



W.P(MD)No.7767 of 2023

WEB COPY BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: 09.07.2026

CORAM

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

W.P(MD)No.7767 of 2023

and

W.M.P(MD)No.7211 of 2023

M/s.Sri Sai Recycle Solutions,
Represented through its Proprietor,
S.Megala Devi

... Petitioner

Vs

1.The Recovery Officer,
Employees State Insurance Corporation,
Sub-Regional Office,
2nd West Street, K.K.Nagar,
Madurai - 625 020.

2.The Branch Manager,
Karur Vysya Bank Limited,
67-68, T.P.K.Road,
Near Agrini Apartments,
Vasantha Nagar, Palanganatham,
Madurai - 625 003.

... Respondents



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PRAYER: Writ Petition filed under Article 226 of Constitution of India, to issue a Writ of Certiorari, to call for the records of the impugned order passed by the first respondent under Ref. No. 57/RRC/00/0723277/000/1018 /SRO/MDU/22 dated 06.02.2023 and quash the same as illegal.

For Petitioner : Mr.M.Kannan

For Respondents : Mr.R.Ravikumar (R1)

: No appearance (R2)

ORDER

This Writ Petition has been filed challenging the impugned order passed by the first respondent dated 06.02.2023.

2.The learned counsel appearing for the petitioner submitted that the petitioner's husband was carrying on business in the name and style of M/s.Sri Hari Security Service, which was discontinued in the year 2016. Thereafter, in the year 2019, the petitioner commenced a sole proprietorship concern in the name and style of M/s.Sri Sai Recycle Solutions, engaged in the business of supply of machinery for waste segregation, processing and



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disposal, and preparation of manure from waste, from the very same premises from which her husband had earlier carried on his business. The petitioner also maintained a current account with the second respondent Bank.

3.It is further submitted that the first respondent, without issuing any notice to the petitioner or affording her an opportunity of hearing, issued a Garnishee Order under Section 45-G of the Employees' State Insurance Act, 1948, attaching the petitioner's bank account maintained with the second respondent Bank. Pursuant thereto, the first respondent demanded payment of a sum of Rs.5,84,015/-, being the alleged dues payable by M/s. Sri Hari Security Service, the concern run by the petitioner's husband, which had ceased its business in the year 2016. The petitioner, without prejudice to her rights and contentions, paid the entire amount of Rs.5,84,015/- by Demand Draft No.860672 dated 11.04.2022 in compliance with the Garnishee Order dated 02.03.2022. Thereafter, the respondent issued the impugned proceedings dated 06.02.2023 demanding a further sum of



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Rs.3,20,520/- towards interest, without furnishing any particulars or basis for such demand. Challenging the said proceedings, the present Writ Petition has been filed.

4.The learned counsel appearing for the petitioner further submitted that, admittedly, pursuant to the Garnishee Order dated 02.03.2022 issued for recovery of the amount determined under Section 45-A of the Employees' State Insurance Act, the petitioner remitted the entire demanded amount by Demand Draft dated 11.04.2022, consequent upon which the first respondent revoked the Garnishee Order by proceedings dated 12.04.2022. Having accepted the entire demand and revoked the attachment, the first respondent is not justified in subsequently raising a separate demand towards interest without any supporting particulars or independent determination. Hence, the impugned proceedings are liable to be set aside.



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5.The learned counsel further submitted that a reading of the communication dated 19.03.2021 issued by the Employees' State Insurance Corporation, particularly paragraph 3 thereof, would show that the petitioner was called upon to pay a sum of Rs.5,84,015/- together with interest, as per CP-2 claims dated 20.01.2014, 27.04.2016 and 02.10.2019. Pursuant thereto, the petitioner paid the entire amount demanded. However, after nearly one year, the first respondent issued the impugned proceedings demanding a further sum of Rs.3,20,520/- towards interest without furnishing any calculation or details. Such a demand, according to the learned counsel, is arbitrary and unsustainable.

6.Per contra, the learned counsel appearing for the first respondent submitted that the recovery notice dated 19.03.2021 had been issued by invoking the provisions of Section 93-A of the Employees' State Insurance Act, 1948. It is contended that, upon transfer of an establishment, both the employer and the transferee are jointly and severally liable to pay the contributions payable under the Act up to the date of transfer, subject to



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the limitation that the liability of the transferee shall not exceed the value of the assets acquired under such transfer. It is further submitted that the said notice was duly served on the petitioner and acknowledged by her. Therefore, according to the learned counsel, the impugned demand is perfectly valid and does not warrant interference.

7.Heard the learned counsel appearing on either side and perused the materials available on record.

8.The facts of the present case are not in dispute. Admittedly, on account of non-payment of contributions, the first respondent passed orders under Section 45-A of the Employees' State Insurance Act, 1948 and thereafter initiated recovery proceedings by issuing a Garnishee Order under Section 45-G of the Act on 02.03.2022. Pursuant thereto, the petitioner remitted the entire demanded amount by Demand Draft dated 11.04.2022, following which the Garnishee Order was revoked by proceedings dated 12.04.2022.



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9.It is the specific grievance of the petitioner that, despite payment of the entire amount demanded under the Garnishee Order, the impugned proceedings have been issued demanding a further sum of Rs.3,20,520/- towards interest without disclosing the basis for such computation. In this regard, it is relevant to refer to the communication dated 19.03.2021 issued by the Employees' State Insurance Corporation, wherein it is stated as follows:

"As per CP-2 claims dated 20.01.2014, 27.04.2016 and 02.10.2019, the employer has to pay the dues of Rs. 5,84,015/- together with interest. Hence, you are requested to remit the dues immediately to ESI Fund Account No.1 and intimate compliance."

10.A perusal of the above communication indicates that the demand itself referred to the dues together with interest. After accepting the amount remitted by the petitioner and revoking the Garnishee Order, the



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respondents have issued the impugned proceedings demanding a further amount towards interest without placing any material to show the basis of such computation or the statutory liability therefor. In the absence of any particulars or supporting calculation, the impugned demand cannot be sustained.

11. Accordingly, the Writ Petition is allowed and the impugned proceedings of the first respondent dated 06.02.2023 are hereby set aside. However, it is made clear that this order will not preclude the respondents from initiating appropriate proceedings in accordance with law, if so advised, by issuing a proper notice to the petitioner, furnishing the basis and calculation of the demand, and affording her a reasonable opportunity of hearing. No costs. Consequently, connected Miscellaneous Petition is closed.

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NCC : Yes / No
Index : Yes / No
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To

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