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WP No. 2539 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 23-02-2026

CORAM

THE HON'BLE MR.JUSTICE V. LAKSHMINARAYANAN

WP No. 2539 of 2026 AND

WMP No. 2772 OF 2026

Jagath Kranes

Rep by its proprietrix Mrs.S.Mahalakshmi

New No.640, Sathguru complex

Anna salai, Nandanam

Chennai-600 035

..Petitioner

Vs

1. The Micro and small Enterprises Facilitation council Rep by its Chairperson,
MSE Facilitation Council, Chennai Region
Chennai/Industries commissioner and
Director of Industries and commerce, Guindy
Chennai-600 032.

2. The Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, Rafi Marg, New Delhi-110 011

3. M/s. Technospan Structures Pvt. Ltd.,
1, G1, Sipcot IT Park, Siruseri, Chennai -
603103. (R3 Suo Motu Impleaded Vide Order
Dated 29.01.2026 Made in WP.2539/2026 By
VLNJ)

..Respondents

Prayer : Writ Petition under Article 226 of the Constitution praying for a Writ of Certiorarified Mandamus to call for the records of the 1st respondent in its order dated 25.4.2025 in MSEFC /CR / 15 / 2025 MSEFC /CR / 16 / 2025,



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MSEFC/CR/17/2025 and the order dated 15.7.2025 passed in MSEFC/CR/545/2024 quash the same and consequently direct the 1st respondent to pass orders after hearing the petitions on merits.

For Petitioner : Mr.T.Sundar Rajan

For Respondents : Ms.Meera Arumugham
Additional Government Pleader – for R1

Ms. S.Vanitha for Ms.P.J. Anitha,
Senior Panel Counsel for R2

Order

Heard Mr.T.Sundara Rajan for the writ petitioner, Ms.Meera Arumugham, Additional Government Pleader for Mr.M.Shahjahan, Special Government Pleader for the first respondent, Ms.S.Vanitha for Ms.P.J.Anitha, Senior Panel Counsel for the second respondent. Though notice has been served on the third respondent, it has neither entered appearance nor any counsel is present to oppose the writ petition.

2. The petitioner is in the business of leasing / hiring cranes. It has been registered as a small enterprise within the meaning of Micro Small and Medium Enterprises Development Act of 2006 (hereinafter referred to as 'MSME Act'). The petitioner entered into a contract with the third respondent



for supply of cranes. The cranes were not given as a stand-alone machinery. Along with the cranes, the petitioner also has a practice of sending an operator to operate the cranes. The cranes so leased, operates under the directions of the person, taking the cranes on lease.

3. The grievance of the petitioner is that the third respondent, after hiring the cranes, failed to make payments due to it. Invoking Section 18(1) of the Central Act 27 of 2006, the petitioner approached the first respondent. The first respondent issued notice to the third respondent. Though service had been completed on the third respondent, it did not enter appearance.

4. The application was taken up for hearing on 25.04.2025. On that date, the petitioner's representative was heard. The first respondent Council took a view that, as the petitioner is engaged in rental / hiring activity, it does not come within the ambit of Central Act 27 of 2006. Consequently, it passed the impugned orders holding that the income from leasing or renting of property (movable or immovable) is a form of passive income, rather than an activity relating to manufacturing or providing services. Hence, it concluded that the petition is not maintainable before the MSE Facilitation Council and consequently, dismissed the same.



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5. It is the submission of Mr.Sundar Rajan that the first respondent had not perused the invoices raised by the petitioner on the third respondent. He states that the tax invoices indicate not only hire charges to be paid by those hiring the cranes from the writ petitioner, but also includes the operator batta for drivers / operators supplied by the writ petitioner. He states that this crucial factor would have an impact on the facts of the case, and the same had not been adverted to. Therefore, the orders passed by the first respondent deserve to be set aside.

6. Per contra, Ms.Meera Arumugham urged that the nature of transaction being that of a passive income, unless and until the goods or services are rendered by Micro or Small Enterprises, it will not fall under the category of Chapter V of the MSME Act. She states that the order passed by the first respondent is unimpeachable, and states that the remedy for the writ petitioner is to approach the jurisdictional Civil Court and not to avail the special procedure under Chapter V.

7. Ms.Vanitha appearing for Ms.P.J.Anitha, submits that insofar as the impugned order is concerned, the second respondent is only a formal party



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and hence, she has no submissions on the merits of the case.

8. I have carefully considered the submissions of both sides and have gone through the records.

9. Reference to few definitions in the Act are essential before proceeding to discuss the merits of the case. Section 2(d) defines a 'buyer'. A 'buyer' means, whoever buys any goods or receives any service from a supplier for consideration. We are not concerned with 'goods' in the present case. Hence, Section 2(f) need not be referred to. The term 'Supplier' is defined under Section 2(n). A 'Supplier' does not include a 'medium enterprise'. It means any '**micro**' or '**small**' enterprise, engaged in selling goods or rendering services. The word 'services' is not defined by the Central Act 27 of 2006. I have also referred to the General Clauses Act, 1897. The word 'Services' is not defined even in the said legislation. Hence, for the purpose of understanding the scope of the word 'Services', I would refer to the English dictionary. The normal practice for interpretation is to make a reference to the English dictionary when a word is not specifically defined in the Statute. The word 'Services' has been defined in the Oxford English Dictionary as follows.

“ Services : An action or process of serving or an act of an



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assistance or use for a particular purpose, system of supplying a public need such as transport or utilities, perform routine maintenance or repair work provide a service or services.”

10. The word ‘Services’, having been understood as any work rendered for the purpose of hire or reward, would have to be given the widest possible interpretation. In fact, the Supreme Court had an occasion to consider the scope of Section 2(n) in a very recent judgment in “**NBCC (India) Ltd., -vs- The State of West Bengal and Others 2025 INSC 54** . The Court held that the provisions of Section 18 must be interpreted broadly to allow any party to seek resolution of disputes, keeping in mind the purpose of the MSME Act and the quick dispute resolution mechanism found under Chapter V of the said legislation. The Court further pointed out that it is the duty of a Constitutional Court to adopt an interpretation, which would not only reduce the hiatus between a right and a remedy, but also to ensure that the remedy is effective. While the rights regime receives broad recognition in our constitutional framework, the interpretation of the Court should also ensure that remedies keep pace and be strengthened, so that the gap between the rights and remedies are bridged and not fettered by technical or pedantic



interpretation.

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11. Keeping this principle in mind, if I were to approach the facts of the present case, it becomes clear that the petitioner had supplied his cranes, along with operators to the third respondent. Although the operation of the cranes would have been under the supervision of the third respondent, yet, the manner of operation and how it had to be carried out, would have been decided by the operator operating the cranes of the writ petitioner. The work executed by the writ petitioner for the third respondent is in the nature of 'contract of service' and would certainly fall within the definition of 'Services'. The restrictive interpretation given to the term 'Services' in the impugned order, in view of this Court, falls foul of the wide interpretation by the Supreme Court in the aforesaid judgment.

12. The MSE Facilitation Council has been created for quick dispute resolution between Micro and Small enterprises regarding issues, such as non-payment after having executed the work for a buyer. When the invoices point out that the writ petitioner had rendered service to the third respondent, the view of the first respondent that it is a passive income and not an activity relating to providing services, necessarily requires to be interfered with.



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13. The petitioner had invoked Section 18 after it had made a demand on the third respondent to make good the payments under the clause. Under Section 15, if any 'Supplier' renders any service to any 'buyer' and payments are not made in terms of the agreement entered into between the parties, then notwithstanding any other law for the time being in force, the 'supplier' is entitled to file an application invoking Section 18(1) of the Act. Neither Section 15 nor Section 18 makes a difference between a passive service and an active service. The extremely restrictive interpretation given to Sections 15 and 18 by the first respondent amounts to fettering the jurisdiction of the MSEF Council by itself. Such fettering invites the vice of administrative bias. When the Parliament has given wide discretion to MSEF Council to deal with matters of non-payment of any goods or services by any buyer to any supplier, to interpret the Section to mean passive income and active business, amounts to re-writing the Statute. On this ground too, the order requires to be interfered with.

14. In the light of the above discussion, the orders impugned in the writ petition are set aside and the applications filed under Section 18 stands restored on to the file of the first respondent. The first respondent shall issue



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notice to the third respondent and decide the issue in accordance with law. As the petitioner is a small enterprise, the first respondent shall give priority to the application so filed and decide the dispute within a period of three months from the date of receipt of a copy of this order. The writ petition is allowed. No costs. Consequently, connected miscellaneous petition is closed.

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

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To

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Micro and small Enterprises Facilitation council
MSE Facilitation council, Chennai Region
Chennai/Industries commissioner and
Director of Industries and commerce, Guindy
Chennai-600 032.
2. The Ministry of Micro,
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Udyog Bhawan, Rafi Marg, New Delhi-110 011



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