

AFR

HIGH COURT OF JUDICATURE AT ALLAHABAD

Court No.3
Neutral Citation No. - 2025:AHC:143185-DB

**CORAM: HON'BLE SHEKHAR B. SARAF, J.
HON'BLE PRAVEEN KUMAR GIRI, J.**

WRIT-C NO. 58143 OF 2012

SMT. KALINDI SINGH

V.

STATE OF U.P. THRU SECY. AND OTHERS

For the Petitioner : Mr. D.B. Yadav, Advocate
For the Respondents : Mr. N. Mishra, Mr. Rajeev Sharma, Mr. V.K. Srivastava, Advocates

Last heard on August 12, 2025
Pronounced on August 21, 2025

HON'BLE PRAVEEN KUMAR GIRI, J. : The present writ petition has been filed under Article 226 of the Constitution of India wherein the petitioner has made the following prayers :

- 1) Issue a writ or direction in the nature of writ of mandamus directing the respondent no.2 to release the amount of Margin Money Scheme Rs.3,00,000/- in the account of the petitioner.*
- 2) Issue a writ or direction in the nature of writ of mandamus directing the respondents to restrain the respondent bank to not*

compel the petitioner to deposit the amount of Margin Money Scheme.

3) Issue a writ or direction in the nature of writ of mandamus directing the respondent bank to refund the excess amount so deposited by the petitioner before him.

Further, vide order of this Court dated October 20, 2022, the petitioner amended the writ petition by adding the following prayer :

“Issue a Writ order or direction in the nature of writ of certiorari quashing the impugned order dated 22.05.2008 passed by the respondents which received to the petitioner in the counter affidavit as Annexure No.C.A.6 as well as amend the paragraph no.23 of the writ petition.”

FACTS

2. The factual matrix of the present writ petition is delineated below:
 - a. The petitioner applied for a loan to establish a brick kiln in a rural area under the Scheme of Margin Money, a subsidy granted by the Khadi and Village Industries Commission (for short ‘K.V.I.C.’) for generation of rural employment. The application of the petitioner was accepted by the K.V.I.C. and its recommendation for granting the loan was sent to the respondent Bank. On October 31, 2002, the bank sanctioned a loan of Rs. 10,00,000/- by taking a pre deposit of Rs. 50,000/-. From the loan amount of Rs.9,50,000/-, the petitioner purchased construction materials including cement and bricks and other required materials for establishing the brick kiln on November 5, 2002.
 - b. The petitioner repaid the significant part of the loan amount within time except an amount of Rs. 2,45,503/-. However, the respondent bank failed to release the Margin Money of Rs. 3,00,000/- up to 28th September, 2004 which was recommended

by the K.V.I.C., though the petitioner had completed all the formalities for that and the respondent Bank had obtained a receipt of the payment of margin money from the petitioner on August 14, 2007.

- c. The petitioner, hoping the subsidy would be released, did not deposit the remaining amount of loan i.e. Rs. 2,45,503/-. This amount has since grown to over Rs. 4,00,000/- due to accrued interest and now the respondent bank is compelling the petitioner to pay the full, updated amount.
- d. The petitioner made representations before the authority concerned with latest reminder on July 18, 2012 alleging that she was not aware of the rejection of her claim by the authority concerned on May 22, 2008.
- e. In the meantime, inspection of the petitioner's unit was done by a team consisting of officials from the Bank, K.V.I.C, etc. on two occasions i.e. on February 4, 2005, and November 2, 2006. On both the occasions, the Inspection Team found no new brick kiln installed at village Chorpa. The reports reveal that there was an old brick kiln in village Chorpa which was closed four to five years ago.
- f. Thereafter, the claim of the petitioner for subsidy under Margin Money Scheme was rejected vide impugned order dated May 22, 2008 passed by Deputy Director/ In-charge, Regional Office, Khadi and Village Industries Commission, Gorakhpur on the basis of the reports of the Inspection Teams.
- g. The petitioner claiming herself to be unaware of the rejection of her claim, presented this writ petition seeking direction upon the respondents to release the margin money, however, after the receipt of counter affidavit, she came to know about the

rejection order and, therefore, she added a new prayer for quashing the impugned order.

CONTENTIONS OF PETITIONER

3. The learned counsel appearing on behalf of the petitioners has made the following submissions:

- a. The petitioner though fulfilled all the criteria for receiving the margin money under the Scheme and completed all formalities yet the authority had not released the margin money.
- b. On the application of the petitioner, the KVIC recommended for grant of loan by the Bank to establish a brick kiln under the Scheme. Thereafter, an amount of Rs. 10,00,000/- was sanctioned by the Bank after taking pre deposit money of Rs.50,000/-. The petitioner repaid the loan amount, however, the margin money was not released in her favour.
- c. The team which inspected the spot where the brick kiln of the petitioner was installed had demanded illegal money for release of the margin money, which was not paid by the petitioner and, therefore, the report was submitted against her.
- d. The petitioner was never made aware of the impugned order until filing of the counter affidavit by respondent authorities and, therefore, the order impugned is liable to be set aside.

CONTENTIONS OF RESPONDENTS

4. Learned counsel appearing on behalf of the respondents has rebutted the arguments of petitioner and made following submissions:

- a. Inspection of the petitioner's unit was done by a team consisting of officials from the Bank, KVIC, etc. on two occasions i.e. on February 4, 2005, and November 2, 2006. On both the occasions, the team found no new brick kiln at village Chorpa; rather, there was an old brick kiln that had been closed four to five years ago.

- b. The above spot inspection was done not by any individual but by a team of officials from three different departments and on two different dates by different officials.
- c. On the basis of the above spot inspection report, the petitioner's claim for margin money was rejected vide impugned order dated May 22, 2008 as no new brick kiln was found to be installed at Village Chorpa and the claim of the petitioner was not in consonance with the standards of Rural Employment Generation Programme (Gramodyog Rojgar Yojna) (for short R.E.G.P.).
- d. The respondents have annexed copies of Inspection Reports dated February 4, 2005 (annexure 4) and November 2, 2006 (annexure 5) and the Scheme of R.E.G.P. (annexure 7) to substantiate their response.

ANALYSIS

5. I have given our thoughtful consideration to the submissions advanced by the learned counsel for the parties and have also perused the relevant records of the case and the affidavits filed on behalf of both the parties.

CONCLUSION

6. The petitioner's claim for margin money was rejected on 22.5.2008 by Deputy Director/In-charge, Regional Office, Khadi and Village Industries Commission, Gorakhpur; on the basis of the inspection done by a team of officials from the Bank, the KVIC, etc. on two occasions i.e. on February 4, 2005, and November 2, 2006. Upon reaching the spot where the brick kiln was claimed to be established by the petitioner under the Scheme of R.E.G.P., the team found that no new brick kiln had been installed in Village Chorpa, which was the basis for the petitioner's claim for margin money. Reasons assigned by the authority for rejection of the petitioner's claim are quoted below :

“इकाई की परियोजना बैंक शाखा द्वारा गांव चोरपा के लिए स्वीकृत किया गया है, लेकिन गांव चोरपा में पूर्व की भौतिक सत्यापन टीम ने दर्शाया है। कि गांव चोरपा में ईंट भट्टा नहीं पाया गया, गांव चोरपा में पुराना भट्टा था, जो लगभग 4-5 वर्ष पूर्व बन्द हो गया था। इसलिए (sic.) भौतिक सत्यापन टीम ने इकाई को मार्जिन मनी का पात्र नहीं

दर्शाया है इकाई का सेलटैक्स न. एमयू-0058618 चोरपा कला का दिनांक: 15.01.1997 से प्रभावी है तथा लामार्थी ने बाद में सेलटैक्स न. एमयू-00518718 दिनांक: 15.01.2003 से ग्रांव सरवां के लिए प्रभावी है। आर.ई.जी.पी. के मानकों के अनुसार इकाई मार्जिन मनी की पात्र नहीं है। जैसाकि पूर्व की भौतिक सत्यापन टीम ने दर्शाया है।”

7. The relevant provision of the Scheme i.e. Rural Employment Generation Programme (R.E.G.P.) (Gramodyog Rojgar Yojna), annexure No.7 to the counter affidavit, is quoted below :

“K (xi). Margin Money assistance is available only for new project sanctioned specifically under the REGP-Gramodyog Rojgar Yojna. Existing units are not eligible under the Scheme.”

8. In the first Inspection Report dated February 4, 2005, the inspecting team observed that on physical inspection of the site, they found no chimney at the spot. The report further revealed that there was only an old pit at the spot. On enquiry, they found that the brick kiln had been closed four to five years ago. The team concluded that because no chimney was installed and the brick kiln was closed, the unit was not eligible for margin money. A checklist of relevant documents and their status was also annexed to the report.

9. The second spot inspection report dated November 2, 2006 reveals the same finding that was observed in the first report. The Inspection Team scrutinized a checklist of 15 documents that were required for the claim of the petitioner for margin money. The inspection team further observed that permission was granted to establish a unit in village Chorpa under R.E.G.P. scheme; however, on physical inspection of the spot, no brick kiln was found in Village Chorpa. An old brick kiln was found which had been closed four to five years ago. The Team concluded that the petitioner is not eligible for margin money as per the norms of the R.E.G.P. Scheme.

10. The impugned order passed on May 22, 2008 was already communicated to Branch Officer, Sanyukta Gramin Bank, Branch Badhua Godam, Mau, as well as the petitioner along with the Director (R.E.G.P.), Khadi and Village Industries Commission, Mumbai and State Director, State Office, Khadi and Village Industries Commission, Lucknow. However, the petitioner claims that she came to know about rejection of her claim only after

filing of the counter affidavit by the respondents wherein the order of rejection was annexed.

11. Be that as it may, on due consideration of the arguments on behalf of the learned counsel for the parties, the reports of the two Inspecting Teams, the R.E.G.P. Scheme and the finding recorded by the Deputy Director in the impugned order dated May 5, 2008, I am of the view that as per the R.E.G.P. Scheme, the petitioner had to establish a new unit but she failed to do so, therefore, her claim for margin money has been rightly rejected by the authority concerned.

12. It is trite law that a writ of mandamus and/or writ of certiorari would only be issued by this Court when the Court finds palpable error or manifest illegality in the procedure followed by the State authorities. Furthermore, if the authorities have acted within jurisdiction and passed an order based on the materials available, no writ would lie.

13. In the present factual matrix, it is clear that the authorities have acted on the basis of two inspection reports that have indicated that the petitioner has not acted in terms of the Rural Employment Generation Programme and has not created a new project to become eligible under the above programme. In fact, the petitioner has not been able to controvert the statements made in the counter affidavit.

14. In light of the same, this Court is of the view that the impugned order is justified, in accordance with law and does not require any interference.

15. Accordingly, the writ petition lacks merit and is dismissed.

21.08.2025

DKS

(Praveen Kumar Giri, J.)

I agree

(Shekhar B. Saraf, J.)