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C.R.P.No.2801 of 2025

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 01.08.2025

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THE HONOURABLE Ms. JUSTICE P.T. ASHA

C.R.P.No.2801 of 2025
and CMP.No.15869 of 2025

The Managing Director
Tamil Nadu Industrial Co-op Bank Ltd.,
South Canal Road, Mandavelipaakam
Raja Annamalaipuram
Chennai – 600 028.

... Petitioner

Vs.

1.U.Balasubramaniam

2.The Deputy Director

(Industrial Cooperatives) General / Surcharge Officer
Central Office, O/o. Industrial Commissioner /
Director of Industries & Commerce
Industrial Estate, Guindy, Chennai – 600 032.

... Respondents

Prayer: Civil Revision Petition filed under Section 227 of the Constitution of India praying to set aside the judgment and decree dated 07.01.2022 made in CMA.No.86/2018 passed by the Chief Judge, Court of Small Causes, Chennai.



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For Petitioner : Mr.K.Seetha Ram

For Respondents : Mr.V.Ramesh
Government Advocate for R2

ORDER

The second respondent-Management challenges the order passed by the Chief Judge, Court of Small Causes, Chennai in CMA.No.86 of 2018, on 07.01.2022, is the revision petitioner herein.

2. The short facts are as follows:

- a) The first respondent herein had joined the services of the petitioner-Bank as a Assistant and was promoted as Sub-Accountant, who later was promoted as Bank Inspector. He was posted as Bank Inspector / Bank Manager of TAICO Bank, Tiruvottiyur branch, on 24.07.2014 and served till 15.01.2016. During his tenure as Branch Manager in TAICO Bank, Tiruvottiyur branch, he had sanctioned jewel loans to the customers in accordance with the by-laws and regulations of the petitioner-Bank.
- b) While sanctioning the loans, the first respondent came to know that



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the jewel appraiser of the branch had obtained jewel loans in his name from the bank, by appraising the jewels and the said loan had been sanctioned by the predecessor incharge of the petitioner-Bank.

- c) Thereafter, the first respondent had immediately brought the fact to the notice of the petitioner. On their advise, the appraiser was instructed to transfer the jewel loan from his name to any other person's name, which is also reported to the petitioner-Bank vide his letter dated 20.10.2014.
- d) The Internal Auditor / Jewel Verification Officer has taken up 100% verification of the jewels in the Tiruvottiyur branch from 23.12.2015 to 06.01.2016, and during verification, it was found that 26 packets contained spurious jewels. This was immediately intimated to the petitioner-Bank by the first respondent and immediately he sought permission to lodge a police complaint. The first respondent thereafter wrote a letter to the petitioner-Bank requesting further instructions.
- e) However, the first respondent was placed under suspension from 16.01.2016 and an enquiry under Section 81 of the Tamil Nadu



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Cooperative Societies Act, 1963, (hereinafter called as 'Act') was conducted. Based on the enquiry report, surcharge proceedings under Section 87 of the Act was conducted, and by an order dated 02.01.2018, the first respondent was directed to pay a sum of Rs.7,13,196/- to compensate the loss sustained by the petitioner-Bank for the loan granted, on the security of spurious jewels.

f) Challenging the said order, the first respondent had filed CMA.No.86 of 2018. By an order dated 07.01.2022, the learned Judge was pleased to set aside the surcharge order on the ground that the proceedings had not been concluded within a period of six months from the date of its commencement or such other period was extended by the higher authority. Therefore, the surcharge proceedings commenced against the first respondent is barred by limitation.

Challenging the order of the learned Chief Judge, Court of Small Causes, Chennai, dated 07.01.2022 in CMA.No.86/2018, setting aside the surcharge order dated 02.01.2018, the petitioner-Bank is before this Court.



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3. Heard the learned counsel for the petitioner and the learned Government Advocate appearing for the second respondent.

4. Section 87(1) of the Tamil Nadu Cooperative Societies Act and its proviso reads as follows :

“87.Surcharge :- (1) Where in the course of an audit under section 80 or an inquiry under section 81 or an inspection or investigation under section 82 of inspection of books under section 83 or the winding-up of a society, it appears that any person who is or was entrusted with the organisation or management of the society or any past or present officer or servant of the society has misappropriated or fraudulently retained any money or other property or been guilty of breach of trust in relation to the society or has caused any deficiency in the assets of the society by breach of trust or wilful negligence or has made any payment which is not in accordance with this Act, the rules or the by-laws, the Registrar himself or any person specially authorised by him in this behalf, of his own motion or on the application of the board, Liquidator or any creditor or contributory may frame charges against such person or officer or servant and after giving a reasonable opportunity to the person concerned and in the case of a



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deceased person, to the representative who inherits his estate, to answer the charges, make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar or the person authorised as aforesaid thinks just or to contribute such sum to the assets of the society by way of compensation in respect of the misappropriation, misapplication of funds, fraudulent retainer, breach of trust or wilful negligence or payments which are not in accordance with this Act, the rules or the by-laws as the Registrar or the persons authorised as aforesaid thinks just :

Provided that no action shall be commenced under the sub-section after the expiry of seven years from the date of any act or omission referred to in this sub-section:

[Provided further that the action commenced under this sub-section shall be completed within a period of three months from the date of such commencement or such further period or periods not exceeding one month at a time as the next higher authority may permit but such extended periods shall not exceed three months in the aggregate.]”

The second proviso to Section 87(1) clearly stipulates that the action commenced under sub-section (1) has to be completed within a period of



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three months from the date of commencement or such further period or periods, not exceeding one month at a time, as the next higher authority may permit and such extended period shall not exceed three months period in aggregate. The surcharge proceedings in the instant case has commenced on 14.11.2016 and the same was concluded by passing the final order on 02.01.2018, which is beyond the period contemplated under the Act. Further, there is also no material / documents to show that the surcharge officer had obtained orders from his higher authority seeking extension of time to complete the surcharge proceedings. Therefore, on the ground of limitation, the surcharge proceedings have to fail. The learned Chief Judge, Court of Small Causes, Chennai, has considered the above and rejected the surcharge proceedings, in and by which, the appeal filed by the first respondent came to be allowed.

5. I do not see any reasons to interfere with the order of the learned Chief Judge, Court of Small Causes in CMA.No.86/2018 dated 07.01.2022. Further, since the appeal is dismissed on the grounds of limitation, I do not intend discussing on merits. Accordingly, the civil revision petition is dismissed. No costs. Consequently, connected miscellaneous petition is



closed.

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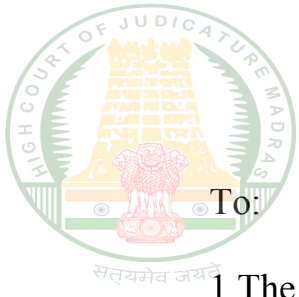


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Index : Yes / No

Neutral Citation : Yes / No
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To:

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(Industrial Cooperatives) General / Surcharge Officer
Central Office, O/o. Industrial Commissioner /
Director of Industries & Commerce
Industrial Estate, Guindy, Chennai – 600 032.

2.The Chief Judge
Court of Small Causes
Chennai.

3.The Section Officer
VR Section, High Court, Madras.



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P.T. ASHA, J.

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