IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on:24.11.2025	Pronounced on:05.12.2025

CORAM

THE HONOURABLE MR.JUSTICE P.B.BALAJI

CRP. No.1930 of 2021 and
CMP. No.14976 of 2021

R.Rajagopalan

Petitioner(s)

Vs

1.The Deputy Registrar of
Cooperative Societies, Myladuthurai Circle,
Myladuthurai – 609 001.

2.The Administrator,
O.S. No.53 Local Fund Audit Staff and
Mayiladuthurai Divisional Level Panchayat,
Union Staff Cooperative Thrift and Credit
Society Ltd., Katcherry Road, Mayiladuthurai,
Myiladuthurai District.
(2nd respondent impleaded vide Court order dated 13.02.2024)

Respondent(s)

PRAYER: This Civil Revision Petition is filed under Article 227 of the Constitution of India, to set aside the order dated 21.01.2021 passed in C.O.C.M.A. No.13 of 2014 on the file of the Additional District Judge, Mayiladuthurai whereby confirmed the order passed by the respondent in his proceedings Na.Ka.No.1957/2013 Va.Tha-Award No.1/2013, dated 12.09.2014.

For Petitioner : Mr.C.Prakasam

For Respondents : Mr.N.Muthuvel,
Government Advocate for R1
Mr.J.Daniel,
Government Advocate for R2

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ORDER

This revision petition has been filed challenging the order passed by the Additional District Judge, Mayiladuthurai, confirming the order of the first respondent/Deputy Registrar of Co-operative Societies, under Section 87 of the Co-operative Societies Act, 1983 (in short 'Act').

2. I have heard Mr.C.Prakasam, learned counsel for the revision petitioner and Mr.N.Muthuvel, learned Government Advocate, appearing for the first respondent and Mr.J.Daniel, learned Government Advocate appearing for the second respondent.

3. Mr.C.Prakasam, learned counsel for the revision petitioner would submit that the petitioner was appointed as the Special Officer of several Co-operative Societies and in respect of one of such Co-operative Society where the petitioner was in charge viz., Local Fund Audit Department Employees Cooperative Thrift and Credit Society, the first respondent ordered an enquiry under Section 81, for alleged irregularity committed by the petitioner. Mr.Prakasam, learned counsel for the

petitioner would submit that it was one Baskar who was working as the employee in the said Society and it was he who had misappropriated the funds of the Society, by issuing irregular loans to members. Mr.C.Prakasam, learned counsel for the revision petitioner would further point out that it was only the petitioner who found out the said irregularities being committed by the said Baskar and sent reports to the respondent on 17.03.2014 and 07.03.2014. The learned counsel would therefore state that without taking any action against the said Baskar, the first respondent has initiated proceedings against the revision petitioner.

4. The learned counsel would further state that the petitioner had to discharge duties as Special Officer in respect of many other Cooperative Societies, apart from and in addition to his routine work of a Senior Inspector of the respondent. The learned counsel would therefore state that the petitioner was not in a position to look after minute and day to day transaction of each and every Society and contends that when a proper resolution had been passed with regard to the decision to advance loans to various members and the cheques had already been countersigned, merely because the petitioner has signed the cheques, for issuing the loans to the members and had admitted to his signature during the enquiry proceedings, it would not be sufficient to saddle liability on

the petitioner.

5. Mr.Prakasam, learned counsel for the petitioner, would rely on the following decisions in support of his contentions:

(i) *P.Ilango, I.A.S., retired Vs. Administrator MRK Cooperative Sugar Mills, Sethiyathoppu,* reported in *2014 (3) MLJ (M) 575:*

(ii) *K.Rathinam Vs. The Deputy Registrar of Co-operative Societies, (Housing) Vellore and others,* in *C.R.P. (NPD). No.654 of 2012 dated 20.11.2017;*

(iii) *V.Janarthanan Vs. The Deputy Registrar of Co-op Societies and others,* in *CRP (NPD) No.3673 of 2012 dated 23.10.2017;*

(iv) *S.Saranyadevi Vs. The Special Officer, Pallappatti Town Coperative Housing Society,* in *CRP.(MD) No.1214 of 2013 dated 18.11.2019;* and

(v) *T.Rengarajan Vs. V.Ramachandran, Enquiry Officer,* in *CRP. (MD). No.609 of 2017 dated 11.10.2018.*

6. Relying on the said decisions, Mr.C.Prakasam, learned counsel for the petitioner would submit that unless there is wilfull negligence established, the proceedings cannot be initiated against the delinquent and in the present case, the respondents have not been able to

demonstrate that the petitioner has been beneficiary of the misappropriated funds or that he has been the root cause for the loans being irregularly disbursed and would therefore, contend that mere dereliction of duty would not be sufficient to initiate surcharge proceedings against the revision petitioner. He would therefore pray for the revision being allowed.

7. Per contra, the learned Government Advocates, Mr.J.Daniel and Mr.N.Muthuvel, would submit that the petitioner has not given crossed account payee cheques to the members by way of advancement of loans, which have been misused and a sum of more than Rs.18 lakhs involving 11 cases has been swindled by the petitioner. The learned counsel would further state that Section 81 enquiry was ordered and the Enquiry Officer gave his final report on 05.08.2013, clearly indicting the petitioner and subsequently, Section 87 surcharge proceedings have been taken against the legal heirs of Baskar, who died on 10.10.2012 as well as the petitioner. After elaborate trial in the surcharge proceedings, the respondent has confirmed the liability of the petitioner and full opportunity has been given to the petitioner at the time of enquiry as well as in the surcharge proceedings. The learned counsel would therefore further state that the petitioner being a Special Officer appointed to

administer and manage the affairs of the Society, he is responsible to act diligently and protect the funds of the Society. They would also contend that it is not an excuse that the petitioner was appointed as Special Officer for many other Societies and it does not present a reason for the petitioner to contend that he could not concentrate on his duties. The learned counsel would therefore state that there is no merit in the revision and pray for dismissal of the revision petitioner.

8. I have carefully considered the submissions advanced by the learned counsel for the parties. I have also gone through the order passed by the respondent and also the learned District Judge confirming the order passed by the respondent.

9. With regard to the learned counsel for the petitioner's contention that it was the petitioner who discovered the irregularity and had complained to the respondent by issuing letters on 07.03.2014 and 17.03.2014 against the clerk, Baskar, I find that Section 81 enquiry proceedings were initiated even in 2013 and therefore, the complaints alleged to have been given in March 2014 are of no avail. There is no dispute that the Society has suffered financial losses. It remains to be seen whether there has been any wilfull negligence on the part of the

petitioner.

10. Though Mr.C.Prakasam, learned counsel for the petitioner contends that the petitioner was holding additional charge for many other Cooperative Societies, besides his regular official duties, it cannot be projected as an excuse for being careless and causing losses to the Society. If at all the petitioner was unable to concentrate on his duties and responsibilities, he could have declined the additional charges that were given to him. Therefore, I am unable to accept the arguments of Mr.Prakasam, that because of the additional charges, the petitioner was not in a position to be careful and diligent, while signing cheques.

11. It is the next contention of Mr.Prakasam, that the respondents have not been able to show that dereliction of duty is a result of wilfull negligence. The petitioner contends that he is not responsible for disbursing loans to members and he only signs cheques along with the other signatory. It is the further case of the petitioner that the other authorized signatory had already signed the cheques and the petitioner only countersigned the cheques and therefore, the petitioner cannot be accused of being negligent or careless. The very allegation in the present case against the petitioner is not about disbursement of loans to ineligible

persons. The allegation is that the loans which were intended to be disbursed to eligible members have not actually reached their hands, but cheques have been signed on the reverse side as well, to enable withdrawal of the amounts and such withdrawal has been effected by the said Baskar. If at all, the petitioner had not signed on the reverse side of the cheques, then there is justifiable case made out by the petitioner that he has not been wilfully negligent. The petitioner is aware of his roles and responsibilities. He is also aware of his rights. It is the specific case of the respondent that the cheque signing authorities are not authorised to sign on the reverse side of the cheques that are issued to members, by way of advancement of loans. Therefore, there is absolutely no reason as to why the petitioner signed on the reverse side on as many as 11 cheques and these cheques have been encashed by Baskar, without the actual beneficiaries getting the money. I do not see how the resolution passed by the Society to advance loans can even be set up as a defence by the revision petitioner.

12. The decisions relied on by the petitioner will not apply since, on facts, in those cases, the Courts held that there was no wilfull negligence established. However, in the present case when the petitioner has issued cheques signing even on the reverse side of the cheques, it

clearly amounts to a case of wilfull negligence coupled with dereliction of duty.

13. It is not a case where the issue is not regarding the identity of persons eligible for loans, but it is only as to whether the loans actually reached the ultimate and intended beneficiaries. It is therefore clearly the responsibility of the petitioner to ensure that the cheques are properly signed. He has also admitted that he has not marked the cheques as account payee cheques and the petitioner also signed on the reverse side of the cheques, during his examination. It clearly shows his intention that the cheques are not intended to be account payee cheques at all. This has paved way for the cheques to be misused and encashed by the said Baskar. In such circumstances, there is clear wilfull negligence that has been established, warranting the surcharge proceedings against the petitioner.

14. The District Court has also considered the said admissions of the petitioner with regard to the signing of the cheques on the reverse side of the cheques, which paved the way for encashment of cheques without the cheques even reaching the intended beneficiaries. In fact, in his cross examination, the petitioner does not even explain as to why he

has signed the cheques on the reverse side.

15. I do not find any infirmity in the findings of the first respondent and confirmed by the District Court. There is no merit in the revision. Accordingly, this Civil Revision Petition is dismissed. Consequently, connected Miscellaneous Petition is also dismissed. No costs.

05.12.2025

rkp
Index : Yes / No
Internet : Yes / No

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3. The Additional District Judge,

Mayiladuthurai

P.B.BALAJI, J.,

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Pre-delivery order in
CRP. No.1930 of 2021 and
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