil Nadu Co-operative Societies Act cannot be construed as a "State" and therefore the service conditions enumerated in the by-laws cannot be enforced through writ petition. Terminal benefits and the service conditions are governed by the by-laws of the respective societies and under Sections 78 and 79 of the Act, which was created for the purpose of the settlement of Provident Fund through the accounts maintained by the Central Co-operative Bank. In this view of the matter, this Court is of the clear opinion that the Employees of the Co-operative societies are bound to avail the remedy available under Sections 153 and 154 of the Act.

45. In view of the legal principles settled by the Larger Bench, Clause (vii) of Paragraph 21 of the judgment and in the absence of any exceptional circumstances, the Court will not ordinarily entertain any writ petition under Article 226 of the Constitution of India, when the Act provides for an alternative remedy. The competent authorities are undoubtedly the officials of the Co-operative department of the State and they are not directly connected with the officials of the co-operative societies. Thus, the remedy of revision under Section 153 is certainly an independent effective alternate remedy. This Court need not entertain the writ petition under Article 226 as all the employees are bound to exhaust the remedy available under the Provisions of Section 153 of the Act in this regard.

46. In respect of the contention that non-payment of Provident Fund and Gratuity is a statutory violation in respect of the provisions under Sections 78 and 79 of the Act, it is seen that a procedure has been created for the employees of the co-operative societies through its by-laws and the Act. Such being the procedure prescribed under the Act, certainly the employees are bound to avail the remedy available under the Act.

47. It is not as if there is no remedy available to the employees, and when an effective alternative remedy is available to the employees of the Co-operative Societies and there is no doubt, the same is to be exhausted under the law, and the writ courts need not entertain the writ petition.

48. This Court is of the firm opinion that every institution created through and under the Statute is to be respected and the jurisdiction and powers provided under the statute shall be allowed to be exercised by the competent authorities. Thus intermittent intervention is not preferable, and the competent authorities shall be allowed to exercise their Quasi Judicial powers in accord with the provisions of the Act. The competent authorities are also having wide powers to correct the irregularities and illegalities under the Act.

49. The concept of democracy includes democracy of the institution functioning under the Statute also. All must have a say in decision making, which can be direct or indirect. Thus

any restraint from exercising the powers under normal circumstances will affect the very principles. It is the duty of the institution to respect other institutions in respect of exercise of power. No doubt in the event of any gross injustice the same can be questioned under Article 226 of the Constitution of India. However, such circumstances are exceptions and cannot be allowed in a routine manner. Thus, this Court is of the opinion that on each and every occasion the employees of the Co-operative Societies cannot be permitted to file a writ directly, without exhausting the remedy available, more specifically, under Section 153 of the Act.

50. In this view of the matter, the case on hand is a case where the terminal benefits are not settled and settlement of terminal benefits is undoubtedly part of service conditions and all terminal benefits are to be settled in accordance with the by-laws and the Co-operative Societies Act. The by-laws are approved by the Registrar of Co-operative Societies and as per Sections 78 and 79 of the Act, a separate account has been created in the respective Central Co-operative Banks and the same is operated by the respective Co-operative Societies and all such Co-operative Societies are governed by the by-laws of Co-operative Societies.

51. In a case of this nature, this Court is of the opinion that the remedy available under Section 153 of the Act is to be exhausted before approaching this Court under Article 226 of the Constitution of India.

52. Accordingly liberty is granted to the writ petitioner to approach the competent authority in order to exhaust the remedy available under the Act. Thus, no further adjudication on merits in respect of the grievances needs to be undertaken in this writ petition.

53. Accordingly, the writ petition stands dismissed. However, there is no order as to costs.

-s/d-

Assistant Registrar (CS-IV)

True Copy

Sub-Assistant Registrar

maya/Svn

To

1. The Joint Registrar of Co-op. Societies
Villupuram Region,
Villupuram District.
 2. The Deputy Registrar of Co-op. Societies
Thirukoilur Circle, Thirukoilur,
Villupuram District.
 3. The President
Pavandhur Primary Agricultural
Co-op. Credit Society,
Pavandhur, Thirukoilur Taluk
Villupuram District.
- +1 CC to Mr.C. Prakasam, Advocate sr 66714.
+1 CC to Mr.L.P. Shanmuga Sundaram, Advocate sr 66690.

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