

C.R.P(MD)Nos.1581 to 1583 of 2024

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 09.07.2026

CORAM

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

C.R.P(MD)Nos.1581 to 1583 of 2024

and

CMP (MD) Nos.1583, 9356, 9357, 9359 of 2024 and 4937 of 2023

C.R.P(MD)No.1581 of 2024

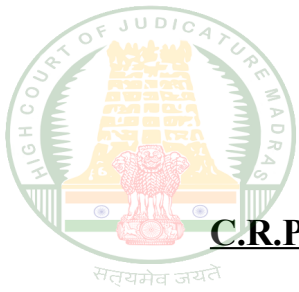
D.D164 Southern Railway Employees
Consumer Cooperative Stores Ltd.
Natham Road, Dindigul.

... Petitioner

Vs.

1.M.Baskaran 1st Respondent/Appellant
2.The Deputy Registrar of Co Operative Societies,
11, State Bank Colony,
Nehruji Nagar,
Dindigul 624 001. 2nd Respondent/2nd Respondent

Prayer: Civil Revision Petition filed under Article 227 of The Constitution of India to allow the Civil Revision Petition, by setting aside the order passed in CMA(CS). No.2/2022 dated 12.03.2024, by the Honourable Co operative Appellate Tribunal/Principal District Court, Dindigul only to the extent of category of losses in item nos.2(1), 2(3) and 3 are concerned and uphold the order passed by the 2nd Respondent/1st Respondent in Tha.Va.No.02/2020 in Na.Ka.No. 2048/2019 KuNa, dated 21.06.2021 pass such suitable order(s) as deem fit and proper in the circumstances of the matter and thus render justice.



C.R.P(MD)Nos.1581 to 1583 of 2024

C.R.P(MD)No.1582 of 2024

D.D164 Southern Railway Employees
Consumer Cooperative Stores Ltd.
Natham Road, Dindigul.

... Petitioner

Vs.

1.C.Senthilkumar 1st Respondent/Appellant
2.N.Jeyachandran 2nd Respondent/Appellant
3.The Deputy Registrar of Co Operative Societies,
11, State Bank Colony,
Nehruji Nagar,
Dindigul 624 001. 3rd Respondent/1st Respondent
4.M.Baskaran
5.S.Balan ... Respondents

Prayer: Civil Revision Petition filed under Article 227 of The Constitution of India to allow the Civil Revision Petition, by setting aside the order passed in CMA(CS). No.12/2021 dated 12.03.2024, by the Honourable Co operative Appellate Tribunal/Principal District Court, Dindigul and uphold the order passed by the 3rd Respondent/1st Respondent in Tha.Va.No.02/2020 in Na.Ka.No.2048/2019 KuNa, dated 21.06.2021 pass such suitable order(s) as deem fit and proper in the circumstances of the matter and thus render justice.

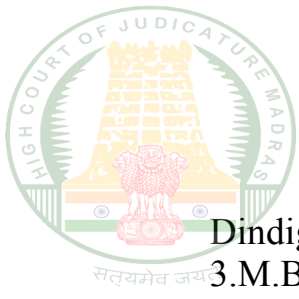
C.R.P(MD)No.1583 of 2024

D.D164 Southern Railway Employees
Consumer Cooperative Stores Ltd.
Natham Road, Dindigul.

... Petitioner

Vs.

1. S.Balan 1st Respondent/Appellant
2.The Deputy Registrar of Co Operative Societies,
11, State Bank Colony,
Nehruji Nagar,



C.R.P(MD)Nos.1581 to 1583 of 2024

Dindigul 624 001.

3.M.Baskaran

4. C.Senthilkumar

5. N.Jeyachandran

.... 2nd Respondent/1st Respondent

... Respondents

Prayer: Civil Revision Petition filed under Article 227 of The Constitution of India to allow the Civil Revision Petition, by setting aside the order passed in CMA(CS). No.13/2021 dated 12.03.2024, by the Honourable Co operative Appellate Tribunal/Principal District Court, Dindigul and uphold the order passed by the 2nd Respondent/1st Respondent in Tha.Va.No.02/2020 in Na.Ka.No.2048/2019 KuNa, dated 21.06.2021.

For Petitioner : Mr. M.Ganesan (in all CRPs)

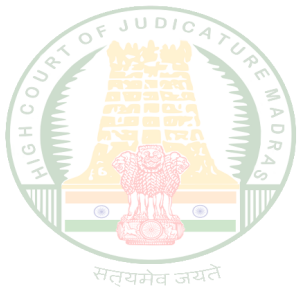
For R1 : Mr.S.Kumar

For DR of Society : Mr.R.Ramasamy, Counsel for State
(in all CRPs)

ORDER

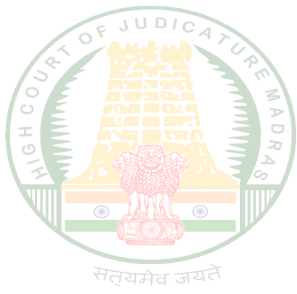
Since the issues involved in these Civil Revision Petitions are identical, they are disposed of by this common order.

2. Assailing the orders dated 12.03.2024 passed by the Cooperative Appellate Tribunal, Dindigul, these civil revision petitions have been filed by the “Southern Railway Employees Consumer Cooperative Stores Limited” (hereinafter referred to as “Society”, for brevity).



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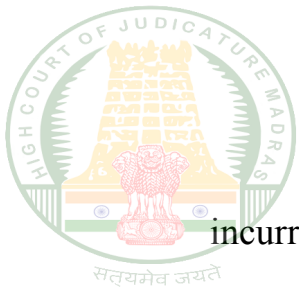
3. The case of the petitioner Society is that the respondents, namely Senthilkumar, Jeyachandran, Baskaran and Balan had served the petitioner Society in various capacities, such as President, Vice-President, In-charge Secretaries. During their tenure, they caused financial loss to the Society by committing several irregularities. The sum and substance of the allegations is that the respondents incurred expenditure without obtaining the prior permission of the competent authority. Such expenditure included payment of legal fees to advocates, printing of calendars, purchase of T-shirts, painting of stores, supply of leather bags to members and other expenses relating to the affairs of the Society. According to the petitioner, the respondents were bound by the departmental circular mandating prior approval before incurring such expenditure. Their failure to obtain prior permission resulted in financial loss to the Society. An enquiry under Section 81 of the Tamil Nadu Co-operative Societies Act was conducted. Based on the enquiry report, surcharge proceedings were initiated under Section 87 of the Act. Aggrieved by the surcharge orders, the respondents preferred appeals before the Co-operative Tribunal under Section 152 of the Act. The Tribunal partly allowed the appeals. Challenging the said order, the present Civil Revision Petitions have been filed.



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4. The learned counsel for the petitioner submitted that the Tribunal failed to appreciate that obtaining prior permission was mandatory under the circular governing the affairs of the Society. The respondents had incurred expenditure without such approval, thereby exposing the Society to financial loss. The petitioner Society is therefore entitled to recover the loss by way of surcharge. The Tribunal failed to properly appreciate these aspects and erred in interfering with the surcharge orders. Accordingly, he prayed for allowing the Civil Revision Petitions.

5. Per contra, the learned counsel appearing for the private respondents submitted that the expenditures were incurred only for the legitimate purposes of the Society and pursuant thereto, a resolution was passed by the Society. Based on the resolution passed by the board of directors of the Society, the garments were purchased for sale and the same was also approved by the competent authority. There is no allegation that the respondents misappropriated any amount or enriched themselves personally. It was further submitted that the only allegation against the respondents is that prior permission was not obtained before



incurring the expenditure. Such procedural lapse, if any, stood subsequently ratified by the resolutions of the Society and by itself, would not constitute misconduct warranting surcharge proceedings under Section 87. The Co-operative Tribunal rightly appreciated these facts and partly allowed the appeals, which does not warrant interference by this Court. Accordingly, the respondents prayed for dismissal of the Civil Revision Petitions.

6. This Court has considered the rival submissions and perused the materials available on record.

7. The undisputed facts reveal that the respondents were holding various office-bearer positions in the petitioner Society during the relevant period. The primary issue that arises for consideration is whether the mere failure to obtain prior permission before incurring expenditure would, by itself, constitute a ground for initiating surcharge proceedings against the respondents. The expenditures were incurred only for the legitimate purposes of the Society and pursuant to resolution passed by the Society. There is no allegation that the respondents misappropriated any amount or enriched themselves personally. In such



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view of the matter, this Court does not find any perversity in the orders passed by the Cooperative Appellate Tribunal.

8. Accordingly, the Civil Revision Petitions are dismissed.

No costs. Consequently, the connected miscellaneous petitions are closed.

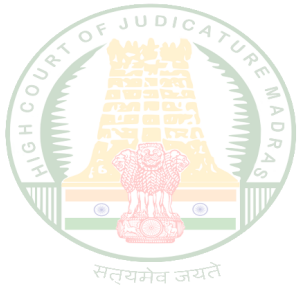
09.07.2026

Index : Yes/No
Internet : Yes/No
PKN

To

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11, State Bank Colony,
Nehruji Nagar,
Dindigul 624 001.

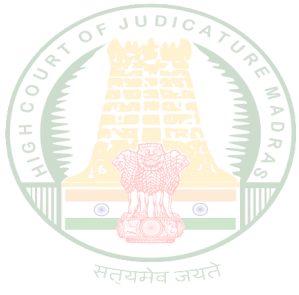
2.The Record Keeper,
Vernacular Section,
Madurai Bench of Madras High Court, Madurai.



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M.DHANDAPANI,J.

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