



WEB COPY



W.A.No.2982 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 24.10.2025

CORAM:

THE HONOURABLE MR.JUSTICE R.SURESH KUMAR

and

THE HONOURABLE MR.JUSTICE S.SOUNTHAR

W.A.No.2982 of 2025
and C.M.P.No.24083 of 2025

1.The Managing Director
Tamil Nadu Handloom Weavers
Co-op. Society Ltd. (Co-optex)
350, Pantheon Road
Egmore, Chennai-600 008

2.The General Manager
Co-optex, 350, Pantheon Road
Chennai – 600 008

... Appellants

Vs.

1.S.Nainadurai

2.The Secretary to Government
Handlooms, Handicrafts,
Textiles & Khadi (E-1)
Department, Fort. St. George
Chennai-600 009

... Respondents

Prayer: Writ Appeal is filed under Clause 15 of the Letters Patent, praying to set aside the order dated 22.10.2024 in W.P.No.6931 of 2012 by allowing this writ petition.



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For Appellants : Mr.N.Ponraj

For R2 : Mr.E.Veda Bagath Singh
Special Government Pleader

J U D G M E N T

(Judgment of the Court was delivered by S.SOUNTHAR, J.)

This Intra Court Appeal has been filed challenging the order passed by the learned Single Judge in W.P.No.6931 of 2012, dated 22.10.2024, allowing the writ petition filed by the writ petitioner seeking a direction to the respondents therein to disburse the entire balance terminal benefits of the writ petitioner, within the stipulated time.

2. The 1st respondent/writ petitioner was appointed as a Salesman in the 1st Appellant/Society on 02.11.1979. The 1st Appellant/Society had announced a 'Special Voluntary Retirement Scheme' for its employees. Since the writ petitioner was facing heavy financial burden, he opted for retirement under the 'Special Voluntary Retirement Scheme'. He was relieved from service on 01.04.2005. Though a sum of Rs.4,89,000/- was due to the writ petitioner as on 31.03.2005 towards terminal benefits, the Appellants-Society failed to disburse the same on the ground that the writ petitioner failed to take steps to recover the dues to the Appellants/Society



from the persons with whom the Appellants/Society had credit sale. The appellants disbursed only a sum of Rs.95,478/- and refused to disburse the balance amount on the ground that the said amount had to be recovered from the writ petitioner for his failure to take steps to recover the dues of the third parties to the Appellants/Society under the head Credit Sales.

3. Aggrieved by the same, the writ petitioner has filed the instant writ petition and the learned Single Judge was pleased to allow the same. Aggrieved by the same, the Appellants/Society have come before this Court by way of filing this writ appeal.

4. Mr.N.Ponraj, learned counsel appearing for the appellants would submit that at the time of opting for 'Special Voluntary Retirement Scheme', the writ petitioner executed an agreement in favour of the Appellants/Society in terms of Section 48 of the Tamil Nadu Co-operative Societies Act, 1983 agreeing for recovering the amount due to the Society from him. In view of the said agreement, the writ petitioner is estopped from denying his liability and the appellants are entitled to recover the amount due.

5. A perusal of the typed-set of papers and impugned order would



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establish that no excess payment has been made to the writ petitioner or any amount due from the writ petitioner to the Society by virtue of his misrepresentation, fraud and misconduct. Admittedly, the Appellants/Society had credit sales transaction with third parties. The allegation against the writ petitioner is that he failed to take necessary steps to recover the amount due from the third parties to the Society in his capacity as Sale Person. The learned Single Judge by relying on the proceedings of the 1st Appellant in RC.No.4192/A2/2004, dated 29.03.2004 in the Office Order No.69/2004, came to the conclusion that the Salesman employed in the showrooms of the appellants-society cannot be fixed with any responsibility to recover the dues since they have no role to play in collection of amounts due from the Staff of the Government Departments, who purchased the goods on credit basis.

6. The learned Single Judge also relied on a case law in V.N.Kulandaisamy vs. Khadhi and Village Industries Board Tamil Nadu and others reported in 2002 (2) MLJ 557 for the proposition that ordinary employees cannot be held responsible for recovery of dues based on credit sales. Therefore, it is clear that the liability or duty of the writ petitioner to recover the dues from the third parties itself is under dispute. Further, it is



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not the case of the Appellants/Society that any amount is due to the Society from the Writ Petitioner due to his misrepresentation, fraud or misconduct.

7. A close scrutiny of Section 48 of the Tamil Nadu Co-operative Societies Act, 1983 would indicate that only in cases where any amount is due to the Society from its employees, an agreement for recovery from their salary or gratuity could be insisted upon. In the case on hand, no amount is due from the writ petitioner and the amount was due from the persons, who purchased certain products from the Society on credit basis.

8. In such circumstances, the agreement allegedly executed by the writ petitioner in favour of the Society under Section 48 of the Tamil Nadu Co-operative Societies Act, 1983 cannot be resorted to for recovery of amount from the terminal benefits of the writ petitioner. There is nothing on record to suggest that the agreement allegedly executed by the writ petitioner was voluntary without any compulsion.

9. In the absence of any misrepresentation, fraud or misconduct on



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the part of the writ petitioner, the appellants are not justified in withholding the terminal benefits payable to the retired employees. Accordingly, we do not find anything to interfere with the impugned order passed by the learned Single Judge in W.P.No.6931 of 2012, dated 22.10.2024.

10. In the result, the Writ Appeal stands dismissed. There shall be no order as to costs. Consequently, the connected civil miscellaneous petition is closed.

(R.S.K., J) (S.S., J)
24.10.2025

Index : Yes / No
Speaking order : Yes / No
Neutral Citation : Yes / No
dm



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To

The Secretary to Government
Handlooms, Handicrafts,
Textiles & Khadi (E-1)
Department, Fort. St. George
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