BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 08.04.2026

CORAM

THE HON'BLE MR.JUSTICE HEMANT CHANDANGOUDAR

CRP.(MD)No.348 of 2026

P.Maran .. Petitioner

- Vs. -

The Deputy Registrar of Co-operative Society,
Periyakulam,
Theni District. .. Respondent

Prayer: Civil Revision Petition filed under Article 227 of The Constitution of India to set aside the fair and Decreetal order dated 11.10.2013 made in C.M.A.(C.S) 4/2008 on the file of Principal District Court, Theni by allowing the CRP and thus render justice.

For Petitioner : Mr.R.Suriya Narayanan

For Respondent : Mr.P.Subbaraj
Special Government Pleader

ORDER

The petitioner challenges the order dated 11.10.2013 passed by the learned Principal District Judge, Theni, in C.M.A.(C.S) 4/2008 confirming the order dated 16.10.2007 wherein Na.Ka.No.2152/2005/S.R. dated 16.10.2007 passed by the first respondent.

2. Based on the investigation conducted under Section 81 of the Tamilnadu Cooperative Societies Act, 1983, surcharge proceedings were initiated against the petitioner and others under Section 87 of the Tamilnadu Cooperative Societies Act. Alleging that the petitioner was serving as Managing Director along with other had sanctioned loan and disbursed the same to P.S.Syed Sultan Ibrahim, a member of the Society without following the procedure prescribed under the Act and Rules.

3. The respondent authority, after hearing the petitioner, written the finding that there was a dereliction of duty on the part of the petitioner and others in disbursing loan to the said borrower and directed the petitioner and others to pay the Bank a sum of Rs.15,95,232/- jointly or severally with interest at the rate of 18% per annum till the date of recovery. The said order was assailed by the petitioner before the Principal District Court, Theni. The Principal District Court, after providing an opportunity of hearing the petitioner and after perusal of the material in record, confirmed the order passed by the respondent authority. Taking exceptional, the present Civil Revision Petition has been filed.

4. Mr.R.Suriya Narayanan, learned counsel for the petitioner submitted that the first respondent has not recorded any finding that the deficiency had been caused willfully or deliberately or with a view to cause loss to the assets of the Society by the petitioner and in the absence of the said findings, the impugned order passed by the 1st respondent confirmed by the Principal District Court, Theni, are not legally sustainable. He further submitted that the petitioner was not negligent in sanctioning of the loan to the said borrower and the petitioner after due diligence had sanctioned the loan.

5. However, contrary to the same, the respondent authority had passed the order holding that the petitioner was negligent in discharging the loan to the said borrower. In support of his contention, he placed reliance on the decision of 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.

6. In response, learned Standing Counsel for the respondent submitted that the material on record clearly established that the petitioner as Managing Director along with others, without following the procedure prescribed sanctioned loan to the said borrower which caused monetary loss to the

society and therefore in the absence of any illegality or infirmity the impugned order passed by the first respondent confirmed by the Principal District Court, Theni, does not warrant any interference.

7. The arguments of the learned counsel for the parties and the materials placed on record had been duly considered.

8. Surcharge proceedings were initiated against the petitioner and others stating that the said borrower obtained loan by defrauding the Bank by providing original deeds for only two properties out of six properties including three lands, two houses and a vacant house by only provided certified copies of the deed for the four properties and a patta for the house. The said borrower defaulted in repayment of the second instalments.

9. The further allegation is that the said borrower had already mortgaged the said four properties in favour of another creditor. The petitioner as Managing Director, without verifying as to whether the said borrower had furnished original title deeds in respect of all the six properties, sanctioned the loan to the said borrower and therefore, acted negligently resulting causing monetary loss to the society.

10. The petitioner took up a specific plea that based on the recommendation made by the subordinate officer, the petitioner as Managing Director recommended to the Madurai Zonal Manager to sanction loan. Therefore, willful negligence cannot be attributed against the petitioner for having recommended for sanction of loan in favour of the said borrower. The first respondent, in the impugned order, has observed that the petitioner has failed in his legal duties by acting contrary to the above mentioned bank bye-laws and legal provisions and recommending the loan without considering the procedure contemplated. Except recording the finding that the petitioner was negligent in sanctioning of the loan, there is no finding recorded that the petitioner in connivance with the other officials recommended the sanction of loan in favour of the said borrower so as to cause monetary loss to the assets of Society and also there is no finding that deficiency caused by the petitioner was willful or deliberate or with a view to cause loss to the assets of Society.

11. The Division Bench of this Court in the case of *S.Subramanian* supra at para No.12 has observed that, "*In the present case, it has to be pointed out that no finding has been recorded by the first respondent or by the third respondent to establish that the deficiency had been caused wilfully or*

deliberately or with a view to cause loss to the assets of the Society. Nowhere a finding has been rendered either by the first respondent or by the third respondent in their proceedings that the petitioner is guilty of wilful negligence or wantonness, nor it has been recorded that omission or commission on the part of the petitioner is deliberate, reckless or callous or loss has been caused deliberately to the assets of the Society and therefore in the absence of such finding as has been consistently upheld by this Court that the petitioner therein is willful or deliberate negligence or there is intention to cause loss to the assets of the society, it follows that impugned surcharge proceedings insofar as the petitioner therein is concerned are liable to be quashed."

12. In light of the aforesaid pronouncement, in the absence of any finding that the deficiency had been caused willfully or deliberately or with a view to cause loss to the assets of the society, the impugned order passed by the first respondent and confirmed by the Principal District Court, Theni, are not legally sustainable.

13. Accordingly, this Civil Revision Petition is allowed and the fair and Decreetal order dated 11.10.2013 made in C.M.A.(C.S)No.4/2008 on the file

of Principal District Court, Theni, confirming the order passed by the first respondent dated 16.10.2007, are hereby quashed. No Costs.

08.04.2026

PJL

To
The Deputy Registrar of Co-operative Society,
Periyakulam,
Theni District.

HEMANT CHANDANGOUDAR, J.

PJL

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