



WP No. 3823 of 2024



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 29-04-2025

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**THE HONOURABLE MR. JUSTICE S. M. SUBRAMANIAM
AND
THE HONOURABLE MR. JUSTICE K. RAJASEKAR**

WP No. 3823 of 2024

and

WMP No.4328 of 2024

1. R.Subramanian
2/583, Singaravelan Road, 1st Cross
Street, Chinna Neelankarai,
Chennai 600 115

Petitioner(s)

Vs

1. The State of Tamil Nadu
Rep. by Chief Secretary, Fort St George
Chennai.

2.State of Tamil Nadu
Rep by Principal Secretary Home Department
Fort St. George, Chennai.

3.State Represented By
Deputy Superintendent of Police, Economic
Offences Wing-II Guindy, Chennai 32.

4.The Competent Authority Under TNPID Act
District Revenue Officer, Singaravelan
Maligai, Chennai.



5. Union of India

Rep By Secretary Ministry of Law and Justice

4th Floor A - Wing Shastri Bhawan,

New Delhi 110001

Respondent(s)

PRAYER

Declare the Provisions of Section 5 of the Tamil Nadu Protection of Interests of Depositors (in Financial Establishment) Act 1997 (TNPID Act) as ultra vires and hence strike down the same.

For Petitioner(s): R.Subramanian (P-in-P)

For Respondent(s): Mr.E.Veda Bagath Singh,
Special Government Pleader
For RR1, 2 & 4

Mr.A.Gokulakrishnan,
Additional Public Prosecutor
For R3

ORDER

(Order of the Court was made by S.M.Subramaniam J.)

The writ of declaration on hand has been instituted to declare the provisions of Section 5 of the Tamil Nadu Protection of Interests of Depositors (in Financial Establishment) Act, 1997(TNPID Act) as Ultra Virus and hence strike down the same.

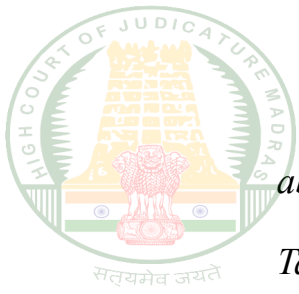


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2. The petitioner was a Founder Director of Viswapriya Financial Services and Securities Limited, known as Viswapriya (India) Limited. Admittedly, a criminal case has been registered under the TNPID Act and ended with conviction. Appeal preferred is pending. After conviction in the criminal case, the petitioner has chosen to challenge Section 5 of the TNPID Act on various grounds.

3. When the matter was taken up for hearing, the learned Additional Public Prosecutor brought to the notice of this Court that the provisions of the TNPID Act has already been upheld by the full bench of this Court and further the Hon'ble Supreme Court affirmed the said Judgment. The Full Bench of this Court in the case of ***S.Bagavathy Vs. State of Tamil Nadu represented by its Secretary, Law Department*** reported in ***2007 SCC Online Mad 218*** held as follows:

“36. Piercing through the veil, we are clear that the Act is never intended to interfere with the rights of the petitioners/financial establishments or any person managing the affairs of financial establishments. We are, therefore, also not



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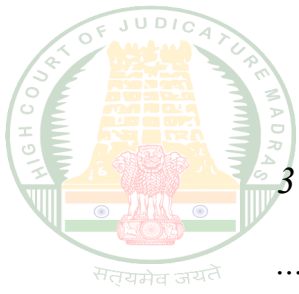
able to appreciate the contention that Section 3, 5 and 8 of the Tamil Nadu Act offend Articles 14, 19(1)(g) and 21 of the Constitution of India, nor we could agree that the punishment prescribed in the Act is more excessive and harsh. The petitioners are not entitled to claim premium on their illegal act of accepting deposits, promising exorbitant rate of interest which is not commercially viable. The legislature was not unaware of the known malady that the financial establishments were exploiting the weaker sections of the society. Hence, Sections 3, 5 and 8 are intended to assure a checkmate on the abuse of the tactics adopted by the financial establishments and we do not see any arbitrariness or unreasonableness or violation of Articles 14, 19(1)(g) and 21 of the Constitution of India.

37.1 We hold, _

a. The cardinal principles of Natural Justice are not violated;

b. There is no arbitrariness or unreasonableness in the procedure prescribed under Section 3, 5 and 8 of the Act, nor there is unguided power conferred on the competent authority or the Special Court in this regard; and

c. There is no violation of Articles 14, 19(1)(g) and 21 of the Constitution of India.



37.2 In view of the above, issue(i) is answered in the affirmative.

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151. In fine,

(i) We hold that the Tamil Nadu Protection of Interest of Depositors (in Financial Establishments) Act, 1997 does not suffer any legislative competency; nor its provisions are arbitrary and unreasonable, violative of principles of Natural Justice; nor offends Articles 14, 19(1)(g) and 21 of the Constitution of India;

(ii) the Writ Petitions as well as the Writ Appeal questioning the constitutional validity of the Tamil Nadu Act are dismissed;

(iii) in so far as the Writ Petitions challenging the consequential attachment proceedings taken and the criminal action initiated as well as the Civil Miscellaneous Appeals that arise out of the order of Special Court are concerned, as the provisions of the Tamil Nadu Act are held valid, we do not want to interfere with such proceedings and hence, those writ petitions as well as the Civil Miscellaneous Appeals are also dismissed;

(iv) consequently, connected miscellaneous petitions are closed; and

(v) however, in the circumstances, there is no order as to costs.”



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4. Reading of the above Judgment would not sufficient to form an opinion that the validity of Section 5 of the TNPID Act has been upheld by this Court and affirmed the Hon'ble Apex Court of India. That being so, further exercise may not be required since, the legislative competent validity of Section 5 of the TNPID Act and the prescription of punishment all aspects have been elaborately considered and settled.

5. Thus, the writ petition stands dismissed. Since the present writ petition has been filed challenging Section 5 of the TNPID Act, no further exercise is required. There shall be no order as to costs. Consequently, the connected miscellaneous petition also stands closed.

(S.M.SUBRAMANIAM J.) (K.RAJASEKAR J.)

29-04-2025

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Index: Yes/No

Speaking/Non-speaking order

Internet: Yes

Neutral Citation: Yes/No



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