BEFORE THE MADURAI BENGH OF MADRAS HIGH COURT

DATED: 15.12.2025

CORAM

THE HONOURABLE MR. JUSTICE KRISHNAN RAMASAMY

W.P.(MD)Nos.19728 to 19745 of 2021
and W.M.P.(MD)Nos.16405 to 16408, 16412, 16414 to 16430, 16432 to 16439, 16447 to 16450, 16452 & 16453 of 2021

D.D.67 Puliyamarthukottai Primary Agricultural
Cooperative Credit Society Ltd.,
Puliyamarthukottai (post),
Vedasandur (via)- 624 710,
Dindigul District. ... Petitioner in
W.P.(MD)No.19728 of 2021

A 2951 Sevugampatti Primary Agricultural
Cooperative Credit Society Ltd,
Sevugampatti Post,
Nilakottai Taluk, 624 211,
Dindigul District. ... Petitioner in
W.P.(MD)No.19729 of 2021

D.D.549 Poothampatty Primary Agricultural
Cooperative Credit Society Ltd,
Poothampatty Post, 624 702,
Dindigul District. ... Petitioner in
W.P.(MD)No.19730 of 2021

D.D.548 Devagoundanpatty Primary
Agricultural Cooperative Credit Society Ltd.,
at Marampadi, Vedasandur 624709,
Dindigul District. ... Petitioner in
W.P.(MD)No.19731 of 2021

D.D.598 Sukkampatti Primary Agricultural
Credit Society Ltd, Sukkampatty,
Thadikombu Post, 624 709,
Dindigul District. ... Petitioner in
W.P.(MD)No.19732 of 2021

D.D.546 Thadicombu Primary Agricultural
Credit Society Ltd, Thadicombu Post-624709,
Dindigul District. ... Petitioner in
W.P.(MD)No.19733 of 2021

A 1174 Velur Primary Agricultural
Cooperative Credit Society Ltd,
Chatrapatti (Post),
Oddanchatram Taluk, 624 614,
Dindigul District. ... Petitioner in
W.P.(MD)No.19734 of 2021

A 1493 Pattiveeranpatti Primary
Agricultural Cooperative Credit Society Ltd,
Pattiveeranpatti, Nilakottai Taluk, 624 211,
Dindigul District. ... Petitioner in
W.P.(MD)No.19735 of 2021

D.D.586 Virupatchi Primary Agricultural
Cooperative Credit Society Ltd,
Virupatchi Post, Oddanchatram Taluk, 624 614,
Dindigul District. ... Petitioner in
W.P.(MD)No.19736 of 2021

A 2986 Viralipatti Primary Agricultural
Cooperative Credit Society Ltd,
Batlagundu, Nilakottai Taluk-624202,
Dindigul District. ... Petitioner in
W.P.(MD)No.19737 of 2021

A 2205 Veeralapatti Primary Agricultural
Cooperative Credit Society Ltd,
Veeralapatti (Po), Oddanchatram Taluk - 624 614,

Dindigul District. ... Petitioner in W.P.(MD)No.19738 of 2021

A 2948 Kulippatty Primary Agricultural
Cooperative Credit Society Ltd,
Nilakottai Taluk, 624 202,
Dindigul District. ... Petitioner in W.P.(MD)No.19739 of 2021

D.D.517 Chettinaickenpatty Primary
Agricultural Cooperative Credit Society Ltd.,
V.N.Valagam, Dindigul 624 004,
Dindigul District. ... Petitioner in W.P.(MD)No.19740 of 2021

A 2972 Ramarajapuram Primary Agricultural
Cooperative Credit Society Ltd,
Ramarajapuram (Post), Nilakkottai Taluk, 624 219,
Dindigul District. ... Petitioner in W.P.(MD)No.19741 of 2021

A 2486 Nilakottai Primary Agricultural
Cooperative Credit Society Ltd.,
Anaipatty Main Road, Nilakottai, 624 208,
Dindigul District. ... Petitioner in W.P.(MD)No.19742 of 2021

A 2961 Old Batlagundu Primary Agricultural
Cooperative Credit Society Ltd,
Batlagundu, Nilakottai Taluk, 624 202,
Dindigul District. ... Petitioner in W.P.(MD)No.19743 of 2021

A 2963 Kunnuvarankottai Primary
Agricultural Cooperative Credit Society Ltd.,
Batlagundu, Nilakottai Taluk, 624220,
Dindigul District. ... Petitioner in W.P.(MD)No.19744 of 2021

D.D.574 Chathirappatty Primary
Agricultural Cooperative Credit Society Ltd.,
Chathirappatty Post, Oddanchathram Taluk, 624 614,
Dindigul District. ... Petitioner in
W.P.(MD)No.19745 of 2021

Vs

1.The Assistant Commissioner of Income Tax,
O/o.Assistant Commissioner of Income Tax,
TDS, ACIT Circle,
Kulamangalam Main Road,
Meenambalpuram,
Madurai.

2.The Managing Director/Joint Registrar,
Dindigul Central Co-operative Bank,
Kooturavu Nagar, Trichy Salai,
Dindigul – 624 005. ... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorari, calling for the entire records relating to the impugned order passed by the 1st respondent in ITBA/COM/F/17/2019-20/1026534327(1), ITBA/COM/F/17/2019-20/1026513328(1), ITBA/COM/F/17/2019-20/1026534327(1), ITBA/COM/F/17/2019-20/1026534327(1), ITBA/COM/F/17/2019-20 / 1026504309(1), ITBA/COM/F/17/2019-20/1026504309(1), ITBA/COM /F/17/2019-20/1026506117(1), ITBA/COM/F/17/2019-20/1026468808(1), dated 11.03.2020, ITBA/COM/F/17/2019-20/1026506117(1), ITBA/COM/F/17/2019-20/1026513328(1), ITBA/COM/F/17/2019-20/1026506117(1), TBA/COM/F/17/2019-20/1026513328(1), ITBA/COM/F/17/2019-20/1026504309(1), ITBA/COM/F/17/2019-20/

1026522076(1), ITBA/COM/F/17/2019-20/1026522076(1), ITBA/COM /F/17/2019-20/1026513328(1), ITBA/COM/F/17/2019-20/1026513328 (1), and ITBA/COM/F/17/2019-20/1026506117(1), dated 12.03.2020, and consequential circular of the 2nd respondent in Na.Ka.No. 431/02-03/D1, dated 20.07.2021 and quash the same.

For Petitioner (In all W.Ps)	:	Mr.V.O.S.Kalaiselvam
For Respondents (In all W.Ps)	:	Mr.N.Dilip Kumar for R1 Mr.K.Balasubramani, Spl. Govt. Pleader for R2

COMMON ORDER

These Writ Petitions are filed challenging the impugned orders passed by the 1st respondent and the consequential circular issued by the 2nd respondent bank.

2. The learned counsel appearing for the petitioners would submit that by virtue of the impugned orders, the District Central Co-operative Bank is intended to pass on the penalty levelled against them to the other members of the Central Co-operative bank. Therefore, the petitioners have filed these Writ Petitions challenging the order of the 1st respondent.

3. He further submits that as far as the consequential circular issued by the 2nd respondent dated 20.07.2021 is concerned, they have issued the said circular stating that in the event of cash withdrawal above Rs.1 crore, now it has been revised as Rs.3 crores, there will be a deduction of 2% TDS. Further, it is stated that the cooperative societies can avoid paying TDS, by transferring the loan amount to the bank accounts of their members, rather than withdrawing it in cash from their accounts with the Central Bank. This circular was issued to follow the requirements of Section 194-N of "the Income Tax Act, 1961" (hereinafter referred to as "the Act"). He would submit that now they have started to comply with the requirements of Section 194N of the Act. However, citing the said circular, the second respondent is intended to pass recovery orders along with the penalty and interest from the petitioners. Therefore, the petitioners have filed these Writ Petitions challenging the said consequential circular issued by the second respondent.

4. The learned counsel appearing for the first respondent would submit that the validity of Section 194-N with regard to deduction of 2% TDS has been challenged before this Court and the same has been upheld by the Hon'ble Division Bench of this Court in ***W.A.(MD)No. 1095 of 2021 and etc. batch, dated 22.12.2023. [Income-Tax Officer, TDS Vs. Thanjavur District Central Co-operative Bank Ltd.].*** He would further submit that as far as the impugned orders passed by the first respondent is concerned, it is only for the default committed on the part of the second respondent to deduct TDS for the cash withdrawal made by its members and therefore, the petitioners are noway going to be affected by the said orders. If there are any recovery orders against the petitioners, they have to challenge the same separately in accordance with law.

5. He would further submits that as far as the circular issued by the second respondent is concerned, it is only clarificatory in nature clarifying Section 194N of the Act, with regard to the deduction of TDS for the particular transaction. Therefore, the said Circular is no way going to be affected the interest of the petitioners. Hence, he prays for dismissal of these Writ Petitions.

6. I have carefully considered the rival submissions and perused the materials available on record.

7. As far as the impugned orders passed by the first respondent is concerned, this Court is of the view that the same were passed as against the second respondent for the default committed by them to comply with the requirements of Section 194N of the Act. Therefore, it is for the second respondent to challenge the said impugned orders and the petitioners have no legal right to challenge the order passed against the second respondent. Even assuming that the second respondent is intended to pass recovery orders in respect of the said penalty, in terms of Section 194N of the Act on its members, the same could be challenged separately in the manner known to law. Therefore, I do not find any reason to interfere with the impugned orders passed by the first respondent.

8. As far as the circular issued by the second respondent is concerned, this Court is of the view that as rightly contended by the first respondent, this is nothing but clarification of Section 194N of the Act with regard to deduction of TDS. Further, on a perusal of the circular it is seen that, the second respondent has given general instructions to all its members with regard to deduction of TDS and also given instructions to its members stating that the cooperative societies can avoid paying

TDS, by transferring the loan amount to the bank accounts of their members, rather than withdrawing it in cash from their accounts with the Central Bank. Therefore, the interest of the petitioners are noway going to be affected by this circular. Hence, I do not find any reason to interfere with the circular issued by the second respondent.

9. With the above observations, these Writ Petitions are dismissed. There shall be no order as to costs. Consequently, connected miscellaneous petitions are closed.

15.12.2025

vsm
Index : Yes/No
NCC : Yes/No

KRISHNAN RAMASAMY, J.

vsm

To

1.The Assistant Commissioner of Income Tax,
O/o.Assistant Commissioner of Income Tax,
TDS, ACIT Circle,
Kulamangalam Main Road,
Meenambalpuram,
Madurai.

2.The Managing Director/Joint Registrar,
Dindigul Central Co-operative Bank,
Kooturavu Nagar, Trichy Salai,
Dindigul – 624 005.

W.P.(MD)Nos.19728 to 19745 of 2021

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