BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

RESERVED ON : 14.11.2025

PRONOUNCED ON : 19.11.2025

CORAM

THE HONOURABLE MR. JUSTICE SUNDER MOHAN

CRL OP(MD). No.3993 of 2025
and
Crl.MP(MD)No.2803 of 2025

P.Jeyaraman ... Petitioner/Accused No.6

Vs.

1. The State of Tamilnadu,
Rep by the Inspector of Police,
CCIW Police Station,
Dindigul District.
Crime No.05 of 2017. ... 1st respondent/Complainant

2. Mr.P.Manikandan ... 2nd respondent/Defacto Complainant

PRAYER :- This Petition is filed under Section 528 BNSS, to call for the records pertaining to impugned charge sheet in C.C.No.95 of 2021 on the file of the learned Judicial Magistrate III Court, Madurai, for the alleged offences under Sections 409, 468, 471, 477A, 420 r/w 120(b) of IPC as far as the petitioner is concerned and quash the same.

For Petitioners : Mr.T.Thirumurugan

For Respondents : Mr.R.Meenakshi Sundaram,
Additional Public Prosecutor (for R1)

ORDER

This Petition is filed to quash the impugned charge sheet in C.C.No.95 of 2021 on the file of the learned Judicial Magistrate III Court, Madurai, for the alleged offences under Sections 409, 468, 471, 477A, 420 r/w 120(b) of IPC as far as the petitioner is concerned

2. The gist of the allegation in the impugned final report which was filed against nearly 15 accused is that the petitioner was working as an Assistant General Manager of Dindugul District Central Co-operative Bank, Badlagundu Branch; that through the said branch on 23.06.2010, a sum of Rs.1,30,000/- was advanced as a loan and the petitioner arrayed as 6th accused along with A1 to A4 and A8 by taking advantage of the illiteracy of the recipients of the loan had deducted Rs.15,000/- and paid the balance sum and thereafter, did not take any steps to recover the loan paid and thus caused a loss of Rs.1,16,561/- to the bank.

3. The broad allegation as against the first four accused is that they through several branches had permitted sanction of loan to Self Help Women Group between 19.03.2007 to 04.06.2012; that they had not collected the said sum and therefore they along with the other accused who where in the individual branches had conspired and caused a total loss of Rs.20,33,974/- to the bank. The prosecution was initiated at the instance of the Deputy Registrar of the Co-operative Society.

4. The learned counsel for the petitioner would submit that the primary allegation as against this petitioner who was working as an Assistant General Manager is that in one of the branches the petitioner also had sanctioned loan along with the other accused and caused a loss of Rs.1,16,561/- to the said branch; that he has nothing to do with the alleged loss caused by A1 to A4 through other branches; that in any case the surcharge proceedings which were initiated were dropped on appeal filed by him in CMA (CS) No.24 of 2019 by the Appellate Cooperative Tribunal, Dindugal [hereinafter referred to as ***'the tribunal'***]; that the petitioner has also been exonerated in the disciplinary proceedings in the revision filed by him before the Joint Registrar of Tamil Nadu Co-

operative Societies; that in both the proceedings it was held that the petitioner had not committed any act of criminal misappropriation or had caused financial loss to the bank; and that this Court in similar circumstances where the persons in supervisory capacity have been exonerated from the surcharge proceedings, had quashed the proceedings and sought for quashing of the impugned proceedings as well.

5. The learned Additional Public Prosecutor *per contra* submitted that the surcharge proceedings and disciplinary proceedings are different from the criminal proceedings and the petitioner cannot seek quashing merely because he has been exonerated in those proceedings; that the prosecution had collected evidence to prove the involvement of the petitioner and had filed it along with the impugned final report; that the question as to whether the petitioner was only negligent or he had also participated in the conspiracy has to be adjudicated only in the trial; that against the petitioner there was yet another FIR and since the petitioner is an habitual offender, this Court may not entertain the quash petition and also filed a counter to that effect.

6. In response, the learned counsel for the petitioner would submit that in the other FIR, which was registered against the petitioner, the petitioner had sought for quashing and this Court in Crl.OP.(MD) No. 4883 of 2023 had quashed the proceedings on the ground that the surcharge proceedings were dropped by the tribunal and the revisional authority had set aside the punishment imposed against the petitioner; and that the observations made in that order would be squarely applicable to the facts of this case also.

7. The allegation as stated above is that A1 to A4 with the help of the other accused had given loan to Self Help Women Groups and did not disburse the entire amount and had misappropriated a portion of the amount and thereafter, did not take steps to recover the amount and thus, caused loss to the bank. The petitioner was working as an Assistant General Manager in one of the branches. The allegation is that he had permitted sanction of loan to the extent of Rs.1,30,000/- and caused loss to the extent of Rs.1,16,561/- to the bank. The department had initiated surcharge proceedings against the petitioner. The petitioner had challenged the said surcharge proceedings before the tribunal. The

tribunal by an order dated 08.02.2022 in CMA (CS) No.20 of 2019 had held that the petitioner had not committed any act of misappropriation; that the allegation of one Manivel that he had paid Rs.8,000/- to process his loan application is false and that the petitioner had earlier refused loan to a group led by him and therefore the said Manivel has given a false complaint; and that since the petitioner is not responsible for any loss to the society, the surcharge proceedings are liable to be dropped.

8. The department also initiated disciplinary proceedings against the petitioner and had imposed a penalty of stoppage of increment etc. The revisional authority viz., the Joint Commissioner of Co-operative Society had set aside the penalty imposed on the petitioner. The department had challenged the said order before this Court in CRP (MD) No.2232 of 2022 and this Court had observed as follows:

> *"14.Further, the allegation against the first respondent is that he received bribe from one Manivel to the tune of Rs.8,000/- to process his loan application. According to the Enquiry Officer, the said Manivel had given a complaint in this regard. However, he had not produced any evidence in this regard. Therefore, mere lodging the complaint is not sufficient. The charge levelled the charge against the first respondent that he had received bribe from the*

said Manivel must be proved. Apart from this, the Enquiry Officer himself admitted that the first respondent has recommended not to grant any loan to the said Manivel. Hence, there is every possibility for him to give a false complaint against the first respondent due to vengeance. Therefore, there is no other charge to give a complaint against the first respondent by the said Manivel. Therefore, his statement against the first respondent cannot be relied upon. Moreover, surcharge proceedings can be initiated only when willful negligence act or omitted to act in discharging his duties. In this case, the petitioner failed to establish that the first respondent committed willfully negligence in discharging his duties. Therefore, the trial Court has rightly came to a conclusion that the first respondent cannot be held responsible for the loss caused to the society. Either in the enquiry report or in the surcharge proceedings it has been alleged that the first respondent has acted in a willful negligent manner. The ratio laid down in the judgment reported in 2002(3) L.W. 185, is squarely applicable to the facts of the present case."

9. Therefore, admittedly, the petitioner has been exonerated in the surcharge proceedings and in the disciplinary proceedings. In the earlier complaint against the petitioner, the petitioner had sought for quashing for the very same reasons and this Court had observed as follows:

"8. Insofar as the petitioner in Crl.O.P.(MD) No.4883 of 2023, he has been arrayed as A7 in this case. The surcharge proceedings as against this petitioner was sustained by the second respondent.

Aggrieved by the same, this petitioner filed C.M.A (CS) No.20 of 2019 under Section 152(1) of the Act. The said appeal was allowed by an order dated 08.02.2022 after rendering a finding that the petitioner is not responsible for any loss caused to the Society. Even the disciplinary proceedings that was initiated against this petitioner was put to challenge by filing a revision under Section 153(1) of the Act and the revisional authority set aside the punishment imposed against the petitioner."

10. Further, this Court had repeatedly held that where the officers in supervisory capacity have been exonerated in surcharge proceedings and disciplinary proceedings, the prosecution cannot continue and is liable to be quashed.

11. In P.***Parimaladevan v. State by the Inspector of Police***, reported in **2020 MWN (Cri) 342,** this Court held that where an employee of the society is found liable for supervisory lapse, and if the said employee has been exonerated in the proceedings under Section 87 of the Act, he cannot be prosecuted for the offence. The relevant paragraph reads as follows:

> *"The aforesaid decisions are self explanatory and the same principle has been reiterated in various other decisions of this Court as well. As such, the over all legal position is that when an employee of the Society is found liable for Supervisory lapse, the same will not constitute any criminal action against him. Likewise, if such an employee has been exonerated in the proceedings under Section 87 of the said Act, it has to necessarily be implied that he had neither misappropriated nor fraudulently retained the money or other property, nor is guilty of breach of trust or willful negligence. The offences for which the petitioner has now been charged with, are in effect, the very same overt acts for which he has been exonerated in the enquiry under Section 87 of the said Act."*

12. By following the aforesaid observations, this Court, in several cases including the case of ***Gobikrishnan v. Lilly Flora, vide order dated 19.06.2023 in Crl.O.P.No.32356 of 2019,*** observed as follows:

> *"6. This Court finds that there cannot be any dispute over the proposition that these two proceedings are different from each other. An acquittal in criminal proceedings would not automatically exonerate the employee in departmental proceedings as the standard of proof in these two proceedings are different. However, if the accused is exonerated in the departmental proceedings then the approach has to be different. The standard of proof in a criminal prosecution is much higher than in departmental proceeding. It is settled law that the standard of proof which is necessary to establish guilt in a criminal court is not required in a disciplinary*

proceeding, where the decision is based on preponderance of probabilities."

13. The respondents are unable to point out any additional evidence except to state that the petitioner had failed in his responsibilities and duties by not collecting the loan amount and had not properly implemented the circular issued by the Registrar, Chennai. The dereliction of duty which has also been found to be not proved, is not sufficient to prosecute a person for the offences of conspiracy, cheating and falsification of records. Therefore, for all the above reasons, this Court is inclined to quash the impugned proceedings insofar as the petitioner alone is concerned.

14. Accordingly, this Criminal Original Petition is allowed and the impugned final report is hereby quashed insofar as the petitioner alone is concerned. Consequently, connected Miscellaneous Petition is closed.

19.11.2025

NCC : Yes / No
Index : Yes / No
Internet : Yes
ars/dk

To

1.The Judicial Magistrate III Court,
Madurai.

2.The Inspector of Police,
CCIW Police Station,
Dindigul District.

3.The Additional Public Prosecutor,
Madurai Bench of Madras High Court,
Madurai.

SUNDER MOHAN,J.

ars/dk

Pre-delivery order in
CRL OP(MD) No.3993 of 2025

19.11.2025