

WP(MD)Nos.8192 of 2021, etc., batch

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 30.04.2026

CORAM

THE HONOURABLE MR JUSTICE B.PUGALENDHI

WP(MD)Nos.8192, 8201, 8209 & 8213 of 2021
and 11639 to 11642 of 2024

and

WMP(MD)Nos.4947, 4949, 4951, 10369, 10370, 10372, 10371,
10373, 10374, 10377, 10378, 10379, 10380, 10381,
10382, 4954 of 2024 and 23624 of 2025

WP(MD)No.8192 of 2021

Muthulakshmi.K

... Petitioner(s)

Vs

1. The Assistant Commissioner Of Labour
Authority Under Tamil Nadu Industrial Establishment
(Conferment of Permanent Status To Workman) Act 1981,
Dindigul.
2. The President,
A.1410, R.Pudhukkottai Primary Agricultural
Cooperative Credit Society,
R.Pudhukkottai Post, Gujjiliamparai Taluk,
Dindigul District.
3. The Deputy Registrar of Co-operative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.
(R3 is impleaded vide order dated 08.09.2025 in
WMP(MD)No.16053 of 2024)
4. The Joint Registrar of Co-operative Societies,
Dindigul Region, Collectorate,
Dindigul – 4.
(R4 is impleaded vide order dated 08.09.2025
in WMP(MD)No.16078 of 2024)



WP(MD)Nos.8192 of 2021, etc., batch

5. K.Murugan

6. M.Kaliappan

7. N.Lakshmanan

8. N.Abhirami

9. Pawarnishabegam

10. P.Sampoornam

11. V.Selvi

12. K.Palaniyammal

13. Mutharasu

(R5 to R13 are suo motu impleaded vide order dated 08.09.2025)

...Respondent(s)

WP(MD) No. 8201 of 2021

Meena.T

...Petitioner(s)

Vs

1. The Assistant Commissioner Of Labour
Authority Under Tamil Nadu Industrial Establishment
(Conferment of Permanent Status To Workman) Act 1981,
Dindigul.
2. The President,
R.518, Kannumeikkipatti Primary Agricultural
Co-operative Credit Society,
Kannumeikkipatti, Gujjiliamparai Taluk,
Dindigul District.
3. The Deputy Registrar of Co-operative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.



WP(MD)Nos.8192 of 2021, etc., batch

(R3 is impleaded vide order dated 08.09.2025 in
WMP(MD)No.16007 of 2024)

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4. The Joint Registrar of Co-operative Societies,
Dindigul Region, Collectorate,
Dindigul – 4.

(R4 is impleaded vide order dated 08.09.2025
in WMP(MD)No.16079 of 2024)

5. Amutha

6. K.Muthusami

7. Arumugam

8. Murugayi

9. Murugesan

10. Panneerselvam

11. Mani

12. Sakthivel

13. Kamalam

14. Manjula

15. K.Santhanam

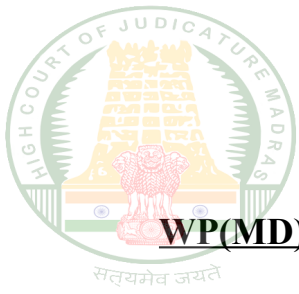
16. S.Vellaisamy

17. P.Balu

18. M.Ganesan

(R5 to R18 are suo motu impleaded vide
order dated 08.09.2025)

...Respondent(s)



WP(MD)Nos.8192 of 2021, etc., batch

WP(MD) No. 8209 of 2021

P.Palaniappan

...Petitioner(s)

Vs

1. The Assistant Commissioner Of Labour
Authority Under Tamil Nadu Industrial Establishment
(Conferment of Permanent Status To Workman) Act 1981,
Dindigul.

2. The President,
M.P.3, Gujjiliamparai Panchayat Union
Employees Co-operative Thrift Credit Society,
Gujjiliamparai, Dindigul District.

3. The Joint Registrar of Co-operative Societies,
Dindigul Region, Collectorate,
Dindigul - 4.

(R3 is impleaded vide order dated 08.09.2025 in
WMP(MD)No.16056 of 2024)

4. The Deputy Registrar of Co-operative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.

(R4 is impleaded vide order dated 08.09.2025 in
WMP(MD)No.16067 of 2024)

5. M.K.Murugan

6. N.Veni

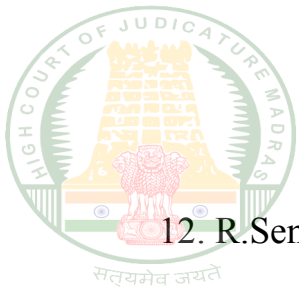
7. T.Dhanaraja

8. P.Fiderick Engels

9. J.George Benjamin

10. Palanisami

11. M.Shanmugam



WP(MD)Nos.8192 of 2021, etc., batch

12. R.Senthil Kumar

13. S.Sivakaami

14. S.Sivarani

15. C.S.Sujatha

16. Myilsamy

(R5 to R16 are *suo motu* impleaded vide order dated 08.09.2025)

....Respondent(s)

WP(MD) No. 8213 of 2021

S.Durga

...Petitioner(s)

Vs

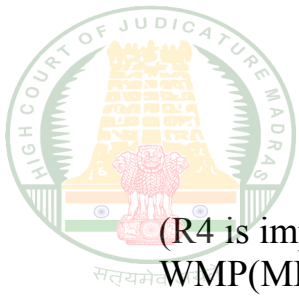
1. The Assistant Commissioner Of Labour
Authority Under Tamil Nadu Industrial Establishment
(Conferment of Permanent Status To Workman) Act 1981,
Dindigul.

2. The President,
A.1976, Narasingapuram Primary Agricultural
Co-operative Credit Society,
Narasingapuram, Gujjiliamparai Taluk,
Dindigul District.

3. The Joint Registrar of Co-operative Societies,
Dindigul Region, Collectorate,
Dindigul – 4.

(R3 is impleaded vide order dated 08.09.2025
in WMP(MD)No.15999 of 2024)

4. The Deputy Registrar of Co-operative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.



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(R4 is impleaded vide order dated 08.09.2025 in
WMP(MD)No.16077 of 2024)

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5. S.Mani

6. S.Perumal

7. R.Pommuraj

8. M.Selvi

9. M.Sakthivel

10. M.Subramani

11. S.Rajkumar

12. P.Balamani

13. K.Sundararaj
(R5 to R13 are suo motu impleaded vide
order dated 08.09.2025)

....Respondent(s)

WP(MD) No. 11639 of 2024

1. The Joint Registrar of Cooperative Societies
Dindigul Region, Collectorate,
Dindigul – 4.
2. The Deputy Registrar of Cooperative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.

....Petitioner(s)

Vs

1. Meena. T
2. The President,
R.518, Kannumeikipatti Primary Agricultural
Cooperative Credit Society,
Kannumeikipatti, Gujiliamparai,
Dindigul District.



WP(MD)Nos.8192 of 2021, etc., batch

3. The Assistant Commissioner of Labour,
Authority under Tamil Nadu Industrial Establishments
(Conferment of Permanent Status to Workman) Act, 1981,
Dindigul.

4. Amutha

5. K.Muthusami

6. Arumugam

7. Murugayi

8. Murugesan

9. Panneerselvam

10. Mani

11. Sakthivel

12. Kamalam

13. Manjula

14. K.Santhanam

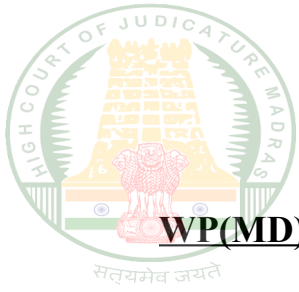
15. S.Vellaisamy

16. P.Balu

17. M.Ganesan

(R4 to R17 are suo motu impleaded vide
order dated 08.09.2025)

....Respondent(s)



WP(MD)Nos.8192 of 2021, etc., batch

WP(MD) No. 11640 of 2024

1. The Joint Registrar of Cooperative Societies
Dindigul Region, Collectorate,
Dindigul – 4.

2. The Deputy Registrar of Cooperative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.

....Petitioner(s)

Vs

1. P.Palaniappan

2. The President,
MD3 Gujjiliamparai Panchayat Union Employees
Thirft and Credit Society,
Gujiliamparai,
Dindigul District.

3. The Assistant Commissioner of Labour,
Authority under Tamil Nadu Industrial Establishments
(Conferment of Permanent Status to Workman) Act, 1981,
Dindigul.

4. M.K.Murugan

5. N.Veni

6. T.Dhanaraja

7. P.Fiderick Engels

8. J.George Benjamin

9. Palanisami

10. M.Shanmugam

11. R.Senthil Kumar



WP(MD)Nos.8192 of 2021, etc., batch

12. S.Sivakaami

13. S.Sivarani

14. C.S.Sujatha

15. Myilsamy

(R4 to R15 are suo motu impleaded
vide order dated 08.09.2025)

...Respondent(s)

WP(MD) No. 11641 of 2024

1. The Joint Registrar of Cooperative Societies

Dindigul Region, Collectorate,

Dindigul – 4.

2. The Deputy Registrar of Cooperative Societies,

Palani Circle, Lakshmipuram,

Palani, Dindigul District.

...Petitioner(s)

Vs

1. K.Muthulakshmi

2. The President,

A.1410, R.Puthukottai Primary Agricultural

Co-operative Credit Society,

R.Pudukottai Post, Gujiliamparai,

Dindigul District.

3. The Assistant Commissioner of Labour,

Authority under Tamil Nadu Industrial Establishments

(Conferment of Permanent Status to Workman) Act, 1981,

Dindigul.

4. K.Murugan

5. M.Kaliappan

6. N.Lakshmanan



WP(MD)Nos.8192 of 2021, etc., batch

7. N.Abhirami

8. Pawarnishabegam

9. P.Sampoornam

10. V.Selvi

11. K.Palaniyammal

12. Mutharasu

(R4 to R12 are suo motu impleaded
vide order dated 08.09.2025)

Respondent(s)

WP(MD) No. 11642 of 2024

1. The Joint Registrar of Cooperative Societies
Dindigul Region, Collectorate,
Dindigul – 4.

2. The Deputy Registrar of Cooperative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.

...Petitioner(s)

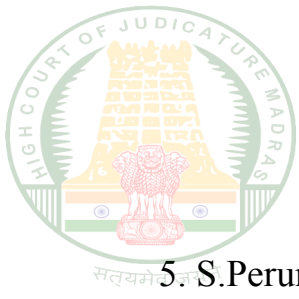
Vs

1. S.Durga

2. The President,
A 1976 Narasingapuram Primary Agricultural
Cooperative Credit Society,
Narasingapuram, Gujiliamparai,
Dindigul District.

3. The Assistant Commissioner of Labour,
Authority under Tamil Nadu Industrial Establishments
(Conferment of Permanent Status to Workman) Act, 1981,
Dindigul.

4. S.Mani



WP(MD)Nos.8192 of 2021, etc., batch

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5. S.Perumal

6. R.Pommuraj

7. M.Selvi

8. M.Sakthivel

9. M.Subramani

10. S.Rajkumar

11. P.Balamani

12. K.Sundararaj

(R4 to R12 are suo motu impleaded
vide order dated 08.09.2025)

... Respondent(s)

Common Prayer in WP(MD) Nos. 8192, 8201, 8209, 8213 of 2021 :
Writ petitions filed under Article 226 of the Constitution of India, to issue a
Writ of Mandamus or any other writ in the nature of Mandamus, directing the
2nd respondent to implement the order passed by the 1st respondent in
Pa.Ni.Sa.Va.Nos.35, 33, 36, 34/2020 (Na.Ka.Aa.Nos.3966, 3963, 3965,
3964/2019) respectively, dt 27.01.2021 and consequently direct the 2nd
respondent to regularize the service as Assistant/Clerk with effect from
30.06.2014, 12.10.2017, 30.06.2009, 09.06.2018, respectively with all other
consequential and attendant monetary benefits.

For Petitioner(s) : Mr.D.Shanmugaraja Sethupathi

For Respondent(s) : Mr.Veera Kathiravan,

Additional Advocate General

Assisted by

Mr.C.Venkatesh Kumar,

Special Govt. Pleader for R1 to R4

: Mr.Mohammed Imran for R5



WP(MD)Nos.8192 of 2021, etc., batch

Common Prayer in WP(MD) Nos. 11639 to 11642 of 2024: Writ petitions filed under Article 226 of the Constitution of India, to issue a Writ of Certiorari calling for the records relating to the impugned order of the 3rd respondent in Pa.Ni.Sa.Va.Nos.33, 36, 35, 34/2020 (Na.Ka.Aa.Nos.3963, 3965, 3966, 3964/2019), respectively dt 27.01.2021 and quash the same.

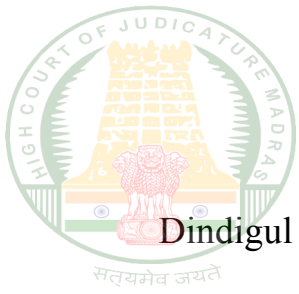
For Petitioner(s): Mr.Veera Kathiravan,
Additional Advocate General
Assisted by
Mr.C.Venkatesh Kumar,
Special Govt. Pleader

For Respondent(s): Mr.D.Shanmugaraja Sethupathi for R1
: No appearance for R2

COMMON ORDER

All these writ petitions are arising out of the orders dated 27.01.2021 passed by the 1st respondent / the Assistant commissioner of Labour (Enforcement), Dindigul / the Authority under the Tamil Nadu Industrial Establishment (Conferment of Permanent Status to Workmen) Act, 1981, granting permanent status to the employees of the co-operative societies / writ petitioners in WP(MD)Nos.8192, 8201, 8209 and 8213 of 2021 (hereafter referred to as “employees”).

2.The employees, who were engaged by different co-operative societies have approached the Assistant Commissioner of Labour (Enforcement),



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Dindigul (in short “ACL”)/ the Authority under the Tamil Nadu Industrial Establishment (Conferment of Permanent Status to Workmen) Act, 1981, seeking conferment of permanent status with attendant benefits that they had been engaged for more than 480 days continuously in the respective societies and the ACL by the impugned orders dated 27.01.2021 has issued a direction to the respective societies to regularise their services on completion of 480 days from their appointment within a period of 30 days from the date of receipt of the order.

3.Subsequently, the employees with a grievance that the above orders of the ACL, dated 27.01.2021 have not been implemented by the respective societies, have filed writ petitions before this court in WP(MD)Nos.8192, 8201, 8209 and 8213 of 2021 seeking a writ of mandamus to the societies to implement the orders dated 27.01.2021. On 22.04.2021, the learned Additional Government Pleader, who appeared for the respective Presidents of the Societies, has stated before the court that the respective Presidents of the Societies / 2nd respondents have provided written instructions that the orders of the ACL dated 27.01.2021 would be implemented within a period of two weeks. A copy of the same was also produced before the court and based on the stand taken by the Presidents of the co-operative societies, this court by common order dated 22.04.2021 disposed the writ petitions filed by the employees with a



WP(MD)Nos.8192 of 2021, etc., batch

direction to the respective Presidents of the Societies to implement the orders of the ACL and regularise their services within a period of eight weeks from the date of receipt of a copy of the order. This common order was implemented in letter and spirit by the respective Presidents of the Societies by passing resolutions uniformly on 07.05.2021.

4.Strangely, the very same Presidents of the respective societies have filed writ appeals as against the common order dated 22.04.2021 before the Division Bench of this court in WA(MD)Nos.1614 to 1617 of 2021 on the following grounds:

(i)The writ petitions were disposed at the admission stage itself without providing an opportunity to the respondent societies to file counter. Hence, there was violation of principles of natural justice.

(ii)The employees concerned were not appointed as per the procedure in force and were not sponsored by the employment exchange. Therefore, it is an illegal appointment and the employees are not entitled to permanency.

5.The Deputy Registrar of Co-Operative Societies, Palani circle, Dindigul district and the Joint Registrar of Co-Operative Societies, Dindigul region have filed applications in the above writ appeals to implead them as respondents and the same were allowed by order dated 25.01.2023. The Deputy Registrar and the



Joint Registrar took a stand before the Division Bench that all the employees

were engaged as jewel appraisers and have been appointed illegally against the cadre strength, by-laws and that they are not entitled for regularisation. Further, they have also taken a stand that the subject societies did not have a strength of more than 20 employees at any point of time and therefore, the ACL / the Authority under the Tamil Nadu Industrial Establishment (Conferment of Permanent Status to Workmen) Act, 1981 (in short “Permanent Status Act”) did not have the jurisdiction to entertain the applications filed by the employees and to grant them permanency. They have also taken a stand that the respective Presidents of the Societies along with some of the officials have played a fraud by conceding the case of the employees before the ACL and also in the writ petitions. According to them, none of those employees has been appointed as per the procedure contemplated under the Tamil Nadu Co-Operative Societies Act 1983 (in short “the Act”) and the Tamil Nadu Co-operative Societies Rules 1988 (in short “the Rules”). Convinced with the submission of the learned Additional Advocate General appearing for the Deputy Registrar and the Joint Registrar, the Division Bench by its order dated 06.10.2023 set aside the common order dated 22.04.2021 passed in WP(MD)Nos.8192, 8201, 8209 and 8213 of 2021 and remanded the matter for fresh consideration. The Division Bench has also recorded that the court is having strong doubt about collusion between the Management and the temporary appraisers in obtaining the above



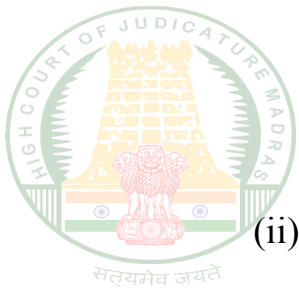
WP(MD)Nos.8192 of 2021, etc., batch

orders of the writ court. Pursuant to the order dated 06.10.2023, all these writ petitions filed by the employees in WP(MD)Nos.8192, 8201, 8209 and 8213 of 2021 are listed for hearing.

6.In the meantime the Deputy Registrar and the Joint Registrar have also filed separate writ petitions in WP(MD)Nos.11639 to 11642 of 2024 challenging the very same orders of the ACL dated 27.01.2021. Since these writ petitions are also connected with the issue in WP(MD)Nos.8192, 8201, 8209 and 8213 of 2021, all these writ petitions are tagged, heard together and disposed of by this common order.

7.The sum and substance of the employees' case is as follows:

(i)The employees are qualified for being appointed as jewel appraisers as they have completed the certificate course in Jewel Appraisal and its techniques and they are qualified for appointment. Since they had the required qualifications, they were appointed by the Presidents and Special Officers of the respective societies on various dates as jewel appraisers and they have been continuously working for more than 480 days from the date of their appointment. According to them they have been appointed as per the by-laws and by way of resolutions passed by the societies.

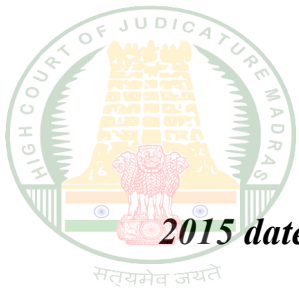


(ii) They have been paid on a commission basis initially and later on they have been paid on consolidated basis and the same was also done by way of resolution passed by the respective societies.

(iii) The Permanent Status Act is applicable to the Co-Operative Societies and the same has been confirmed by a Division Bench of this court in ***Justine and Registrar of Co-Operative Societies and two others [2002 (4) CTC 385]***, wherein this court held that the Permanent Status Act is applicable to the employees of the co-operative societies.

(iv) The co-operative societies have not produced any materials before the ACL and also before the court to show that the number of employees in the subject societies is less than 20.

(v) As per Section 136-D(2) of the Tamil Nadu Co-operative Societies Act 1983 introduced with effect from 21.10.2008, a short-term Cooperative credit structure society shall have autonomy in all financial and internal administrative matters including personnel policy, staffing, recruitment and posting. This autonomy is available to all the primary agricultural co-operative societies as per the above provision. Therefore, the management of the societies have the autonomy to recruit and appointment the employees / paid servant of the societies. In this regard they have relied on the decision of this court in ***M.Selvakumar vs. The Secretary to Government, Co-operation Food and Consumer Protection Department (WP(MD)No.13900 of 2014 and 618 of***



WP(MD)Nos.8192 of 2021, etc., batch

2015 dated 01.09.2022).

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(vi) The post of clerk / typist / jewel appraiser was vacant as per the approved cadre strength in the respective societies and therefore appointments were made only based on the approved cadre strength. All the employees are having the prescribed educational qualification including certificate course in Jewel Appraisal and its techniques and therefore, the case of the employees cannot be considered to be one of backdoor entry.

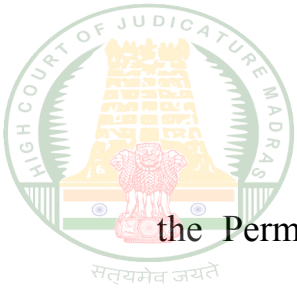
8. On the other hand, the learned Additional Advocate General appearing for the Deputy Registrar and Joint Registrar vehemently contended that a fraud has been played in this matter. All these employees have been engaged by the respective societies as jewel appraisers. He submits that there is a distinction between the jewel appraisers and the regular employees and the jewel appraisers are engaged normally on commission basis only for a limited number of hours. There is no control / supervision by the society over their work and their charges are normally paid by the borrowers. They do not have any retirement age and there is no bar for them to carry out any other avocation during their employment as jewel appraisers.

9. The learned Additional Advocate General further submits that the co-operative societies are governed by the provisions of the Tamil Nadu



Co-Operative Societies Act, 1983 and this legislation will prevail over the general law. By referring to Section 73 of the Act, he submits that the appointment of paid officers and servants of the co-operative societies should be made subject to the Act and the Rules prescribed thereunder. As per Section 74 of the Act read with Rules 150 and 151, District Recruitment Bureaus are constituted for the recruitment of paid officers and servants of the co-operative societies. As per the procedure prescribed for the same, the societies shall inform the Recruitment Bureau about the vacancies and the same are to be filled by calling applications from eligible candidates by way of advertisements. Further, Rule 149 contemplates the framing of special by-laws by the co-operative societies and the same shall be approved by the Registrar of co-operative societies. He contends that the employees were appointed without following the rules of reservation and the procedures provided under the by-laws of the society and also against the Act and Rules. Hence, it is a case of illegal appointment and such employees cannot be provided with permanency.

10. He further submits that the Permanent Status Act would be applicable only to those establishments having more than 20 workmen as per Section 3(1) of the Permanent Status Act. However, none of the subject Societies was having more than 20 employees at any point of time. However, the ACL had erroneously entertained the petitions filed by the employees under

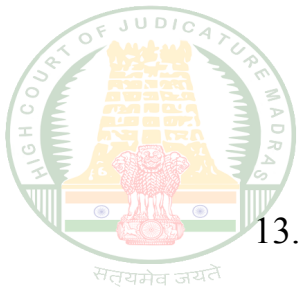


the Permanent Status Act and has also issued direction to regularise them retrospectively on completion of 480 days from their date of appointment.

The orders of ACL are passed without jurisdiction and are illegal and the employees are not entitled for conferment of permanent status. He also submits that Chapter XIV-A (Sections 136-A to 136-D) was inserted in the Tamil Nadu Cooperative Societies Act, 1983 by way of amendment with the objective of reviving the short-term credit structures and autonomy has been granted in financial and administrative matters to the societies. However, the same does not grant unfettered freedom to cooperative societies and they still have to follow the provisions of the Act and the by-laws approved by the Registrar of Co-operative Societies. Hence, the cooperative societies cannot make appointments in violation of the prevailing rules and by-laws.

11.The learned Additional Advocate General has relied on the judgment of the Hon'ble Supreme Court in *Umarani Vs Registrar of Co-Operative Society [2004 (7) SCC 112]* and the orders of the Division Bench of this court in *Justine vs Registrar of Co-Operative Societies and two others [2002 (4) CTC 385]* and submits that illegal appointments cannot be regularised.

12.This court has paid anxious consideration to the rival submissions made and also perused the materials placed on record.



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13.The employees, who are before this court, were engaged by various societies on various dates as Jewel Appraisers on consolidated pay.

They approached the ACL/ the Authority under the Permanent Status Act in the year 2021 by filing applications seeking permanent status and the same were allowed by the ACL by orders dated 27.01.2021 with directions to regularise the services of those employees on completion of 480 days from their date of appointment. Since the above orders were not complied with, the employees have approached this court by filing WP(MD)Nos.8192, 8201, 8209 and 8213 of 2021 seeking a writ of mandamus to implement the orders of the ACL dated 27.01.2021 and the writ petitions were disposed by this court on 22.04.2021, based on the submissions of the learned Additional Government Pleader and also the written instructions on behalf of the respective Presidents of the societies that the orders would be implemented within a stipulated time. However, the presidents of the societies, who have conceded before the writ court that they would implement the orders of the ACL have also preferred writ appeals as against the consent order and the Division Bench has opined that a fraud has been played in collusion with the officers and therefore remanded the matters for fresh consideration.

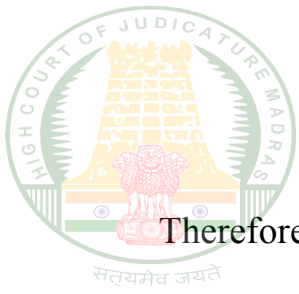
14.The Tamil Nadu Co-operative Societies Act 1983 was enacted with the object of, *inter alia*, promoting the professional management of co-operative



societies. Chapter VIII of the Act deals with the paid officers and servants of the

society. Section 73 of the Act provides that the co-operative societies may appoint paid officers and servants for the efficient performance of their functions and the same shall be subject to the Act and the Rules prescribed thereunder. Such appointments are made by way of Recruitment Bureaus and by constituting a common cadre of service. As per Section 74 of the Act read with Rules 150 and 151, District Recruitment Bureaus are constituted for the recruitment of paid officers and servants of the co-operative societies. As per the procedure prescribed for the same, the societies shall inform the Recruitment Bureau about the vacancies and the same are to be filled by calling for applications from eligible candidates by way of advertisements. Further, Rule 149(1) contemplates the framing of special by-laws by the co-operative societies which shall prescribe the service conditions of the employees and cover the following:

- “(i) Cadre strength and classification of various categories of posts and the qualifications required thereof for each such post.*
- (ii) The method of recruitment for each such post.*
- (iii) The scale of pay and allowances for each such post.*
- (iv) Conditions of probation for each such post.*
- (v) Duties and responsibilities for each such post.*
- (vi) Leave of various kinds admissible and, the conditions thereto for each such post.”*



WP(MD)Nos.8192 of 2021, etc., batch

Therefore, the Special By-laws framed by the societies and approved by the

Registrar of co-operative societies has the force of law.

15. Rule 149(3) provides that the rules of reservation applicable to government servants shall be followed when making appointments to the co-operative societies. A perusal of the resolutions by way of which the employees have been appointed reveals that the appointments have been made since a vacancy has arisen. However, the resolutions make no reference as to the selection process of the employees and whether the procedures prescribed under the Act and Rules have been followed. In fact, even the by-laws of the societies have not been taken into consideration while making these appointments. As per the Special by-laws of the A1410 R.Pudukottai Primary Agricultural Co-operative Credit Society placed before this court, the post of Jewel Appraiser/ Clerk/Typist is a feeder post to be filled by way of promotion. It also specifies that in the event that no candidates are available for the same, the post has to be filled by direct recruitment after the approval of the Deputy Registrar of cooperative societies. Clearly, this bylaw has been disregarded and the employee concerned has been appointed by way of a resolution.

16. Though this court has directed the parties to produce their Special by-laws, only one of the societies has produced its by-laws. As per the Special by-



laws of the A1410 R.Pudukottai Primary Agricultural Co-operative Credit Society, the sanctioned cadre strength is only 3. A specific ground has been taken by the Registrar of Co-Operative Society that none of the societies is having more than 20 employees and that the Permanent Status Act would be applicable only to those establishments, in which more than 20 employees were employed. In these cases, the ACL / the Authority under the Permanent Status Act, has entertained the applications filed by the employees without even ascertaining his jurisdiction and the authority has also failed to look into the manner in which the employees have been recruited.

17. Several such appointments have been made in the past by the co-operative societies without adhering to the rules and by-laws of the societies and a Division Bench of this Court in ***Justine vs. Registrar of Co-Operative Societies and two others*** [2002 (4) CTC 385] has heavily come down on such appointments and held that the Permanent Status Act cannot be invoked if the appointment itself is illegal in nature. The relevant portion is extracted as under:

“16.....The arguments of the learned counsel for the appellants/petitioners are to the effect that the fault lies with the cooperative societies, which did not adopt the special bye-laws and for that reason, they should not be punished. We are unable to accept this contention for the reason that the illegal appointees cannot have more rights than the cooperative societies themselves. The cooperative societies were totally prevented from making any appointments until the compliance of the

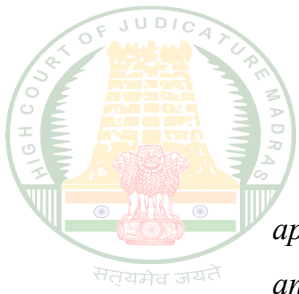


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mandate of the above Rule adopting a bye-law containing the particulars specified. Even thereafter, the appointments were to be only strictly as per the approved special bye-laws and not otherwise. Compassion cannot displace the essential legal requirements and as already stated above, essential legal requirements are the cadre strength and the qualifications and these cannot be bye-passed and any infraction in observance of the said essential requirement, makes the action of the Appointing Authority illegal. Neither the Permanency Act of 1981 nor the Industrial Disputes Act, 1947, imply that regardless of the illegal nature of appointments even at the entry stage, statutory protection is afforded under the above Acts after the completion of the man-days, be it 480 or 240 prescribed under the above statutes. The above two enactments have to be read and understood in the context that if only the appointments are authorised and the employees continued even in temporary positions beyond the respective mandays prescribed, the workmen get right to continue further on the legal presumption that the temporary posts are allowed to be treated as permanent. But if the appointment itself is illegal, then the Permanency Act of 1981 or the Industrial Disputes Act, 1947 cannot be invoked at all.

18. This order of the Division Bench was also challenged before the Hon'ble Supreme Court in ***Umarani Vs Registrar of Co-Operative Society [2004 (7) SCC 112]*** and the Hon'ble Supreme Court has held that regularisation cannot be a mode of recruitment and those who come by back door should go through that door:

“39. Regularisation, in our considered opinion, is not and cannot be the mode of recruitment by any “State” within the meaning of Article 12 of the Constitution of India or any body or authority governed by a statutory Act or the Rules framed thereunder. It is also now well settled that an



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appointment made in violation of the mandatory provisions of the statute and in particular, ignoring the minimum educational qualification and other essential qualification would be wholly illegal. Such illegality cannot be cured by taking recourse to regularisation. (See State of H.P. v. Suresh Kumar Verma [(1996) 7 SCC 562: 1996 SCC (L&S) 645: (1996) 33 ATC 336]).

40. It is equally well settled that those who come by back door should go through that door. (See State of U.P. v. U.P. State Law Officers Assn. [(1994) 2 SCC 204: 1994 SCC (L&S) 650: (1994) 26 ATC 906])”

19. The employees have also raised a contention that they were appointed as per the autonomy conferred on the co-operative societies under Section 136-D of the Act. Section 136-D(2) of the Tamil Nadu Co-Operative Societies Act was introduced vide the Tamil Nadu Co-operative Societies (Third Amendment) Act, 2008 pursuant to the recommendations of a task force constituted by the Government of India. The task force suggested an implementable action plan for reviving the short term rural cooperative credit structure societies. For this purpose, it was decided to provide the cooperative societies with autonomy so that they could take decisions in an independent manner. The provision is extracted hereunder for easy reference:

“136-D(2): A short term co-operative credit structure society shall have autonomy in all financial and internal administrative matters including the following areas:-

(i) interest rates on deposits and loans in conformity with the



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guidelines issued by the Reserve Bank;

(ii) borrowing and investments;

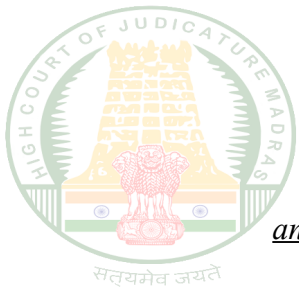
(iii) loan policies and decisions on individual loan;

(iv) personnel policy, staffing, recruitment, posting and remuneration to staff; and

(v) internal control systems, appointment of auditors and remuneration for the audit.”

20.However, it cannot be said that this provision has vested the co-operative societies with unfettered powers to make appointments disregarding Chapter VIII of the Tamil Nadu Cooperative societies Act, 1983 and the rules made thereunder. It would be pertinent to refer to Circular No.11 of 2009, dated 09.04.2009 issued by the Registrar of Co-operative Societies and the relevant portions are extracted as under:

“The Government of Tamil Nadu have signed a Memorandum of Understanding (MoU) on 03.01.2008 with the Government of India and National Bank for Agriculture and Rural Development to initiate necessary action to revive Short Term Cooperative Credit Structure (STCCS). Accordingly, Tamil Nadu Cooperative Societies Act, 1983 has been appropriately amended, in which under section 136-D (2) Primary Agricultural Cooperative Credit Societies (PACS) have been given autonomy to decide on financial and administrative matters such as Personnel Policy, Staffing, Recruitment, Posting and Compensation to staff. However this does not mean unfettered freedom: PACS while enjoying their autonomy must ensure that they remain viable in long run and they act within the approved bylaws and special bylaws duly registered by RCS. Further, to maintain long term viability it is essential that cadre strength



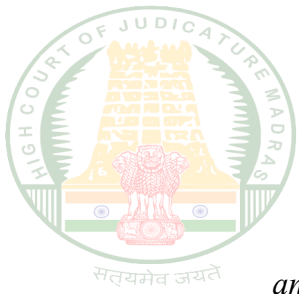
and compensation are based strictly on 'Capacity to Pay'.

.....

8. Fresh recruitment may be done only after getting prior approval from General Body after placing 3 years accounts, CRAR and need for direct recruitment. It may be done from the list obtained from employment exchange or as per the existing procedure followed by other cooperatives. If required, help of professional bodies such as Cooperative Recruitment Bureau can be taken. However, for filling up of vacancies, promotion should be the first option given the staff in feeder categories have required experience and eligibility in terms of qualifications.”

21.A Division Bench of this court in ***C.Manoharan vs. State of Tamil Nadu and others [WP(MD)No.19975/2019, etc dated 26.09.2019]*** has also held that autonomy granted to co-operative societies does not mean they can make appointments at their own whims and fancies and they have to follow procedures contemplated under the Act. The relevant portion is extracted as under:

“24.....The petitioners are salaried employees of the Societies. All of them appear to be in the good books of the elected Board of Directors, who have supported them by passing a resolution to the effect that their cases are indispensable. Any such resolution cannot bind the Authorities. The appointment to a post in a Co-operative Society is an appointment to a public office. Therefore, necessarily, the procedures contemplated under the provisions of the Act have to be adhered to before any appointment is made....”



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25. *The powers and duties that can be discharged by the President and the elected Board of Members of the Society are clearly circumscribed under the Act. Any violation thereof, they are liable to be removed or proceeded with against them. This equally applies to the paid employees of the Society. Therefore, to state that constitution of common cadre system will affect the autonomy of the Society is an argument, which is to be rejected. The petitioners have misunderstood the scope of autonomy, which is referred to in Article 43-B of the Constitution of India or that matter in Article 243ZI of the Constitution of India. The autonomy, which is referred to therein pertains to the autonomous functioning of the Co-operative Society. It does not mean that the Co-operative Society can take law unto themselves and frame their own policy for recruitment, transfer and to regulate their business as per their whims and fancies. The purport of Article 43-B of the Constitution of India is to make the State endeavour to promote voluntary formation, autonomous functioning, democratic control and professional management of the Cooperative Societies. The other way of putting it is, by conferring of powers of self governance, it does not mean that the power is unregulated or unbridled. Therefore, the arguments of the learned counsels for the petitioners have to necessarily fail.*

22. Moreover, none of the resolutions by way of which the employees have been appointed refers to the above provision and this contention has been raised for the employees before this court for the first time. Therefore, such a misplaced contention is liable to be rejected. This court is of the opinion that when the prescribed rules of appointment have not been followed, the appointments cannot be said to be regular, merely because the employees were appointed against vacant posts or because they possess the required



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qualification. In fact, the government of Tamil Nadu has passed G.O(Ms)No.86, Cooperation, Food and Consumer Protection (CA2) Department, dated 12.03.2001 emphasising that illegal or irregular appointments should not be made in the co-operative societies.

23. In line with the decisions of the Division Bench of this court and Hon'ble Supreme Court cited supra, the employees in the present case are not entitled for permanent status under the Permanent Status Act as they have entered the sanctioned posts by way of backdoor entry. They were not appointed as per the procedures contemplated under the Act, Rules and by-laws and the ACL has not verified whether he is having the jurisdiction to entertain their claims under the Permanent Status Act and therefore, the impugned orders of the ACL dated 27.01.2021 are liable to be set aside.

24. The Tamil Nadu Co-operative Societies Act, 1983 seeks to promote the voluntary formation, democratic management and professional functioning of co-operative societies. The system of Co-operative Societies in the State of Tamil Nadu has, over the decades, evolved into a vital component of the State's socio-economic structure and has expanded into multiple sectors such as housing, dairy, handloom, fisheries and consumer services. Through a vast network of primary and central co-operative banks and societies, these societies



extends credit to small and marginal farmers, facilitates procurement and marketing of agricultural produce, and ensures timely supply of inputs such as fertilizers and seeds. Apart from agricultural credit, the co-operative institutions are integral to the public distribution system in the State. A substantial number of Fair Price Shops are operated by co-operative societies, thereby ensuring food security and equitable distribution of essential commodities to the general public. The co-operative framework also extends to other productive and welfare-oriented sectors. Co-operative housing societies, handloom and textile co-operatives such as Co-optex, and dairy co-operatives have contributed meaningfully to employment generation and social welfare, particularly in rural and semi-urban areas. Hence, the co-operative movement has served as a vehicle of inclusive growth and economic participation of the weaker sections of society.

25. Such being the importance of the co-operative sector in the State, it is imperative that those who are entrusted with its administration discharge their duties with a sense of responsibility and accountability. These societies are managed by Boards of Directors elected by the members in accordance with the provisions of the Act. The functioning of such societies is also overseen by the Special Officers appointed as per the provisions of the Act. However, it is often noticed that the elected Boards, without fully realising the trust reposed in them

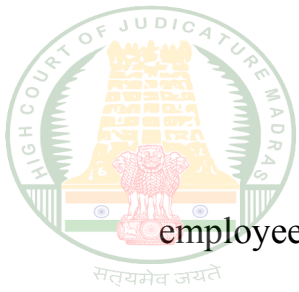


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and the statutory obligations cast upon them, take decisions in a casual or imprudent manner, resulting in mismanagement of funds and administrative paralysis. Consequently, several societies are rendered defunct or are left in a state of financial distress, defeating the very object for which such co-operative institutions were constituted.

26.The case on hand is a classic example. The sanctioned posts in any Society can be filled up only through the Recruitment Bureau as per Section 74 of the Co-operative Societies Act and as per the by-laws of the society prescribed under Rule 149. Without whispering as to the manner of appointment of the individual petitioners, the Presidents of the co-operative societies have taken a stand that appropriate orders would be passed based on the order of the ACL. In fact, the Presidents have not pointed out that the Deputy Registrar and the Joint Registrar of Co-operative Societies, who are having control over the affairs of the Societies under the Act, were not made as parties in this entire *lis*.

27.The Division Bench opined that a fraud has been played in collusion with the officials and remitted the matter for fresh consideration. This Court is also of the view that the fraud has been played at every stage. This fraud emanates from the elected Presidents of the societies who are engaging



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employees without following the recruitment process contemplated under the

Act and Rules. The Presidents of certain societies are throwing the rules and by-laws to the wind and appointing employees based on extraneous considerations such as monetary inducements, personal favour, nepotism and *quid pro quo* arrangements, thereby reducing public employment to a matter of patronage and eroding the transparency, fairness, and integrity which governs the recruitment process. The ACL has entertained the above applications without ascertaining the manner of recruitment of the employees and allowed the same. The ACL while allowing the applications has also fixed time line for implementing the same. All the employees have approached this court seeking a writ of mandamus to implement the orders of the Assistant Commissioner of Labour, dated 27.01.2021. The writ petitions were disposed on 22.04.2021 at the stage of admission itself, based on the submission of the Additional Government Pleader. The Additional Government Pleader made submissions based on the written instructions provided by the Presidents. Strangely in all the cases, the written instructions were provided by different Societies within a period of 12 hours of the writ petitions being listed. The so-called letters / written instructions are not available in the case bundles. The Presidents of the societies, who have conceded to implement the orders of the ACL, based on which the writ petitions were disposed, have filed writ appeals as against the consent order. In the meantime, all the societies have passed resolutions on the



very same date (i.e.) 07.05.2021 for implementing the orders of the ACL.

The writ petitions and the writ appeals were filed without impleading the Deputy Registrar and Joint Registrar who are necessary parties having control over the affairs of the societies.

28.The Board of a co-operative society is responsible for the general supervision and authority over the affairs of the society and also performing the duties specified under the by-laws of the society. The Act and Rules provide measures to enforce the accountability of the Board of the co-operative society. As per section 36 of the Act, any person who is, or, was a member of the board and has misappropriated or fraudulently retained any money or property of the society or are guilty of breach of trust or gross or persistent negligence may be permanently disqualified and removed by the Registrar of co-operative societies. Further, the President or Vice-President of the society can be suspended under Section 76-A of the Act if they have committed or otherwise responsible for misappropriation or breach of trust or gross mismanagement of the society. Further, surcharge proceedings can also be taken under section 87 against the paid officers and servants of the society including the President, Vice-President and other board members. However, since these measures are not being implemented in a proper manner, the elected Presidents who have committed this kind of grave irregularity and fraud have conveniently escaped from facing any action.



29. The subject societies might have incurred huge expenditure for these litigations. Most of the societies are ruined on account of these litigation expenditure. As per the data provided by the Registrar, 848 co-operative societies are under liquidation, out of 7662 societies. The co-operative societies have suffered loss of Rs.202 crores and around 420 surcharge orders have been passed as against the paid officers and servants of such societies. This shows the manner in which the societies are being managed by the administrators.

30. Most of the difficulties faced by the societies are because of the elected Presidents of the societies. Some of them are not aware of the procedures under the Act and Rules and some are using the Societies as a platform for monetary gains. Until and unless the Government implements the provisions fixing the responsibility and accountability for the elected Presidents and other officers of the societies, the Co-operative movement is certainly bound to fail. Therefore, this court hopes that the State government would protect the Co-operative movement by enforcing the prevailing Rules and by ensuring transparency in the administration of the societies.

31. The moral in this matter is that fraud can be played on the system without any shame or fear of consequences since those who are colluding to commit such frauds are not punished. Such a state of affairs emboldens the



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wrong doers to continue engaging in such activities and it is high time that the authorities take stern action on such wrong doers.

32.In the result,

(i) the writ petitions in WP(MD)Nos.8192, 8201, 8209 & 8213 of 2021 filed by the employees are dismissed;

(ii) the writ petitions in WP(MD)Nos.11639 to 11642 of 2024 are allowed; and

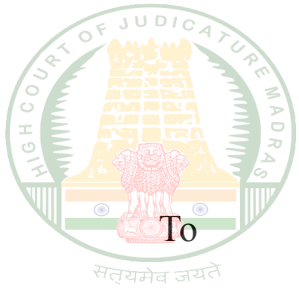
(iii) The impugned orders of the Assistant Commissioner of Labour (Enforcement), Dindigul passed in Pa.Ni.Sa.Va.Nos.35, 33, 36 and 34 of 2020 dated 27.01.2021 are set side. Consequently, since the earlier order dated 22.04.2021 passed in WP(MD)Nos.8192, 8201, 8209 & 8213 of 2021, was set aside vide order dated 06.10.2023 in WA(MD)Nos.1614 to 1617 of 2021 and this court is setting aside the orders of the ACL dated 27.01.2021, the resolutions passed by the co-operative societies implementing the orders of the Assistant Commissioner of Labour (Enforcement), Dindigul are also set aside.

No costs. Consequently connected miscellaneous petitions are closed.

30.04.2026

Index: Yes / No
NCC : Yes / No

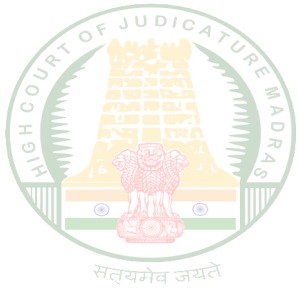
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1. The Assistant Commissioner Of Labour,
Authority Under Tamil Nadu Industrial Establishment
(Conferment of Permanent Status To Workman) Act 1981,
Dindigul.
2. The Deputy Registrar of Co-operative Societies,
Palani Circle, Lakshmipuram,
Palani, Dindigul District.
3. The Joint Registrar of Co-operative Societies,
Dindigul Region, Collectorate, Dindigul – 4.
4. The President,
A.1410, R.Pudhukkottai Primary Agricultural
Cooperative Credit Society,
R.Pudhukkottai Post, Gujjiliamparai Taluk,
Dindigul District.
5. The President,
M.P.3, Gujjiliamparai Panchayat Union
Employees Co-operative Thrift Credit Society,
Gujjiliamparai, Dindigul District.
6. The President,
R.518, Kannumeikkipatti Primary Agricultural
Co-operative Credit Society,
Kannumeikkipatti, Gujjiliamparai Taluk,
Dindigul District.
7. The President,
A.1976, Narasingapuram Primary Agricultural
Co-operative Credit Society,
Narasingapuram, Gujjiliamparai Taluk,
Dindigul District.
8. The Principal Secretary to the Government for the Cooperation, Food, and
Consumer Protection Department, Chennai and 9. The Registrar of Co-Operative
Societies, Chennai- For necessary action.



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WP(MD)Nos.8192 of 2021, etc., batch

B.PUGALENDHI, J.

DSK

**WP(MD)Nos.8192, 8201, 8209 &
8213 of 2021 and
11639 to 11642 of 2024**

30.04.2026