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Order QR



**IN THE HIGH COURT OF JUDICATURE AT MADRAS**

DATED : 30.10.2026

CORAM :

**THE HONOURABLE MR.JUSTICE C.SARAVANAN**

C.R.P.No.18 of 2023

*CNR: {HCMA011221642022}*

V.Duraisamy,
S/o.Veerappa Gounder ... Petitioner

Vs.

1.The Deputy Registrar of Co-operative Societies,
Namakkal Circle,
Namakkal.

2.The Special Officer,
Namakkal Co-operative Urban Bank Limited,
Namakkal.

3.K.Chinnusamy,
S/o.Kolantha Gounder

4.P.Subramaniam

5.R.Subramanian

6.R.Ramachandran

7.Thilagavathi

8.P.Ammaiyappan

9.M.Balasubramaniam

10.P.Selvaraj



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11.M.Vadivel

12.M.Pavayee

13.N.Susheela

14.P.Ravi

15.C.Chandrasekaran,
S/o.Chockalingam,
Ex-Special Officer,
Namakkal Co-operative Urban Bank,
Rangar Sannidhi Street,
Namakkal Town.

16.Muthukumarasamy,
Joint Registrar,
District Consumer Co-operative Sales Society,
Erode Town & District.

17.C.Malarvizhi,
Deputy Registrar,
District Central Co-operative Bank,
Erode District, Erode.

18.P.Subramaniam,
Deputy Registrar,
Co-operative Societies,
Karur Division, Karur.

19.R.Tamizhselvan

20.P.Mani ... Respondents

Prayer: Civil Revision Petition filed under Article 227 of the Constitution of India, to set aside the Decree & Judgment dated 14.02.2017 made in C.M.A.C.S.No.266 of 2011 by the Principal District Court, Namakkal.



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For Petitioner : Mr.T.S.Vijaya Raghavan

For Respondents :
For R1 : Mr.B.Pachaiyappan
Additional Government Pleader

For R2 : Mr.L.P.Shanmugasundaram

For R3 to R5,
R9 to R13,
R15 & R16 : No appearance

For R6 to R8,
R14, R17 to R19 : Not ready in notice

**ORDER**

In the present Civil Revision Petition, the Petitioner who served as the General Manager of the 2nd Respondent Co-operative Urban Bank Limited challenges the Judgment and Decree dated 14.02.2017 passed by the learned Principal District Judge, Namakkal in C.M.A.C.S.No.266 of 2011.

2. By the Impugned Judgment and Decree, the learned Principal District Judge, Namakkal, exercising powers as the Appellate Authority under Section 152 of the Tamil Nadu Co-operative Societies Act, 1983 (hereinafter referred to as 'the Act'), partly allowed the Appeal filed by the Petitioner against the Common Surcharge Order dated 21.06.2011 in Na.Ka.No.2304/2011 Sa.Pa., passed by the 1st Respondent. The Appellate Authority upheld the Surcharge



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Order to the extent of recovering excess interest allegedly paid by the Petitioner, in his capacity as General Manager of the 2nd Respondent Bank, to his relatives.

3. The challenge to the Impugned Judgment and Decree is primarily mounted on the strength of the Master Circular issued from time to time by the Reserve Bank of India (RBI), Urban Banks Department, Central Office, Mumbai. The relevant Circular referred to and relied upon by the Petitioner was updated up to 30.06.2007.

4. Earlier, a Common Surcharge Order dated 21.06.2011 was passed by the 1st Respondent under Section 87 of the Act.

5. Three charges were framed against the Petitioner as well as against one K.Chinnusamy, who served as the Assistant General Manager of the 2nd Respondent Urban Co-operative Bank. The said K.Chinnusamy had also preferred a separate Revision Petition in C.R.P.No.14 of 2023 against the order dated 14.02.2017 passed in C.M.A.C.S.No.374 of 2011.

6. In the Common Surcharge Order dated 21.06.2011 passed under Section 87 of the Act, the 1st Respondent adjudicated upon the three charges against the Petitioner herein and the said K.Chinnusamy as under:-



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## jPh;g;g[ tpguk;

| t/vz;/ | epjp ,Hg;gpd; tpguk; | jz;ltHf;fpd; jPh;g;g[ bjhiff;F bghWg;ghf;fg;gl;lth;fs; | brYj;jntz;oa bjhif |
|---|---|---|---|
| 1 | 2006?2007k; Mz;L Kjy; cWg;gpdh; g';F <t[j;bjhiffis buhf;fkhft[k; gw;Wr;rPl;Lf;fs; K:ykhft[k; tH';fg;gl;ljpy; 30 ,d';fspy; nkhro | nkw;go ,Hg;g[j;bjhif U:/1.13.609.50-?<br><br>14/02/2011 njjpapy; mjw;fhd tl;o U:/23.725-?<br><br>20/05/2011k; njjpapy; tiu tN:ypf;fg;gl;Ls;sJ/ | bjhif KGtJk; tl;oa[ld; tN:ypf;fg;gl;ljhy; ,t;tpdk; iftplg;gLfpwJ/ |
| 2 | 2006?2007. 2007?2008 kw;Wk; 2008?2009k; epjp Mz;Lfspy; t';fpapd; cj;njr tUkhdj;ij rhpahf fzf;fplhky; Kd; tUkhd thp brYj;jpa tifapy; Vw;gl;l tl;o ,Hg;g[ | jpU/tP/Jiurhkp.j/bg/ tPug;gft[z;lh;. Kd;dhs; bghJnkyhsh; kl;Lk; | U:/9.08.459-? |



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| | | | |
|---|---|---|---|
| 3 | ,l;Litg;g[fs;. bjhlh; ,l;Litg;g[ fSf;F tl;o Fiwg;g[ bra;J tH';fhky; KGikahf tl;o vLj;Jf; bfhz;l tifapYk; | 1/jpU/tP/ Jiurhkp. j/bg/ tPug;gft[z;lh;. Kd;dhs; bghJ nkyhsh; 2/jpU/nf/ rpd;Drhkp. j/bg/ bfhHe;jhft[z;lh; . Kd;dhs; cjtp bghJ nkyhsh; | U:/ 79.051-? |
| | | bkhj;jk; | U:/ 9.87.510-? |

nkw;fz;l epjpapHg;g[j; bjhif U:/9.87.510-?a[k; 10# tl;oa[ld; nkw;go jz;ltHf;F jPh;g;gpy; bghWg;ghf;fg;gl;lth;fsplk; 1983?Mk; tUlj;jpa jkpH;ehL Tl;Lwt[ r';f';fspd; rl;lk; gphpt[ 87?d; fPH; tN:ypf;f ntz;Lk; vd jPh;g;ghiz tH';fg;gLfpwJ/

2011Mk; Mz;L $%d; jp';fs; 21Mk; ehs; vdJ ifbahg;gj;Jld; mYtyf Kj;jpiuapl;L jPh;g;ghiz tH';fg;gLfpwJ/

Jizg;gjpthsh;.
ehkf;fy;/"

7. The findings in the Common Surcharge Order dated 21.06.2011 regarding Charge No.3 recorded that an excess interest amounting to



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Rs.54,628/- was paid on the recurring deposit accounts, resulting in financial loss to the Bank. Together with interest of Rs.24,423/- calculated up to the date of the order, the total surchargeable liability under Charge No.3 was fixed at Rs.79,051/-, to be recovered jointly from V.Duraisamy and K.Chinnusamy.

8. Aggrieved by the aforesaid Common Surcharge Order dated 21.06.2011, the Petitioner herein and K.Chinnusamy filed C.M.A.C.S.Nos.266 and 374 of 2011 respectively before the Principal District Court, Namakkal.

9. The learned Principal District Judge, Namakkal, allowed the Appeals in part. Insofar as Charge No.2 was concerned, the Appellate Authority set aside the Surcharge Order against the Petitioner. However, in respect of Charge No.3, the Appellate Authority sustained the Surcharge Order determining the liability of Rs.79,051/- against both the Petitioner and K.Chinnusamy.

10. It is submitted by the learned counsel for the 2nd Respondent that as against the order setting aside Charge No.2 against the Petitioner (V.Duraisamy), the 2nd Respondent Bank has preferred a Writ Petition in W.P.No.31792 of 2017, which is currently pending adjudication before this Court.



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11. The learned Additional Government Pleader for the 1st Respondent submits that there is no illegality or perversity in the Impugned Judgment and Decree warranting interference under Article 227 of the Constitution of India, and accordingly prays for dismissal of the Civil Revision Petitions.

12. Having considered the submissions made by the learned counsel for the Petitioner, the learned Additional Government Pleader for the 1st Respondent, and the learned counsel for the 2nd Respondent, and upon perusing the Master Circular on Interest Rates on Rupee Deposits issued by the Reserve Bank of India (RBI), Urban Banks Department, Central Office, Mumbai, this Court is of the view that the Impugned Judgment and Decree of the Principal District Court, Namakkal, sustaining the Surcharge Order in respect of Charge No.3 (pertaining to the payment of additional 1% interest) cannot be sustained. The relevant provisions of the RBI Master Circular (updated up to 30.06.2007) were evidently not brought to the notice of either the Surcharge Officer or the Principal District Court, Namakkal.

13. Paragraph 6 of the said RBI Master Circular regulates the payment of "Additional Interest Payable". Paragraph 6.1 deals with "Additional Interest Payable to Non-Staff Depositors", while Paragraph 6.2 specifically governs



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"Additional Interest Payable to the Bank's Staff and their Exclusive Associations".

14. Paragraph 6.2 of the said Master Circular reads as follows:-

> "**6.2 To Bank's Staff and their Exclusive Associations**
>
> A bank may, at its discretion allow additional interest at a rate not exceeding one per cent per annum over and above the rate of interest stipulated in the Annex 1 & 2 and the additional interest payable/paid as per paragraph 6.1:
>
> (A) In respect of a savings or a term deposit account opened in the name of
>
> i. a member or retired member of the bank's staff, either singly or jointly with any other member or members of his / her family; or
> ii. the spouse of a deceased member or a deceased retired member of the bank's staff; and
> iii. an association or a fund, members of which are the members of the bank's staff,
>
> **Provided that**-
> the bank shall obtain a declaration from the depositor concerned, that the monies deposited or which may, from time to time, be deposited into such account, shall be monies belonging to the depositor as stated in Clauses (i) to (iii) above.
>
> **Provided further that** -
> (a) in the case of employees taken on deputation from another bank, the bank from which they are deputed may allow additional interest in respect of the savings or term deposit account opened



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with it, during the same period of deputation;

(b) in the case of persons taken on deputation for a fixed duration, or on a contract of a fixed duration, the benefit shall cease to accrue on the expiry of the term of deputation or contract, as the case may be;

(B) Payment of additional interest shall be subject to the following conditions, namely:

i. The additional interest shall be payable only so long as the person continues to be eligible for the same and in case of his ceasing to be so eligible, till the maturity of the deposit, in the case of a term deposit account.

ii. In the case of employees taken over pursuant to the scheme of amalgamation, the additional interest shall be allowed only if the interest at the contractual rate together with the additional interest does not exceed the rate which could have been allowed if such employees were originally employed by the bank.

(C) Bank employees' federations in which bank employees are not direct members shall not be eligible for additional interest."

15. In the light of the explicit terms of the RBI Master Circular, a Bank staff member is legally entitled to an additional interest rate up to 1% per annum on deposit accounts held jointly with members of his / her family.



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Consequently, that portion of the Common Surcharge Order, as sustained by the Impugned Judgment and Decree of the Prinicipal District Court, Namakkal, regarding the recovery of additional interest paid on accounts held with family members, is legally unsustainable and liable to be set aside.

16. In view of the above findings, this Civil Revision Petition is allowed, and the Impugned Judgment and Decree dated 14.02.2017 in C.M.A.C.S.No.266 of 2011 is hereby set aside to the extent of Charge No.3.

17. The Petitioner is permitted to withdraw the amount deposited by him pursuant to the directions of this Court at the time of admitting the proceedings (Originally filed as W.P.No.2115 of 2018 and subsequently converted into this Civil Revision Petition). No costs.

**30.10.2026**
(1/2)

Neutral Citation : Yes / No

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To:

1.The Principal District Munsif,
Namakkal.

2.The Deputy Registrar of Co-operative Societies,
Namakkal Circle,
Namakkal.

3.The Special Officer,
Namakkal Co-operative Urban Bank Limited,
Namakkal.

4.C.Chandrasekaran,
S/o.Chockalingam,
Ex-Special Officer,
Namakkal Co-operative Urban Bank,



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Rangar Sannidhi Street,
Namakkal Town.

5.Muthukumarasamy,
Joint Registrar,
District Consumer Co-operative Sales Society,
Erode Town & District.

6.C.Malarvizhi,
Deputy Registrar,
District Central Co-operative Bank,
Erode District, Erode.

7.P.Subramaniam,
Deputy Registrar,
Co-operative Societies,
Karur Division, Karur.

**C.SARAVANAN, J.**

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C.R.P.No.18 of 2023



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30.10.2026
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