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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 18.06.2026

CORAM

THE HON'BLE MR.JUSTICE HEMANT CHANDANGOUDAR

C.R.P.(MD)No.2098 of 2023

and

C.M.P(MD)Nos.3004 & 10594 of 2023

N.Baskaran (Died)

1. B.Manjula

2. B.Gowtham

... Petitioner(s)

(Petitioners 1 and 2 Bring Legal Heirs of the deceased sole petitioner vide court order dated 17.02.2020 in WMP(MD)No.111297/2018 in WP(MD)No. 20545/2016 by PSNJ)

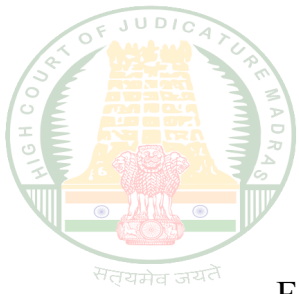
- Vs. -

1. The Deputy Registrar of Co-operative Societies,
Office of Deputy Registrar of Co Operative Societies,
Multi Storage Buildings,
Kajamalai,
Trichirappalli.

2. The Special Officer.
Shri Renganathaswamy Devasthana
Vagayara Employees Cooperative Stores,
Srirangam,
Trichy 6.

.. Respondents

Prayer : J-36. Civil Revision Petition filed under Article 227 of Constitution of India, to set aside the order passed in C.M.A.(C.S).No.8/2014 dated 25.11.2015 of the Co-operative Tribunal (Principal District Judge) Trichirappalli by allowing the present petition of the petitioner.



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For Petitioner

: Mr.B.Azhagesh

For Respondent

: Mrs.K.R.Shivashankari

Government Advocate for R1 and R2

ORDER

This Civil Revision Petition is filed challenging the order dated 25.11.2015 passed in CMA (CS) No.8 of 2014 by the Co-operative Tribunal (Principal District Judge), Tiruchirappalli.

2. Based on an investigation conducted under Section 81 of the Tamil Nadu Co-operative Societies Act, 1983, surcharge proceedings were initiated against the deceased first petitioner under Section 87 of the Act. At the relevant time, the petitioner was serving as Co-operative Sub Registrar/Special Officer in the Tiruchirappalli Agricultural Producers' Co-operative Marketing Society, Tiruchirappalli.

3. The allegation was that the Secretary of the Society had misappropriated the Society's funds by claiming purchase of stationery which was never procured. It was further alleged that the petitioner, being the Special Officer of the Society, failed to properly supervise the activities of the Secretary. After conducting an enquiry, the first respondent held that

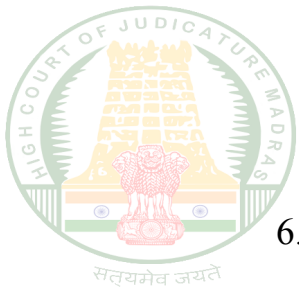


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the petitioner and the Secretary were jointly and severally liable for the loss caused to the Society. Challenging the surcharge order passed under Section 87 of the Act, the petitioner filed an appeal under Section 154 of the Act before the Principal District Judge, Tiruchirappalli. The appeal was dismissed by the learned Judge through the impugned order.

4. Heard the learned counsel appearing on either side and perused the materials available on record.

5. The investigation report submitted under Section 81 of the Act specifically attributed the act of misappropriation to the Secretary of the Society, who had failed to purchase the stationery despite withdrawing funds for that purpose. The only allegation against the petitioner was that he had failed to properly supervise the Secretary in his capacity as Special Officer. According to the authorities, such lack of supervision resulted in a loss of Rs.1,40,94,443.20, inclusive of interest. On that basis, the first respondent held both the petitioner and the Secretary jointly and severally liable for the said amount.



6. However, except for recording a finding that the petitioner was negligent in supervising the activities of the Secretary, there is no finding that the petitioner acted in connivance with the Secretary or that he himself misappropriated any money belonging to the Society. There is also no finding that the alleged deficiency on the part of the petitioner was wilful, deliberate, or intended to cause loss to the Society.

7. The Division Bench of this Court in *S. Subramanian v. The Deputy Registrar of Cooperative Societies (Housing), Cuddalore*, reported in 2002 (3) L.W. 185, held that surcharge proceedings cannot be sustained unless there is a finding that the deficiency was caused wilfully or deliberately, or with an intention to cause loss to the Society. The Division Bench further held that in the absence of a finding of wilful negligence, wantonness, recklessness, or deliberate conduct resulting in loss to the Society, surcharge proceedings are liable to be quashed.

8. In the present case, there is no finding that the petitioner wilfully or deliberately caused any loss to the Society or acted with an intention to cause such loss. In the absence of such a finding, the surcharge order passed by the first respondent and confirmed by the Principal District Judge cannot be



sustained in law. The learned Principal District Judge failed to consider these aspects in their proper perspective while confirming the surcharge order.

9. Accordingly, the Civil Revision Petition is allowed. The order dated 25.11.2015 passed in CMA (CS) No.8 of 2014 by the Principal District Judge (Co-operative Tribunal), Tiruchirappalli, and the order dated 11.01.2013 passed by the first respondent in Na.Ka.No.9327 of 2010 are hereby quashed. No costs. Consequently, the connected miscellaneous petitions are closed.

18.06.2026

PJL

To

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HEMANT CHANDANGOUDAR, J.

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