IN THE HIGH COURT OF JUDICATURE AT MADRAS

**DATED: 19-11-2025**

CORAM

**THE HONOURABLE MRS.JUSTICE N. MALA**

**WP No. 1800 of 2024 & WMP.Nos.1327, 1329/2025 & 1858 & 1859/2025**

The Management Of No.K51,
Kadanadu Pacc Society, Kadanau, The
Nilgiris District.

Petitioner(s)

Vs

M.N.Kundan
S/o.Late.Sri.M.Nanjan, S3/186,
Kadanadu Village And Post
Udhagamandalam Taluk, The Nilgiris
District-643 206.

Respondent(s)

**Prayer:-** Writ petition filed under Article 226 of the Constitution of India praying for issuance of a writ of certiorari calling for the records relating to the impugned Award passed in CP.No.5/2022 dated 26.04.2022 on the file of the Labour Court of the Nilgiris at Udhagamandalam and quash the same.

For Petitioner(s): Sp.Vijay Nivas
G.Saravana Bhavan
A.Santhanakrishnan

For Respondent(s): Mr.R.Sivakumar for
M/s. Siva And Sesu Associates,
J. Kishore, R. Anantha Lakshmi
For Respt. Dt 23/09/2024

**ORDER**

(1)The writ petition is filed challenging the order of the Labour Court dated 26.04.2022 made in CP.No.5/2022.

(2)Brief facts of the case are that the respondent was appointed in the petitioner Society, namely, Kadanadu Primary Agricultural Cooperative Credit Society [KAPACCS] on 15.04.1983, as a Packer. Subsequently, he was promoted as Secretary. After rendering service for 31 years, the respondent retired from service on 31.07.2014. At the time of the respondent's retirement, the petitioner/Society could not disburse the terminal benefits of the respondent for paucity of funds. On the date of the respondent's retirement on 31.07.2014, the petitioner Society calculated the terminal benefits of the respondent at Rs.5,03,849/- towards Provident Fund and arrears of salary etc. and made good the same by transfer to the Savings Bank account of the respondent. Thereafter, the petitioner/Society did not settle the retirement benefits of the respondent. Therefore, the respondent preferred a complaint before the District Consumer Dispute Redressal Forum in CC.No.17/2016, impleading the Deputy Registrar of Cooperative Societies as a party respondent. In the aforesaid Consumer Complaint, a Memorandum of Understanding [MOU] was arrived at between the parties on 15.08.2016. As per the terms of the settlement, the respondent's entitlement towards pending service and retirement benefits as on 01.08.2016, along with eligible interest, was arrived at Rs.10,86,129/-. The respondent's liability towards NDPACC Employees Cooperative Thrift and Credit Society, Udhagamandalam, was arrived at Rs.4,79,329/-, which included arrears of loan of Mr.K.R.Mani for whom the respondent stood as surety. After adjusting the liability towards aforesaid loan, the net amount payable to the respondent was arrived at Rs.6,06,800/- and as per the settlement, the petitioner/Society undertook to settle the amount on or before 31.10.2016, failing which the petitioner/Society undertook to pay interest at 12% per annum, from the date of execution of the MOU, i.e., 15.08.2016, till the date of realization. In terms of the MOU, the respondent withdrew CC.No.17/2016. Thereafter, the respondent herein filed CP.No.4/2022 under Section 33C[2] of the Industrial Disputes Act, 1947, before the Labour Court, Udhagamandalam. The Labour Court, Udhagamandalam, vide the impugned Order dated 26.04.2022, allowed the Claim Petition. Aggrieved by the order passed by the Labour Court in CP.No.5/2022, the petitioner filed the above writ petition for the aforesaid relief.

(3)The learned counsel for the petitioner submitted that the respondent could not produce the “No Instalment Pending Certificate” from NDPACC Society for the discharge of the loans availed by him and hence, the petitioner was not able to comply with the MOU. The learned counsel further submitted that the respondent owed a sum of Rs.8,23,553/- to the petitioner/Society towards the loan availed by him from the Society and was also liable to pay a sum of Rs.11,02,972/-, towards the loan borrowed by his friend K.R.Mani, for whom he stood as a guarantor. The learned counsel submitted that the order of the Labour Court directing the petitioner/Society to pay a sum of Rs.10,95,274/- to the respondent without considering the aforesaid loans, was illegal and liable to be set aside.

(4)The learned counsel for the respondent, on the other hand, submitted that the Labour Court considered the aforesaid submissions and rejected the same on justifiable grounds. The learned counsel further submitted that the order of the Labour Court is well considered and therefore does not call for any interference in the writ petition.

(5)Heard both sides and perused the materials on record.

(6)The facts are undisputed. The only question is whether the order of the Labour Court in CP.No.5/2022 dated 26.04.2022 is sustainable or not?

(7)The respondent filed CC.No.17/2016 on the file of the District Consumer Dispute Redressal Forum, against the Deputy Registrar of the Cooperative Societies, Udhagamandalam, for non-payment of his terminal benefits. In the said Consumer Complaint, on 15.08.2016, a Memorandum of Understanding [MoU] was entered into between the petitioner/Society and the respondent. The terms of MoU read as follows:-

1. As on 01.08.2016, the entitlements of the workman towards service and terminal benefits and his liabilities to the society are computed as hereunder:

**Entitlements**

(1) (a) Amount transferred on 31.07.2014 to the Savings Bank Account No. 224 of Mr. M.N. Kundan under the following heads :

| | |
|---|---|
| Provident Fund | Rs. 4,80,973=00 |
| Interest on PF amount | Rs. 3,023=00 |
| Salary for July 2014 | Rs. 19,853=00 |
| Total amount credited | Rs. 5,03,849=00 |
| (b) Balance standing in SB Account | Rs. 6,383=00 |
| Total credit as on 31.07.2014 | Rs. 5,10,232=00 |

Cont'd...3

S. K
PRESIDENT
K 565 KADANADU PACCS
KADANADU 643 206

M. N

3

(2) Interest on SB Account balance of Rs. 5,10,232/=
4% per annum from 01.08.2014 upto 31.07.2016 Rs. 40,821=00

(3) Gratuity Entitlement :
Last drawn monthly salary Rs. 21,016=00
Number of qualifying service 31 Years
Amount of Gratuity payable
21016 x 15 x 31/26 Rs. 3,76,864=00

(4) Due by (salary due) Rs. 5,376=00

(5) Unpaid salary for the year 2004-2005 Rs. 74,468=00

(6) Unpaid salary for the year 205-206 Rs. 79,368=00

**Total Entitlement** **Rs.10,86,129=00**

**Liabilities**

Thrift Loan dues payable to the ND PACC Employees Co-op. Thrift & Credit Society, Udhagamandalam as on 31.07.2016 **Rs. 4,79,329=00**

**Net amount payable to Mr. M.N. Kundan** **Rs. 6,06,800=00**

2. The society undertakes to settle the said dues of Rs. 6,06,800=00 (Rupees Six Lakhs Six Thousand and Eight Hundred only) to the workman on or before 31.10.2016. The dues may be disbursed to the workman in single payment or through installments as per availability of funds at the society or by making Cash Credit, Overdraft or Financial Arrangements with the Nilgiris District Central Co-operative Bank Limited, Udhagamandalam.

3. The workman shall not be entitled to any interest on the said amount if it is settled in toto by the society on or before 31.10.2016. The workman shall be entitled to an interest at the rate of 12% per annum on the said unpaid amount computed from the date of execution of these presents upto the date of full realization thereof.

4. The workman is exonerated from the liability of discharging the Thrift Loan. Having taken up the liability to repay the Thrift Loan dues of the workman, the society shall henceforth shoulder the interest on the unpaid Thrift Loan due and payable to the Nilgiris District Primary Agricultural Co-operative Credit Societies Employees Thrift and Credit Society, Udhagamandalam.

Cont'd...4

M. N[illegible]

S. [illegible]

PRESIDENT
K 565 KADANADU PACCS
KADANADU 643 206

(8)From a reading of MoU, in particular, Clause [4], it is clear that the petitioner/Society exonerated the respondent of the liability towards thrift loan and therefore, the insistence of "No Instalment Pending Certificate" for settling the terminal benefits, as rightly found by the Labour Court, is unsustainable. Further, as far as the loan of the co-employee Mr.K.R.Mani, is concerned, as rightly found by the Labour Court, the petitioner/Society has already initiated arbitration proceedings in ARC.No.3/2021 and therefore, the petitioner having already approached the appropriate Forum for remedy, cannot deny the respondent, his terminal benefits. The Labour Court, has considered all the issues raised by the petitioner/Society in proper perspective and has found that the respondent is entitled to the terminal benefits quantified at Rs.10,95,274/-. The petitioner/Society having committed itself to the payment of the terminal benefits to the respondent as per the MoU dated 15.08.2016, in CC.No.17/2016, cannot now try to wriggle out of its commitment.

(9)This Court finds absolutely no infirmity or illegality in the order of the Labour Court and therefore, the writ petition lacks merit.

(10)The writ petition accordingly is **dismissed.** The petitioner is directed to settle the terminal benefits of the respondent quantified at Rs.10,95,274/- at 9% interest per annum from the date of the order of the Labour Court, till the date of payment, **within a period of twelve weeks from the date of receipt**

**of a copy of this order and on such deposit, the respondent is permitted to withdraw the same on filing of appropriate petition before the Labour Court.** No costs. Consequently, **WMP.Nos.1858, 1859 & 1327/2025 are closed and WMP.No.1329/2025, seeking direction to the petitioner to deposit the award amount is ordered.**

**19-11-2025**

AP
Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No

To

1.M.N.Kundan
S/o.Late.Sri.M.Nanjan, S3/186,
Kadanadu Village And Post
Udhagamandalam Taluk, The Nilgiris
District-643 206.

**N.MALA J.**

AP

**WP No. 1800 of 2024**

**19-11-2025**