



W.P.No.8610 of 2023

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 11.11.2024

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THE HONOURABLE MR.JUSTICE S.SOUNTHAR

W.P.No.8610 of 2023
and WMP.No.8779 of 2023

Maruthachalam Easwaramoorthy,
Proprietor of
M/s.Sree Easwar Engineers,
7/48D, Goldwins,
Civil Aerodrome Post,
Coimbatore – 641 014.

..... Petitioner

Vs.

1.Micro and Small Enterprises Facilitation Council,
MSEFC – Coimbatore,
No.2, Raja Street, Coimbatore – 641 001.

2.M/s.Balaji Electrodes,
Represented by its Partner,
Mr.R.Udayachandran,
SF.No.128-A, Sivasakthi Colony,
Thekkupalayam Post,
Coimbatore – 641 020.

..... Respondents



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PRAYER: Writ Petition is filed under Article 226 of the Constitution of India, to issue a Writ of Certiorarified Mandamus, calling for the records of the 1st respondent dated 19.07.2022, in Case No.TN/03/S/CMB/00352 (O.P.MSEFC/CBER/136/2020 vide application No.TN03B0093613/S/0000) and quash the same as being unlawful, arbitrary, illegal and violative of principles of natural justice and consequently direct the 1st respondent to refer the dispute between the petitioner and the 2nd respondent to arbitration in accordance with Section 18(3) of the Micro, Small and Medium Enterprises Development Act, 2006.

For Petitioner : Mr.Surya Narayanan
for Mr.Madhan Babu

For Respondents : Mr.W.Camyles Gandhi
for R2
No appearance - R1

ORDER

The petitioner herein seeks a direction to first respondent to refer the dispute between the petitioner and the second respondent for arbitration in accordance with Section 18(3) of the Micro, Small and Medium Enterprises Development Act, 2006.



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2. It is the case of the petitioner that the petitioner is a proprietorship concern engaged in the business of manufacturing and supplying of wire rods. The second respondent purchased wire rods and other products from the petitioner and there was a outstanding due of Rs.10,00,707/- payable by second respondent to the petitioner under running account. The petitioner filed an application before the first respondent seeking recovery of the amount due from the second respondent.

3. When the matter was taken up for hearing by the first respondent Council on 18.06.2021, the second respondent admitted its liability to the tune of Rs.5,18,675/-. The second respondent disputed its liability only to the tune of Rs.2,82,032/-. The petitioner claimed total outstanding balance amount of Rs.8,00,704/-. However, the second respondent claimed outstanding amount of only Rs.5,18,675/- and the second respondent agreed to pay the admitted liability of Rs.5,18,675/-. It appears that the said amount was paid in various installments and when the matter came up before the first respondent on 19.07.2022 an e-mail was sent by the second respondent stating that the entire payment was paid.



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Recording the same, the first respondent terminated the proceedings. It is the case of the petitioner that the second respondent paid only the admitted liability of Rs.5,18,675/- and he failed to pay the disputed liability of Rs.2,82,032/- together with interest. Without taking into consideration the non-payment of disputed claim, the first respondent erroneously terminated the proceedings. Aggrieved by the same, the petitioner has come before this Court.

4. The learned counsel appearing for the petitioner submits that when there is outstanding liability to the tune of Rs.2,82,032/- together with interest payable by the second respondent, the first respondent ought not to have terminated the proceedings merely on the ground that the second respondent discharged the admitted liability. It is the further case of the petitioner that in respect of the disputed liability, the first respondent ought to have referred the matter for arbitration.

5. The learned counsel appearing for the second respondent submits that a sum of Rs.5,18,675/- was paid by the second respondent



during the pendency of the matter before the first respondent. Though the second respondent paid the admitted liability of Rs.5,18,675/-, as far as the remaining disputed claim of the petitioner is concerned, there was no agreement between the parties in conciliation proceedings before 1st respondent. Even before this Court, the second respondent disputed its liability to pay the remaining of Rs.2,82,032/- together with interest as claimed by the petitioner.

6. In view of the dispute between the petitioner and the second respondent in respect of the remaining part of the claim, the first respondent ought not have terminated the proceedings and ought have referred the matter for arbitration under Section 18(3) of the Micro, Small and Medium Enterprises Development Act, 2006, in so far as disputed liability. Therefore, the order passed by the first respondent in so far as the termination of the proceedings, is set aside and the first respondent is directed to refer the matter for arbitration in accordance with law in respect of the disputed claim.



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7. Accordingly, this writ petition is disposed of. No costs.

Consequently, connected miscellaneous petition is closed.

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Index : Yes/No

Speaking order:Yes/No

Neutral Citation:Yes/No

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To

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MSEFC – Coimbatore,
No.2, Raja Street, Coimbatore – 641 001.

2. M/s. Balaji Electrodes,
Represented by its Partner,
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S.SOUNTHAR, J.

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