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W.P.No.22307 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 07.08.2024

CORAM

THE HONOURABLE MR. JUSTICE G.K.ILANTHIRAIYAN

W.P.No.22307 of 2024

T. Gunasekaran

... Petitioner

Vs

1. The Secretary to the Government,
Micro Small and Medium Enterprises (D2) Department,
Secretariat, Fort St. George,
Chennai – 600 009.
2. The Industries Commissioner & Director of
Industries and Commerce,
SIDCO Corporate Buildings,
Thiru.Vi.Ka. Industries Estate,
Guindy, Chennai – 600 032.
3. The General Manager,
District Industries Centre,
No. 95/2A2, Raja Nagar,
Kallakuruchi Town & Taluk,
Kallakuruchi District – 606 202.
4. The Assistant General Manager,
Indian Bank,
No. 52, Katchery Road,
Kallakuruchi Town & Taluk,
Kallakuruchi District – 606 202.

... Respondents



W.P.No.22307 of 2024

Writ Petition is filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified Mandamus, calling for the records of the third respondent relating to his proceedings in Na. Ka. EO 2376/A4/2018 dated 10.07.2023 quash the same and to direct the third respondent to issue 25% amount of expansion Capital subsidy of Rs.28,00,000/- (Rupees twenty eighty lakhs only) along with the compensation of 18% interest with subsidy amount which were omitted by the third respondent in his award, forthwith.

For Petitioner : Mr. Dalit Tiger C.Ponnusamy
For Respondents : Mr. C.Kathiravan,
Special Government Pleader (for R1 &R2)

ORDER

This Writ Petition has been filed challenging the order dated 10.07.2023, passed by the third respondent, thereby rejecting the petitioner's claim for subsidy.

2. The petitioner had been running a Modern Rice Mill under the name and style of 'Sri Nataraja Modern Rice Mill' located at No. 644, Koothathakudi Road, Neelamangalam, Kallakurichi Town and Taluk, Kallakurichi. While that being so, the petitioner/Rice Mill faced a financial crisis due to various reasons and approached the fourth respondent to avail a loan for the purpose of renovating his Rice Mill. The fourth respondent



W.P.No.22307 of 2024

WEB COPY

sanctioned a loan of Rs. 5.38 Crores under the scheme of MSE/Small.MFG-Modern Rice Mill on 20.03.2012 with an expansion capital subsidy of either 25% or a maximum of Rs. 30,00,000/-. The petitioner obtained an electricity service connection and restarted production for the second time. The petitioner also purchased Hi-Tech Rice Mill machines and installed them in the said Rice Mill.

3. As per the Government Rules and Government Order in G.O. Ms. No. 14, Micro, Small and Medium Enterprises (B) Department dated 07.05.2008, which ordered incentives and concessions, the petitioner claimed 25% of the expansion capital subsidy or Rs. 30,00,000/-, whichever is maximum. However, the petitioner committed default in repaying any loan amount to the fourth respondent. Further, the petitioner/Rice Mill ceased to exist, the power supply was disconnected, and the machineries were auctioned. In fact, the entire building was demolished, and thus, the enterprise became a non-existent entity within a period of five years from the date of commencement. As such, the petitioner is not entitled to the subsidy amount. It cannot be disturbed for a non-existing enterprise as per the said G.O. Ms. No. 14, Micro, Small and Medium Enterprises (B)



W.P.No.22307 of 2024

WEB COPY

Department dated 07.05.2008. Therefore, the claim of the petitioner seeking subsidy was rightly rejected by the order dated 10.07.2023.

4. That apart, the fourth respondent had initiated proceedings under the SARFAESI Act, 2002, against the petitioner, and it is pending. Admittedly, the petitioner/Rice Mill was running for a period of less than 5 years from the date of its commencement. Therefore, the petitioner is not entitled to any subsidy, and the claim of the petitioner was rightly rejected by the third respondent. As such, this Court finds no infirmity or illegality in the order passed by the third respondent, and the writ petition is devoid of merits and is liable to be dismissed.

5. In the result, this Writ Petition is dismissed. No costs.

07.08.2024

Index: Yes/No
Neutral Citation: Yes/No
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To

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4/6



W.P.No.22307 of 2024

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W.P.No.22307 of 2024

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