



W.P.(MD).No.17864 of 2025

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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DATED: 02.07.2025

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THE HONOURABLE MR.JUSTICE C.SARAVANAN

W.P.(MD).No.17864 of 2025

and

W.M.P.(MD).No.13669 of 2025

P.Saparimuthu

.. Petitioner

Vs.

1.The Registrar of Cooperative Societies,
O/o. The Registrar of Cooperative Societies,
170, Periyar E.V.R. High Road,
Kilpauk, Chennai.

2.The Deputy Registrar of Cooperative Societies,
O/o. The Deputy Registrar of Cooperative Societies,
Tenkasi,
Tenkasi District.

3.The Administrator,
Thili.Thani.115, Nagaram Primary
Agricultural Cooperative Credit Society,
Nagaram,
Tenkasi District.

.. Respondents

PRAYER: Writ Petition filed under Article 226 of the Constitution of India to issue a writ of Certiorari, to call for the records relating to the impugned surcharge notice vide த.வ.03/2025-26 (ந.க.எண்.904/2025/சப) நாள்: 16.06.2025 issued by the 2nd respondent and quash the same.



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For Petitioner : Mr.D.Shanmugaraja Sethupathi

For R-1 & R-2 : Mr.K.R.Badurus Zaman
Government Advocate

ORDER

The petitioner is before this Court against the impugned show cause notice issued under Section 87 of the Tamil Nadu Cooperative Societies Act, 1983.

2. The specific case of the petitioner is that he is an employee of the District Central Cooperative Bank in Tirunelveli and had no role to play in the loss that was sustained by the third respondent Primary Society, namely, Nagaram Primary Agricultural Cooperative Credit Society. In this connection, the learned counsel for the petitioner has heavily placed reliance on a clarification issued by the Cooperative Department dated 06.04.2009 in proceedings bearing Rc No.38614/2009 SF.2(1), which reads as follows:

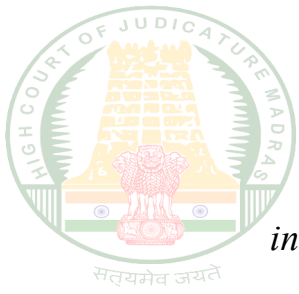
“2. It may be noted that as per the duties and responsibilities prescribed by District Central Cooperative Bank, the supervisors and the Field Managers are responsible for the recommendations and sanction of loans to Primary Agricultural Cooperative Societies under their charge. As such, when the enquiry under section 81 into the affairs of the Primary Agricultural Cooperative Societies revealed that there were



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serious irregularities in the sanction and disbursement of loans by the Primary Agricultural Cooperative Societies for which the supervisors and the Field Managers of the Central Cooperative Bank are also responsible causing loss to the funds of District Central Cooperative Bank, the Enquiry Officer should have recommended for. or the Circle Deputy Registrar or Regional Joint Registrar should have ordered for an inquiry under section 81 or inspection or investigation under section 82 for the Central Cooperative Bank also. Had this been done surcharge action under section 87 would be legally initiated against the supervisors and the Field Managers of the Central Cooperative Bank also.

3. Hence whenever the officer holding inquiry under Section 81 or inspection or investigation under Section 82 of the Tamil Nadu Cooperative Societies Act, 1983 relating to a Primary Agricultural Cooperative Societies or any other indebted to a Central Cooperative Bank concluded in his report that staff of a Central Cooperative Bank are also responsible for the alleged irregularities in the sanction and disbursement of loans in the Primary Agricultural Cooperative Societies or in other indebted society from the funds borrowed or reimbursed from the Central Co-operative Bank, the Deputy Registrar/Joint Registrar shall order a separate inquiry under Section 81 or inspection or investigation under Section 82 for the Central Cooperative Bank also and shall take surcharge actions under Section 87 against the staff of the Central Cooperative Bank based on the findings of the Enquiry Officer or inspection or



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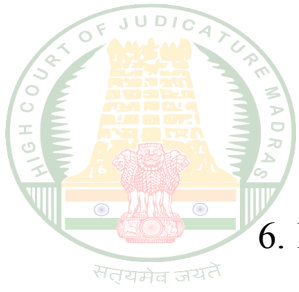
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investigation Officer for consequent deficiencies caused to the assets of the Central Cooperative Bank by way of breach trust and willful negligence.”

3. The learned counsel for the petitioner submits that a reading of the above Circular makes it clear that unless loss was sustained by the District Central Cooperative Bank, of which, the petitioner is an employee, the question of the petitioner being proceeded for the loss sustained by the third respondent cannot be imposed and therefore, initiation of proceedings under Section 87 of the Tamil Nadu Cooperative Societies Act, 1983 is unsustainable.

4. The learned counsel for the petitioner has drawn my attention to at least two judgments of this Court rendered in the case of ***V.Rajendran Vs. The Registrar of Cooperative Societies and others*** in ***W.P.No.7825 of 2018 dated 10.09.2018*** and in the case of ***The Deputy Registrar of Co-operative Societies, Madurai Vs. S.Ayyappan (Died) and others*** in ***C.R.P.(MD).No.160 of 2018 dated 31.07.2024***.

5. I have considered the arguments advanced by the learned counsel for the petitioner and the objections raised by the learned Government Advocate for the respondents 1 and 2.



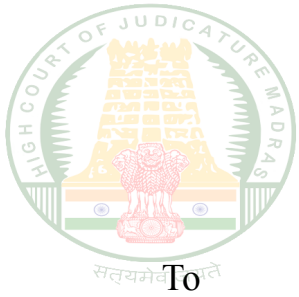
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6. I am of the view that the Writ Petition is premature and it has no merit for interference. The allegations in the show cause notice seem to indicate that the petitioner had an active role in sanctioning of the crop loan by the third respondent in his capacity as a Circle Supervisor. Be that as it may, the petitioner has to reply to the impugned show cause notice under Section 87 of the Tamil Nadu Cooperative Societies Registration Act, 1983. It is open for the petitioner to state that the proceedings against the petitioner are misconceived as the petitioner is not an employee of the third respondent. It is also open for the petitioner to take all defences that are available to him including the decisions of this Court cited supra.

7. Accordingly, the Writ Petition stands dismissed. There shall be no order as to costs. Consequently, connected miscellaneous petition is closed.

02.07.2025

NCC : Yes / No
Index : Yes / No
Internet : Yes / No
Lm



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To

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1. The Registrar of Cooperative Societies,
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C.SARAVANAN,J.

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