



W.P.(MD) No.22405 of 2026

WEB COPY BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

DATED: **07.08.2026**

CORAM:

THE HONOURABLE MR.JUSTICE **C.SARAVANAN**

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and

W.M.P.(MD) Nos.16703 and 16705 of 2026

Pandiselvi

... Petitioner

/vs./

The Regional Manager
Tamil Nadu Civil Supplies Corporation
Sivagangai.

... Respondent

PRAYER: Writ Petition filed under Article 226 of the Constitution of India for issuance of Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned order passed by the respondent in his proceedings in Na.Ka.No.BS1/009215/2025 dated 03.07.2026 and quash the same as illegal, consequently direct the respondent to allot paddy pursuant to the order of authorization to act as a Hulling Agent to the petitioner.

For Petitioner : Mr.B.Ramnath

For Respondent : Mr.P.Athimoola Pandian for
Mr.G.Mohan Kumar



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ORDER

Mr.P.Athimoola Pandian representing Mr.G.Mohan Kumar takes notice for the respondent.

2.By consent, this writ petition is disposed of at the time of admission, after hearing the learned counsel for the petitioner and the learned counsel for the respondent.

3.The petitioner is aggrieved by the impugned order passed by the respondent in response to a show cause notice dated 18.06.2026, whereby there was a proposal to cancel the Hulling Agents Contract signed between the petitioner and the respondent for de-husking the paddy supplied by the respondent to the petitioner.

4.The background to the proceeding is a registration of FIR in Crime No. 152/2026 by the Inspector of Police, C.S.C.I.D. Sivagangai District against one Tamilezhan (A1), Vijay (A2) and the petitioner, namely, Pandiselvi (A3).



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5.It appears that on 17.06.2026, the accused 1 and 2 were found carrying 1500 kgs., of PDS rice (30 bags, each contains 50 kgs) transporting for distribution. The vehicle bearing Reg.No.TN 61 2533 was intercepted wherein the accused 1 and 2 were said to have confessed to the crime that the PDS rice meant for distribution was being transported to the petitioner's Hulling Unit.

6.It is the case of the respondent that the petitioner was substituting the paddy supplied for de-husking with the PDS rice and the same was being supplied once again to the Department and thereby, loss was being caused to the Department and thus, an FIR has been rightly registered as against the petitioner, in which the petitioner has been arrayed as A3 along with the other two persons named above as accused 1 and 2.

7.The learned counsel for the respondent would submit that the petitioner is governed by the terms of the contract whereby the petitioner was appointed as a Hulling Agent.



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8.It is submitted that as per the aforesaid agreement, dated 02.08.2023, an appeal is maintainable against the decision with the Chairman and Managing Director/Managing Director of Tamil Nadu Civil Supplies Corporation, Head Office within 60 days. This is evident from Clause 37C and 42 of the aforesaid agreement signed between the petitioner and the respondent Department.

9.The learned counsel for the respondent also drew attention to Clause 12 of the said agreement, as per which, where there is a reason to believe that the agent has indulged malpractices or has mis-appropriated the paddy/resultant rice of gunnies, the agreement may be terminated by the principal besides black listing the mill apart from recovering the value of rice, paddy/gunny at the rates prescribed by the principal time to time or adjusted from any amounts due to him from the Corporation without prejudice to any criminal actions that may be taken according to law.

10.The learned counsel for the respondent also produced a copy of the order of this Court in ***Muthupandeeswari Vs. The Managing Director, Tamil Nadu Civil Supplies Corporation, Chennai and another, W.P.(MD)***



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No.3829 of 2025, dated 17.02.2025, wherein interpreting similar clauses in the agreement, the Court had dismissed the said writ petition by giving liberty to the parties to approach the Arbitrator to decide the dispute.

11.That apart, it is submitted that in response to the show cause notice dated 18.06.2026, the petitioner has not given a proper reply regarding the shortage of 273 kgs of paddy found short at the time of inspection on 18.06.2006.

12.It is submitted that the reply of the petitioner is silent on the same and the petitioner has merely stated that the petitioner had nothing to do with the alleged seizure of the 1500 kgs of PDS rice from the accused 1 and 2 named above.

13.The learned counsel for the petitioner would submit that even otherwise, as per Rule 21(1) of the Tamil Nadu Essential Trade Articles (Regulation) Order, 1984, the petitioner was entitled for a hearing before an order was passed and in this connection, a reference is made to the decision of the Hon'ble Supreme Court rendered in the context of administrative law in



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M/S.AKG Construction and Developers Private Limited Vs. State of Jharkhand and others, 2026 LiveLaw (SC) 321.

14.I have considered the arguments advanced by the learned counsel for the petitioner and the learned counsel for the respondent.

15.The reply given by the petitioner, which preceded the impugned order pursuant to the aforesaid show cause notice dated 18.06.2026, is an inadequate reply. The reply merely states that the petitioner had no role to play in the alleged smuggling of the PDS rice by the accused 1 and 2 barring that the petitioner has not given a specific reply to the specific allegations in the said show cause notice.

16.Therefore, on this count, the challenge to the impugned order blacklisting the petitioner cannot be found fault with. However, before passing the final order, the petitioner should have been given an opportunity of personal hearing as is contemplated under Rule 21 of the aforesaid Rule, which reads as under:-

“21.Powers to cancel, suspend, modify or withdraw



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authorisation (1) *The Commissioner, Collector, the authorised officer, or the licensing authority may cancel, suspend for such periods as may be specified, modify or withdraw authorisation issued under sub-clause (1) of Clause 9 for contravention of the terms and conditions specified therein:*

Provided that no order shall be made under this sub-clause unless the dealer has been give an opportunity of being heard against the proposed action.

(2) *Notwithstanding anything contained in sub-clause (1), the Commissioner, Collector, the authorised officer or the licensing authority may, by an order in writing, suspend pending enquiry, the authorisation issued to a dealer for a period not exceeding ninety days, if he has reason to believe that any contravention of the terms and conditions of the authorisation has taken place or is about to take place:*

Provided that within three days of such order the grounds of suspension indicating, as far as possible the terms or conditions of authorisation which prima facie are violated should be communicated in writing to the dealer.”

17.The revisional jurisdiction under Article 226 of the Constitution of India is specifically intended to redress the grievance of the parties where there is a violation of principles of natural justice or where an order suffers from palpable arbitrariness.

18.The petitioner appears to be a semiliterate person, who is running a Rice Mill. Therefore, the reply that was given by the petitioner should have been further probed before concluding whether the petitioner was to be



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blacklisted in terms of the aforesaid agreement signed between the petitioner and the respondent. The respondent is a State within the meaning of Article 12 of the Constitution of India. Therefore, the challenge to the impugned order blacklisting the petitioner is made out.

19.That apart, *prima facie* indications are that Clause 12 of the agreement dated dated 02.08.2023 will apply only where an agent has indulged in malpractices or misappropriated the paddy/resultant rice of gunnies, in which case the agreement may be terminated by blacklisting the Mill apart from recovering the value of the rice, paddy/gunny at the rates prescribed by the respondent and adjusted from the amount due.

20.The expression 'malpractice' has not been defined in the agreement. However, *prima facie* indications are that malpractice or misappropriation of paddy should be based on the available records.

21.Considering the fact that the petitioner has given inadequate reply insofar as the shortage noticed during inspection to an extent of 273 kgs is concerned, I am of the view that this could have been elicited if an opportunity



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of personal hearing was afforded to the petitioner before blacklisting the petitioner in terms of the aforesaid agreement.

22. Therefore, balancing the interests of the petitioner and the respondent, I am inclined to set aside the impugned blacklisting order of the respondent and remit the case back to the respondent to pass a fresh order in lieu of the impugned order.

23. Needless to state, the petitioner shall give a proper reply within a period of 15 days from today. The respondent shall thereafter proceed to pass final order. Needless to state, the petitioner shall be heard before final orders are passed.

24. The Writ Petition stands disposed of, accordingly. No costs. Consequently, connected Miscellaneous Petitions are closed.

Index : Yes / No
Internet : Yes / No
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C.SARAVANAN, J.

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