

IN THE COURT OF THE PRINCIPAL DISTRICT JUDGE,
PERAMBALUR, STATE OF TAMILNADU.

Present: Thiru. V. Padmanabhan, M.A., M.L., D.H.,
Principal District Judge.

Friday, this the 6th day of March, 2026.

C.M.A.C.S.No.1/2024
(Filing No.CMA/94/2023)
(CNR No.TNPB01-000702-2023)

K. Sellappillai,
Former President TRD 917 Sirukudal
Milk Producers Co-Operative Society ... Appellant.

-Vs-

1. The Deputy Registrar of Co-operative Societies(Milk),
Perambalur.
2. The President,
TRD 917 Sirukudal Milk Producers Co-Operative Society.
3. P. Ramalingam,
Former Vice President,
TRD 917 Sirukudal Milk Producers Co-Operative Society.
4. D. Nagarajan,
Former Secretary,
TRD 917 Sirukudal Milk Producers
Co-Operative Society. ... Respondents.

On appeal against the order passed by the 1st respondent/the Deputy Registrar of Co-operative Societies(Milk), Perambalur in Na.Ka.No.496/2021/E2, dated 24.06.2022 against the appellant.

Between:

TRD 917 Sirukudal Milk Producers
Co-Operative Society

... Petitioner.

-Vs-

1. K. Sellappillai
2. P. Ramalingam
3. D. Nagarajan

... Respondents.

This Civil Miscellaneous Appeal came before this Court on 23.02.2026 for final hearing in the presence of Thiruvargal. S. Arunan, R. Prabakaran and T. Thirumal, counsel appearing for the appellant and M/s. R. Santhanalakshmi, the Government Pleader appearing for the respondents 1 and 2 and Thiruvargal. R.T. Senthilkumar, V. Sethupathy, P. Ramkumar and M. Abirami, counsel appearing for the 4th respondent and the 3rd respondent called absent set exparte, upon perusing the entire records of the case and upon hearing the arguments on both sides and upon perusing the appeal memorandum, order of the lower forum and other connected records of the case and having stood over for consideration till this day, this Court delivered the following:

ORDER

This Civil Miscellaneous Appeal has been preferred by the appellant u/S.152(1) of Tamil Nadu Co-operative Societies Act, 1983 against the order passed by the 1st respondent/Deputy Registrar of Co-operative Societies (Milk), Perambalur in his proceedings Na.Ka.No.496/2021/E2, dated 24.06.2022.

2. Facts necessary for disposal of this Civil Miscellaneous Appeal, in brief, is as follows:

TRD 917 Sirukudal Milk Producers Co-Operative Society is administered by the

Deputy Registrar of Co-operative Societies(Milk), Perambalur. The Appellant herein viz. K. Sellappillai was the then President of the said society.

3. It is noticed that as per the enquiry report, there were certain severe irregularities found out in the TRD 917 Sirukudal Milk Producers Co-Operative Society causing financial loss to the society by (i) the amount of Rs.11,811.20 drawn from Bank has not been transacted in the day book, (ii) an amount of Rs.1,500/- was not remitted in the bank, (iii) Rs.24,750/- accounts were fabricated without expenditure vouchers, (iv) Rs.2,197.30 cash balance was omitted (v) Excess payment of Rs.9,160.30 was entered in the cash book, (vi) Stock deficit fall during audit for the year 2017-2018 was Rs.20,781.60 and (vii) cash balance of Rs.4,28,983.10 lesser during the audit year 2018-2019 and hence, a total financial loss of Rs.4,99,183.50/- has been caused to the above said society.

4. With regard to the same, an inquiry as contemplated u/s 81 of the Tamil Nadu Cooperative Societies Act, 1983 (hereinafter referred to as Act), was ordered by the 1st respondent in Na.ka.No.943/2020/E2 dated 23.12.2020 appointing Mr.T. Prabakaran, Senior Inspector of the 1st respondent's Office as Inquiry Officer to probe into the irregularities and to investigate the case.

5. Accordingly, the said Co-operative Senior Inspector / Inquiry Officer conducted an inquiry u/s 81 of the Act and submitted his inquiry report on 16.06.2021 to the Deputy Registrar of Cooperative Societies(Milk), Perambalur/1st respondent.

6. In the inquiry report, the Inquiry Officer recommended to initiate Surcharge proceedings against the then President, the then Vice President and Secretary(i/c) of the society u/s 87 of the Act.

7. In turn, the 1st respondent initiated Surcharge Proceedings u/s 87 of the Act and issued show cause notices against (1) K. Sellappillai, the then President/appellant, (2) P.Ramalingam, the then Vice President and (3) D. Nagarajan, Secretary(i/c), who have caused financial loss to the society to the tune of **Rs.4,99,183.50/-** and the details of such financial loss are narrated below:

Sl.Nos.	Details of Financial Loss	Responsible persons for the Financial Loss	Amount of Financial Loss
1.	The amount of Rs.7,011.20 drawn from Indian Bank, Keelapuliyur Branch on 05.04.2017 through cheque No.711352 and Rs.4,800 on 24.08.2017 were not credited in the day book	1. Thiru. K. Sellapillai, Ex. President. 2. Thiru.P. Ramalingam, Ex.Vice President.	Rs.11,811.20
2.	On 18.12.2017 amount was not remitted in the Indian Bank, Keelapuliyur Branch. However, entries have been made as to remittance	1. Thiru. K. Sellapillai Ex. President. 2. Thiru.P. Ramalingam, Ex.Vice President. 3. Thiru. D. Nagarajan, Secretary.	Rs.1,500/-
3.	without expenditure vouchers, it was written in the account on the date of 26.02.2018 Rs.9,750/-, Rs.10,000/- on 30.03.2018 and Rs.5,000/- on 31.03.2018	1. Thiru. K. Sellapillai Ex. President. 2. Thiru.P. Ramalingam, Ex.Vice President. 3. Thiru. D. Nagarajan, Secretary.	Rs.24,750/-
4.	Cash balance of Rs.127.30 on the date of 18.05.2017 and Rs.2,070/- on 23.12.2017 were omitted	1. Thiru. K. Sellapillai Ex. President. 2. Thiru.P. Ramalingam, Ex.Vice President. 3. Thiru. D. Nagarajan, Secretary.	Rs.2,197.30

5.	For the period from 01.06.2017 to 30.06.2017 as per disbursement Register, Rs.10,38,198.20 has been entered in the cash book on 19.07.2017 as Rs.10,47,358.50	1. Thiru. K. Sellapillai, Ex. President. 2. Thiru.P. Ramalingam, Rs.9,160.30 Ex.Vice President. 3. Thiru. D. Nagarajan, Secretary.	
6.	For the financial year 2017-2018- stock deficit	1. Thiru. K. Sellapillai, Ex. President, 2. Thiru. D. Nagarajan, Secretary.	Rs.20,781.60
7.	In the audit year 2018-2019, as on 01.03.2019 lesser amount in the cash balance	1. Thiru. K. Sellapillai, Ex. President, 2. Thiru. D. Nagarajan, Secretary.	Rs.4,28,983.10
		Total	Rs.4,99,183.50

After due enquiry, the 1st respondent passed a surcharge order in respect of the charges that (1) K. Sellappillai, the then President/appellant, (2) P.Ramalingam, the then Vice President and (3) D. Nagarajan, Secretary(i/c) are liable to pay the financial loss of Rs.4,99,183.50 jointly or severally along with interest at the rate of 12.5% per annum till the date of realization of the said amount to the society.

8. Aggrieved by the above said surcharge order of the 1st respondent, the appellant the then President preferred this appeal on various grounds and praying to allow this appeal by setting aside the Surcharge Order.

9. The grounds of the appeal in brief are as follows:-

(i) The award passed by the 1st respondent/lower authority is totally against law and evidence available in the record.

(ii) The lower authority has not applied his mind in proper manner before passing the impugned order and failed to follow the acts and rules of the Tamil Nadu

Co-operative Societies Act.

(iii) The impugned order will clearly prove that the same was passed mechanically and without any legal basis and it is beyond the time limit fixed by the Act. The order was served to the appellant only on 14.07.2022, it will clearly shows the biased intension of the lower authority.

(iv) The impugned order only based on surmises and conjunctures. There is no willful negligence on the part of the appellant.

(v) The lower authority before passing order has not provide the documents as required by this appellant. The lower authority and inquiry officer acted in biased manner against this appellant and act only to save the officials, who are the colleagues and sub ordinate to them. However, the appellant was not the cause for the alleged loss.

(vi) The enquiry officer wantonly suppressing the crucial matters in his order.

(vii) The lower authority has failed to consider the various cases between the delinquent secretary and society and this appellant, it will clearly prove that, there is no negligence on the part of the appellant.

(viii) The lower authority in his proceedings not allowed to this appellant to cross examine the witnesses, it is against natural justice. Further, it only helps the just decision, whether there is any willful negligence and if any who is cause for that.

(ix) There is no willful negligence in the part of the appellant. This is not come under the purview of Section 87 of this Act. Hence, the appeal may be allowed.

10. Points that arises for consideration in this civil miscellaneous appeal are that:

1. Whether there is any infirmity or illegality in the surcharge order passed by the 1st respondent viz. the Deputy Registrar of Co-operative Societies(Milk), Perambalur against the appellant?

2. Whether this civil miscellaneous appeal is to be allowed?

Point Nos.1 & 2 :

11. Admittedly, the appellant was elected as President of TRD 917 Sirukudal Milk Producers Co-Operative Society and thereby he acted from 09.05.2013 to 08.05.2018 as President and R3 as Vice President and R4 as Secretary (i/c) from 14.02.2015 to 14.04.2016 and from 15.04.2016 as Clerk and from February 2018 to 06.03.2019 as Secretary of the said society.

12. The R1's case is that during the period between the year 2017-2018 and 2018-2019, the appellant as the President of TRD 917 Sirukudal Milk Producers Co-Operative Society was entrusted with the day to day affairs and business of the said society. During his tenure, he along with R3 and R4 committed serious defects in the accounts and thereby misappropriated totally Rs.4,99,183.50/-. They did not remit the account to the bank and also fabricated the account and omitted cash balance and made wrong entry and also shown stock deficit and shown lesser amount in the cash balance and thereby totally misappropriated Rs.4,99,183.50/-. Among them by showing false expenditure without having any supporting vouchers, they also misappropriated Rs.24,750/-. More over, they committed forgery in the relevant registers and used the same as genuine one also falsified the accounts of the society which led to financial loss.

13. It is not in dispute that the appellant acted as a President of the said society at the relevant time. As per by law of the society referred in the surcharge proceedings, it is clear that the appellant has responsibility to supervise the day to activities of society's transactions and also whenever any deviation is found, immediately he has

to take steps to correct the same. Thus, it is clear that the appellant was given the entrustment of day to day affairs of the society.

14. The learned counsel appearing for the appellant would submit that there is no malafide intention or willful negligence on the part of the appellant; the order passed by the Enquiry Officer under Sections 81 and 87 of the Tamil Nadu Co-operative Societies Act only based upon the forged documents and the concerned enquiry officer did not go through the original records; it is well settled that mere negligence is not sufficient to invoke under Section 87 of the Tamil Nadu Co-operative Societies Act and that the respondents failed to prove the willful negligence on the part of the appellant. Further, the learned counsel contended that unless there is a willful negligence, the appellant cannot be implicated in surcharge proceedings and that prayed to allow the appeal.

15. On the other hand, the learned Government Pleader argued that the appellant, being the Principal Administrative Officer of the society, he has wide range of supervising power and effective control over R3 and R4. Entire transaction of the society has to be carried only on advice, guidance and direction of President. Every day entries of ledgers, cash book, bills receipts and vouchers more particularly day book should be placed for approval. All major financial decisions should be taken by the elected members of society headed by President by means of resolution. As already indicated, the President was entrusted with the responsibility to supervise the daily routine work of the society. The appellant has miserably failed in his duties and responsibilities. He has willfully committed negligence to supervise the day to day affairs of the societies which led to financial loss to the tune of Rs.4,99,183.50/-. Further, she has also contended that the surcharge proceedings was initiated based

upon the enquiry report which shows that there was a financial loss to the society which was committed by the appellant along with other persons. The appellant is also liable to pay the loss to the society and prayed to dismiss the appeal.

16. The Deputy Registrar had held that the appellant herein and the then vice president and secretary are responsible jointly and severally for the loss caused to the society because of their misconduct, commissions and omissions. The appellant herein had admittedly served as a President of the 2nd respondent's society for the period from 09.05.2013 to 08.05.2018. The period of irregularity for which the enquiry was conducted from 23.12.2020 to 16.06.2021 by the enquiry officer with regard to the irregularities namely did not remit the amount to the bank and also fabricated the account and omitted cash balance and made wrong entry and also shown stock deficit and shown lesser amount in the cash balance which squarely falls within the tenure of the appellant herein.

17. The loss caused to the 2nd respondent's society are classified under 7 different categories by the enquiry officer as follows:

Sl.Nos.	Details of Financial Loss	Amount of Financial Loss
1.	The amounts were not remitted to the bank	Rs.11,811.20
2.	The amount was not remitted in the Indian Bank, Keelapuliyur Branch. However, entries have been made as to remittance	Rs.1,500/-
3.	without expenditure vouchers, it was written in the account on the date of 26.02.2018 Rs.9,750/-, Rs.10,000/- on 30.03.2018 and Rs.5,000/- on 31.03.2018	Rs.24,750/-

4.	Cash balance of Rs.127.30 on the date of 18.05.2017 and Rs.2,070/- on 23.12.2017 were omitted	Rs.2,197.30
5.	Wrong entry	Rs.9,160.30
6.	stock deficit	Rs.20,781.60
7.	Mentioning lesser amount in the cash balance	Rs.4,28,983.10

Total Rs.4,99,183.50

18. The appellant herein is challenging the Surcharge order mainly on the ground that the enquiry officer acted in a biased manner and he was not allowed to cross examine the witnesses and order was passed based on surmises and conjunctures and that no willful negligence on the part of the appellant.

19. On the other hand, the same was seriously objected on R1's side that during enquiry, the enquiry officer gone through all the relevant registers including cash book, day book, copies of cheques, disbursement register, savings account balance reports and relevant documents; the appellant along with other officials deliberately failed in their duties and responsibilities in negligent manner and thereby misappropriated the amount of Rs.4,99,183.50. Further, the learned counsel contended that during enquiry proceedings, he was given several opportunities to defend the enquiry.

20. There is no dispute regarding the loss caused to the society or the quantum of loss caused to the society. The specific contention of the appellant is that he is not responsible for the loss caused to the society. According to enquiry officer's report,

he has pinpointed it and other misappropriation done by the appellant and others by relying relevant registers and account books. In the report, it is categorically stated that on which amount the appellant and others misappropriated including expenditure heading and showing lesser amount and not remitting the amount in the bank also. Further, it reveals that the relevant documents maintained by the appellant and others at the relevant time were also scrutinised before passing surcharge proceedings. In the report, the enquiry officer also noted the manner of misappropriation in terms of amount in 7 categories viz (i) the amount of Rs.11,811.20 drawn from Bank has not been credited in the day book, (ii) an amount of Rs.1,500/- was not remitted in the bank, (iii) Rs.24,750/- accounts were fabricated without expenditure vouchers,(iv) Rs.2,197.30 cash balance was omitted (v) Excess payment of Rs.9,160.30 was entered in the cash book, (vi) Stock deficit fall during audit for the year 2017-2018 was Rs.20,781.60 and (vii) cash balance of Rs.4,28,983.10 lesser during the audit year 2018-2019 which led a total financial loss of Rs.4,99,183.50/- to the society.

21. The finding has given in respect of misappropriation as indicated above and entries made in the relevant registers. In this way, the above said commissions and willful omissions and false entries clearly proved that as indicated in the surcharge proceedings, the appellant and others misappropriated the amount from the society's accounts including expenditure heading. The appellant did not explain about the said difference and entries made in the relevant documents. It is his duty to explain such difference, when it was established that disbursement and dominion of the appellant over the said seven circumstances. Infact, the appellant could not give any reasonable and acceptable explanation in this regard.

22. It is specifically contended on appellant's side that during surcharge proceedings the enquiry was based upon forged records. Infact, he did not state the details as to who forged the documents and what kind of records were forged, at what time and what about the real records. Indeed, the same was clearly over ruled by the enquiry officer. Therefore, the contention of the appellant is that he is not responsible for the loss caused to the society cannot be accepted since the irregularity and omissions made by the appellant during his tenure as a President of the society. Considering all these facts and circumstances of this case, this Court is not find any infirmity or illegality on the Surcharge order passed against the appellant which does not warrants any interference by this Court and these points are answered accordingly.

23. In the result, this appeal is dismissed and the Surcharge Order passed in Na.Ka. No.496/2021/E2, dated.24.06.2022 by the 1st respondent/Deputy Registrar of Co-Operative Societies(Milk), Perambalur under Section 87 of the Tamil Nadu Co-Operative Societies Act is hereby confirmed. No costs.

Dictated to the Executive Assistant, transcribed and typed by her, corrected and pronounced by me in open Court, this the 6th day of March, 2026.

Co-operative Tribunal Authority cum
Principal District Judge,
Perambalur.

Copy to:
The Deputy Registrar of Co-operative Societies(Milk),
Perambalur

PDJ Court,
Perambalur.

Fair/Draft Judgment
C.M.A.C.S.No.1/2024
D.D: 06.03.2026.