

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON
19.08.2026

PRONOUNCED ON
21.09.2026

WEB COPY

CORAM

THE HON'BLE MR.JUSTICE K.KUMARESH BABU

Arb O.P(COM.DIV.) No. 390 of 2026
and A.No.2585 of 2026

1. R.Devi
2. R.Venkataraman

..Petitioner(s)

Vs

1. The Repartiates Cooperative Finance and Development Bank Ltd., (a) REPCO Bank Rep. by its Authorized Signatory, No.33, North Usman Road, T-Nagar, Chennai – 600017.
2. C.R.Sharvesh Ram
3. Honble Ms.Justice R.Mala (Retd.,)
Sole Arbitrator,
Rangalakshmi Garden, Ramareddikulam,
Madukkarai Main Road, Villupuram - 605106.

..Respondent(s)

PRAYER:- Petition filed under Section 14 & 15 of the Arbitration and Conciliation Act, 1996 to terminate the mandate of the 3rd Respondent as the Sole Arbitrator under Sections 14 of the Arbitration and Conciliation Act, 1996 and consequently appoint a new independent Sole Arbitrator under section 15 of the Arbitration and Conciliation Act, 1996, in place of the 3rd Respondent to adjudicate the alleged disputes between the petitioner and 1st respondent.



WEB COPY



For Petitioner(s):

Mr.Selvaraj K

For Respondent(s):

Mr.P.H.Arvinth Pandian
Senior Counsel
for Mr.A.Ilangovan

ORDER

The present Petition has been filed to terminate the mandate of the 3rd Respondent and consequently appoint a new independent Sole Arbitrator in place of the 3rd Respondent to adjudicate the alleged disputes between the petitioner and 1st respondent.

2. Heard Mr.Selvaraj K, learned counsel for the petitioners and Mr.P.H.Arvinth Pandian, learned Senior Counsel for Mr.A.Ilangovan, learned counsel appearing on behalf of the respondents.

3. The learned counsel appearing for the petitioner would submit that the husband of the first petitioner had availed a loan of Rs.50,00,000/- from the respondent bank and had executed a loan agreement and also agreement relating to deposit of title deeds in favour of the first respondent. He would submit that the same was taken to provide a hand-loan to a third party. Thereafter, the first petitioner's husband became seriously ill and had died on 11.02.2023. The first petitioner had also filed a private complaint against the said third party which is also pending before the Judicial Magistrate-II at Erode. After the death of the borrower, the officials of the third respondent had come to the house of the



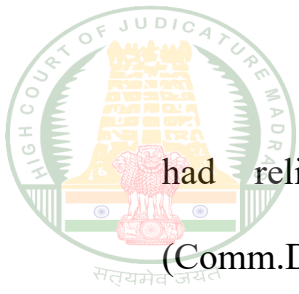
petitioner and obtained the signature of the petitioner and the second respondent in various bank papers and forms. Even though, the petitioners sought to settle the loan account by way of a one time settlement, in spite of the same, the first respondent by letter dated 10.03.2025 had unilaterally appointed the third respondent as a sole Arbitrator to resolve the dispute arising out of the loan agreement. The first respondent had also surreptitiously obtained a consent letter from the petitioners under threat and coercion. Immediately, thereafter, the petitioners have sent a legal notice withdrawing their consent as being obtained by threat and coercion. The petitioners have also claimed the appointment of the Arbitrator is wholly unilateral which is against the contours of the law laid down particularly even under the statutory contract, the authorities cannot appoint a sole Arbitrator unilaterally from their empanelled Arbitrators.

4. In that context, he had also relied upon the judgment of the Hon'ble Apex Court in the case of ***Central Organisation for Railway Electrification Vs ECI SPIC SMO MCML (JV) a Joint Venture Company*** reported in ***2024 SCC Online SC 3654***. Hence, he seeks indulgence of the Court to terminate the mandate of the third respondent and appoint an independent sole Arbitrator.

5. Countering his arguments, learned Senior Counsel appearing for the first respondent would submit that the petitioners having given consent for



appointment of the Arbitrator by the first respondent, but by an afterthought, withdrew the consent. The learned Senior Counsel further relying upon Section 84 of the Multi State Co-operative Societies Act (hereinafter referred as 'the Act') would submit that the Arbitrator has been nominated only as per the procedure contemplated under the said Provision and would further submit that the choice of the Arbitrator was not by the first respondent and was only from the empanelled list of the Arbitrators as provided by the Competent Authority under the said Provisions and in that regard, he would submit that the judgment of the Hon'ble Apex Court as relied upon by the learned counsel appearing for the petitioner would not be applicable to the facts of the case. The powers vested under the Central Registrar under Section 84 of the Act was also extended to the Registrar of the Co-operative Societies of the respective States and Union Territories in respect of appointment of Arbitrators to resolve the disputes arising out of the Act as adumbrated in Section 84 of the Act. He would submit that the proceedings of the Registrar of Co-operative Societies dated 27.11.2024, the third respondent was also empanelled as an Arbitrator in respect of disputes that arise out of an agreement under the Act with regard to the first respondent. Only from the said list, the Arbitrator had been appointed and the same cannot be claimed to be a unilateral appointment at the whims and fancies of the first respondent as claimed by the petitioner. He would submit that the attempt made by the applicant slinging mud on the procedure upon which the appointment was made was wholly unwarranted and in that regard, he



had relied upon the judgment of this Court made in Arb.O.P. (Comm.Div.)No.140 of 2024 dated 18.06.2025 and the Division Bench judgment of the Gujarat High Court and the Jaipur Bench of the Rajasthan High Court. Hence, he prays this Court to dismiss the petition.

6. I have considered the submissions made by the learned counsels appearing on either side and perused the materials available on record before this Court.

7. The primordial contention of the petitioner is that the appointment of an Arbitrator by the first respondent will fall under the mischief of unilateral appointment as held by the Hon'ble Apex Court in the judgment relied upon by him. On the other hand, it is the contention of the respondent that there had been no unilateral appointment of the Arbitrator. The Arbitrator had been chosen from the panel of Arbitrators so made by the Registrar of Societies who had been also vested with power for appointment of Arbitrator pursuant to the notification of the Government of India.

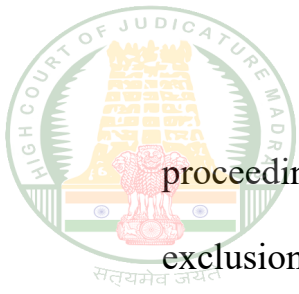
8. The appointment of an arbitrator of a dispute arising between a member and the society is mandated to be referred to an arbitration under provisions of section 84 of MSCS Act. Sub-section 4 of the said provision authorises an appointment of arbitrator by the Central Registrar. It is further to



be noted that under Section 4(2) of the Act, the Central Government has been vested with the power to appoint any other officer to perform the duties of a Central Registrar except the power of registration of a Multi State Cooperative Society. The Central Government had also issued notification in exercise of power under section 4 to appoint the Registrar of cooperative societies of respective State Government and the union territories to exercise the power of the Central Registrar available under section 84 of the act.

9. It is true that the appointment of a unilateral arbitrator had been frowned upon by the Hon'ble Apex Court in the judgement relied upon by the learned counsel for the petitioner. The reason of the Hon'ble Apex Court had been explicitly made in the aforesaid judgement as to be violating the principles of *nemo judex* rules. In the facts of the said case, under the clause of arbitration the contractor was only to choose the arbitrators from a curated panel maintained by the department therein which consisted of its retired employees.

10. In that context, the Hon'ble Apex Court placing reliance upon the aforesaid Rule and also the principles of equality had held that when an arbitration clause allows a Government company to unilaterally appoint a sole arbitrator then such arbitral proceedings would result in prejudice of the other party and cannot be considered to be an effective substitute for judicial



proceedings and held that an unilateral appointment clause is inherently exclusionary and violates the principles of equal treatment of parties and procedural equality.

11. Coming to the fact of the present case the procedure for arbitration had been adumbrated under section 84 of the Act. Section 84 envisages that when a dispute had arisen between the parties as in this case namely a member of a Society and the Society, in relation with the claim of the Society for a debt or a demand due to it from a member/ nominee/ heirs or legal representative of the deceased member, the same could only be resolved through the process of arbitration. In that regard the appointment of an Arbitrator had not been given in the hands of the Society and had been vested with with the Central Registrar with whom such Society had been registered. As noted above, under a notification the Central Government had also authorised the Registrar of Societies of the respective State Government to exercise its power for appointment of an Arbitrator which had been vested with the Central Registrar.

12. It is to be noted that on the said power vested with them, the Registrar of the Society had empanelled four retired Judges of this Court including a retired Chief Justice of the Delhi High Court as Arbitrators in respect of disputes arising with the claims of the first respondent Society with its members. Such an exercise of the power vested with the Registrar of the Co-

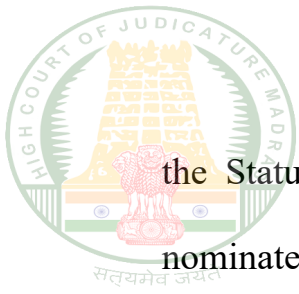


operative Societies in empanelling the Arbitrators for a particular Society had not been the object of the Provisions of the Sub-Section 4 of Section 84.

WEB COPY

13. Be that as it may, in the aforesaid factual background and analysing the same on the touch stone of the judgment of the Hon'ble Apex Court relied upon by the learned counsel appearing for the petitioner, this Court is of the firm view that an appointment of the Arbitrator by the first respondent do not fall within the mischief of the unilateral arbitration as envisaged by the Hon'ble Apex Court. The first responded had only chosen the third respondent from a list of empanelled Arbitrators made by the Registrar of the Societies and there is no independent role of the first respondent in appointing the third respondent as an Arbitrator for the disputes between the first respondent and the petitioners.

14. Analysing the appointment of an Arbitrator in the present case on the touch stone of the judgment of the Hon'ble Apex Court, this Court do not find any prejudice that would be caused to the petitioners as the petitioners also did not raised any issue of impartiality or even an exclusion of them in the process of appointment. The Statute had only mandated an officer so nominated by the Central Government for appointment of an Arbitrator and in that regard there was no role that is played by the first respondent in appointment of an Arbitrator and such appointment also do not violate the principles of equality under the Arbitration Act and this Court do not see any unfairness or any arbitrariness in



the Statute which vests the power with the Central Registrar or an Officer nominated by the Central Government for appointment of an Arbitrator. This

Court would have appreciated if the Statute had permitted the Society to appoint its own arbitrator from an empanelled list even with the consent of the respondent to fall within mischief of unilateral appointment as held by the Hon'ble Apex Court.

15. For the aforesaid reasons I do not find any reasons in the petition and accordingly the petition stands dismissed. Consequently, connected application also stands dismissed. However, there will be no order at the costs.

21.09.2026

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

GBA



WEB COPY

Arb O.P(COM.DIV.) No. 390 of 2



Order QR

K.KUMARESH BABU, J.

GBA

A Pre-delivery order made in
Arb O.P(COM.DIV.) No. 390 of 2026
and A.No.2585 of 2026

21.09.2026