



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 26-02-2026

CORAM

THE HON'BLE MR.JUSTICE V. LAKSHMINARAYANAN

WP No. 6406 of 2026

AND

WMP Nos. 6931, 6934 & 6935 OF 2026

1. Vasantha

2. Rajaraman

..Petitioner(s)

Vs.

1. The Joint Registrar of Co-operative Societies,
Villupuram, Master Plan Complex District,
Collectorate Campus,
Villupuram-605 602.

2. The Deputy Registrar of Co-operative Societies,
Villupuram circle,
Master Plan Complex District Collectorate Campus
Villupuram-605 602.

..Respondent(s)

Prayer : This Writ Petition filed under Article 226 of the Constitution of India, to issue a Writ of Certiorari, calling for the records pertaining to the impugned demand notice dated 11.12.2025 in EP:35/2025-2026 in Na.Ka. No.1434/ 2024/ KUNA issued by the 2nd respondent and quash the same.

For Petitioner(s) : Mr.S.S.Rajesh
for Mr.P.Raghu

For Respondent(s) : Mr.E.P.Senniagiri
Govt.Advocate.



ORDER

The first petitioner is an Assistant Manager of the Central District Co-operative Bank at Villupuram. She held the post from 22.08.2017 to 16.04.2019. During her tenure, the respondent found that she had misappropriated a sum of Rs.16,90,41,206.85. Surcharge proceedings were initiated and a surcharge order was also passed on 27.01.2025.

2. Simultaneously, the respondent lodged a complaint in Cr.No.3 of 2025 on the file of the EOW at Villupuram for the alleged acts committed by the petitioner and for the manner in which, she utilised the money and transferred the properties in favour of her husband. The police arrested and remanded her.

3. The petitioner filed a bail application in CrI.M.P.No.768 of 2025, before the Judicial Magistrate No.1, Tindivanam(FAC). The same was dismissed on 16.09.2025. Aggrieved by the said order, the petitioners preferred a bail application before the Principal District Sessions Judge at Villupuram. That too met the same fate. Thereafter, the petitioner approached this Court in CrI.O.P.No.29611 of 2025. By order dated 31.10.2025, this Court recorded that, out of the alleged misappropriated amount, a sum of Rs.14,64,00,000/- had been recovered.



4. The petitioner has now expressed her willingness, in paragraph no.9 of the affidavit, that if sufficient time is granted, she will sell the property belonging to her and repay the balance amount of Rs.2,26,15,701.64. She has expressed utter shock and surprise that, by the impugned order, a demand has been made for Rs.4,44,16,563.53. It is her contention that before the criminal Court, the respondent had only given a figure of Rs.16,90,41,206.85 was involved and since Rs.14,64,25,505.21 has already been recovered, she would be liable only for Rs.2,26,15,701.64.

5. According to her, the impugned order passed by the respondent invoking the provisions of Section 143 of the Co-operative Societies Act, r/w Rule 119 and 126(2)b)(1) of the Co-operative Societies Rules is erroneous. She states that when the respondent had informed this Court during the bail proceedings that Rs.14,64,00,000/- had been recovered, raising a further demand of approximately Rs.4,44,00,000/- within a period of 9 months is untenable.

6. Mr.S.S.Rajesh pleads that the petitioner is willing to liquidate her assets and pay whatever dues are payable to the Society. He further states that if the property is brought for attachment and sale, as stated in the impugned order, it would result in serious prejudice, as the property may not fetch the



same price as in the case of a privately negotiated sale. Hence, he pleads that sufficient time be granted to enable the petitioner to pay the amount and discharge herself from the surcharge liability.

7. Mr.E.P.Senniyangiri states that the amount of Rs.4,44,16,563.53 represents the outstanding principal together with interest. He does not dispute that approximately Rs.14,64,00,000/- has been recovered. However, he states that the interest on the principal, added to the remaining amount, is necessarily payable by the writ petitioner.

8. I have carefully considered the submissions on either side and perused the materials available on records.

9. The petitioner, while acting as an Assistant Manager of the Central District Co-operative Bank, has not covered herself with glory. She has been found responsible for defalcating the funds of the bank to the tune of several crores. The fact that this Court had granted bail to the petitioner does not mean that the civil liability of the petitioner stands exonerated. The Co-operative Societies Act contemplates threefold action on the basis of an inquiry report filed under Section 81 of the Co-operative Society Act, namely,

- i) Disciplinary proceedings,
- ii) Criminal proceedings,



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iii) Surcharge proceedings in terms of Section 87 of the Co-operative Societies Act.

10. The surcharge proceedings operate in the nature of a decree. Even, if no disciplinary action is taken or if the petitioner is acquitted in the criminal proceedings, the surcharge proceedings are not automatically nullified. As on today, the petitioner faces a decree in terms of Section 87 of the said Act and, being a Judgment debtor, she has not taken steps to satisfy the decree by paying the amount due.

11. I am of the view that the petitioner has absolutely no right to dictate to the respondent that she will return the amounts without interest.

12. In any event, while dealing with a writ petition under Article 226 of the Constitution of India, even if the writ petitioner has made out a case on facts, this Court need not entertain the writ petition, if the principles of equity and good conscience are not satisfied. If this Court were to come to the rescue of petitioner, who has considered her relationship with her husband more important than her relationship with the bank, it would amount to granting a premium on dishonesty.



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V.LAKSHMINARAYANAN, J.

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13. I am not inclined to entertain the writ petition. Accordingly, this writ petition is dismissed. No costs. Consequently, connected miscellaneous petitions are closed.

26-02-2026

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

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