



BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED : 28.08.2019

CORAM:

THE HONOURABLE MR.JUSTICE **D. KRISHNAKUMAR**

W.P(MD)No.16230 of 2019

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The Tamil Nadu State Transport Corporation and  
State Express Transport Corporation Worker's,  
Co-operative Thrift and Credit Society Ltd.,  
Rep. by its Secretary,  
No.Y-69, Ranithottam, Nesamony Nagar,  
Nagercoil - 629 001.

... Petitioner

Vs.

1.The Secretary to Government and Chairman,  
State Transport Undertakings,  
Transport Department, Secretariat,  
Chennai - 600 009.

2.The Managing Director,  
Tamil Nadu State Transport Corporation (TILI) Ltd.,  
Tirunelveli.

... Respondents

**PRAYER:** Writ Petition filed under Article 226 of the Constitution of India praying for issuance of a Writ of Mandamus directing the respondent herein, to release the arrears of amount recovered from the salaries of employees towards their loan repayment, savings and interest and unpaid to the petitioner / society from the month of March 2017, amounting Rs.963.76 Lakhs and with 12% interest amounting Rs.153.82 Lakhs within a stipulated period.

For Petitioner : Mr.A. Thirumurthy

For R1 : Mr. Aayiram K. Selvakumar  
Additional Government Pleader

For R2 : Mr. K. Sathiya Singh  
Standing Counsel

**ORDER**

This writ petition has been filed for issuing a direction to the respondents herein, to release the arrears of amount recovered from the salaries of employees towards their loan repayment, savings and interest and unpaid to the petitioner / society from the month of March 2017, amounting Rs.963.76 Lakhs and



with 12% interest amounting Rs.153.82 Lakhs within the time frame to be fixed by this Court.

2. According to the petitioner, the petitioner herein is a Cooperative Society which caters to the credit needs of the employees of the Metro Transport Corporation who have become members of the same. It is convention that the employees borrow funds from the Society and every month the employer / Metro Transport Corporation deduct the amount from salary of the individuals on requisition form the society and the employer remit the same amount to the account of the society. According to the petitioner, from March 2017, the amount deducted from the salaries of the employees have not been remitted to the account of the society and the dues have now been accumulated to Rs.963.76 Lakhs. The petitioner society has taken up the matter to the notice of the second respondent, but, the respondent corporation has not yet cleared the dues. Hence, the petitioner has filed this Writ Petition before this Court.

3. The learned counsel appearing for the petitioner would submit that the petitioner has filed this Writ Petition for directing the respondents to make payment of the amount of Rs.963.76 Lakhs recovered from the salaries of the employees towards loan dues of the petitioner from the month of March 2017 with interest and also to make future payment in accordance with the provision contained in Section 48 of the Tamil Nadu Cooperative Societies Act, 1983 read with Rules 69(4) and 69(7) of the Tamil Nadu Cooperative Societies Act, 1983. The learned counsel for the petitioner has relied upon the decision of this Court in W.P.No.12733 of 2016, dated 20.04.2016 wherein this Court has considered the similar issue, and the Writ petition was disposed of with directions. In the light of the above said order, the present Writ petition may be allowed on the above terms.

4. On the other hand, the learned Standing Counsel appearing for the 2<sup>nd</sup> respondent would submit that the decision of this Court in the said petition squarely applies to the present case on hand. However, sufficient time may be granted to repay the entire outstanding amount to the petitioner's Society, by way of installments.

5. Considering the said submissions made by the counsels for the petitioner and respondents and by considering the directions made in the order passed by this Court in the similar case in WP (No.). 12733 of 2016, dated 20.04.2016, which squarely applies to the facts of this case, wherein it is observed as follows:

*"6. Therefore, abovesaid factors, pleaded in the counter affidavits, can have no impact on the liability of the respondent / corporation to the petitioner / Society. The ultimate*



sufferer, on account of the default committed by the respondents 2 and 3 are the employees, since, on account of the fact that they have not remitted the loan amount, despite having recovered from the salary of the employees, the employees will be shown as the defaulters in the accounts of the petitioner / society. It would not only cast a stigma on the employees, but also prevents them from availing a fresh loan in need of urgency. That apart, it has got a cascading effect, since the petitioner / Society will be not in a position to borrow loan from the funding society viz., Central Cooperative Banking Society, and on account of that, the petitioner / Society would become defaulter with the Central Cooperative Banking Society,, and they will be liable to pay the amount along with interest, which may have a further cascading effect on the Board of Directors, who in turn are paid employees of the respondents 2 and 3. Therefore, it is high time for respondents 2 and 3 to settle the entire dues to the petitioner / Society. However, taking into consideration the overall financial position of respondents 2 and 3, this Court is inclined to grant five months for settling the entire liability. It is made clear that the aforesaid payments shall be effected without reference to the past arrears, and it is needless to say that the current dues should also be settled promptly."

6. In the light of the above order passed by this Court and considering the submissions made by the counsel for parties, the respondent / Corporation is directed to settle the entire dues to the petitioner Society on the following terms:

(i) The second respondent is directed to deposit One Crore into the society account within a period of one month from the date of receipt of a copy of this order.

(ii) The balance amount, as if calculated up to the month of May 2019, shall be paid by the second respondent Corporation to the Society by Ten installments each on or before 13<sup>th</sup> day of succeeding calendar month.

(iii) As far as the future dues if any, the second respondent Corporation has to collect from the employees and pay to the Society every month on or before 13<sup>th</sup> day of succeeding Calendar month, without fail.



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7. The Writ Petition is disposed of with above directions.  
No costs.

Sd/-

Assistant Registrar (CS-III)

// True Copy //

Sub Assistant Registrar(CS )

To

1.The Secretary to Government and Chairman,  
State Transport Undertakings,  
Transport Department, Secretariat,  
Chennai - 600 009.

2.The Managing Director,  
Tamil Nadu State Transport Corporation (TILI) Ltd.,  
Tirunelveli.

+1 CC to Mr.A. THIRU MURTHY, Advocate SR-83843.

+1 CC to Mr.K.SATHIYA SINGH, Advocate SR-84279.

**W.P (MD) No.16230 of 2019**

**28.08.2019**

CS(26.09.2019) 4P 5C