



**IN THE HIGH COURT AT JUDICATURE AT MADRAS**

**DATED: 16.07.2025**

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**THE HON'BLE MRS.JUSTICE N.MALA**

**W.P.No.32216 of 2023**

**and**

**WMP.Nos.31828 and 31289 of 2023**

Golden Hills Estates Private Limited,  
Represented by its Director,  
L Vairavan,  
S/o. N. Lakshmanan, Erinkadu Estate,  
8/216, Karumpalam,  
The Nilgiris -643 102.

...Petitioner

Vs.

1. Union of India,  
Represented by the Secretary to Government,  
Ministry of Commerce and Industry,  
Udyog Bhavan, New Delhi - 110 001.

2.Tea Board of India,  
(Ministry of Commerce and Industry,  
Department of Commerce, Government of India)  
Represented by its Chairperson,  
14, B.T.M.Sarani (Brabourne Road),  
Kolkata - 700 001.

3.Tea Board of India,  
(Ministry of Commerce and Industry,  
Department of Commerce, Government of India),



Represented by the Executive Director,  
Shell Wood, Club Road,  
P.B No. 6, Coonoor,  
Nilgiris - 643101.

...Respondents

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 3<sup>rd</sup> respondent in Impugned Proceedings No. 6/712/TMCO/CNR/2022 310 Dt: 20.06.2023 and quash the same and consequently direct the Respondents to sanction and release the subsidy to the Petitioner, as claimed above for Orthodox Tea Production Subsidy under the Tea Development and Promotion Scheme for the periods from January 2018 to December 2020.

For Petitioner : Mr.E.Manoharan  
For Respondents : Mr. A. Kumaraguru, SPC  
for R1  
Mr.K.Ramanamoorthy, SPC  
for R2 and R3

### **ORDER**

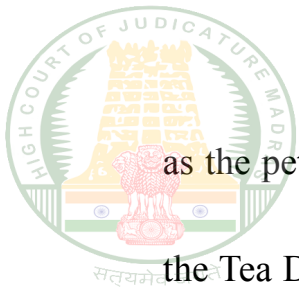
The above writ petition is filed for issuance of a Writ of Certiorarified Mandamus, to quash the impugned order dated 20.06.2023, of the 3<sup>rd</sup> respondent and consequentially direct the respondents to sanction and release the Orthodox Tea Production Subsidy to the petitioner under the Tea Development and Promotion Scheme for the periods January 2018 to December



2020 and pass such further other orders.

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2. The petitioner is a Private Limited Company, owning Erinkadu Factory in Nilgiris, which is engaged in the manufacture of Tea, since 1947. The petitioner manufactures Orthodox Tea by using traditional method of tea manufacturing. The petitioner submits that Orthodox Tea is considered as Tea of superior quality and has great demand in the world market. Since there was a reduction in Orthodox Tea manufacture in India, a study was conducted by the Tea Board on Medium Term Strategy for Exports. Since there was a demand world wide for Orthodox Tea, whereas the production of tea in India was skewed in favour of CTC type Teas, based on the study in the year 2005, the 2<sup>nd</sup> respondent introduced Orthodox Tea Production Subsidy (Medium-term Framework Scheme) under the Tea Development and Promotion Scheme, with the approval of the 1<sup>st</sup> respondent, to incentivize production of Orthodox Tea which involved heavy cost. The petitioner submits that as per the scheme, subsidy given for Orthodox Tea Production was Rs.3/- per kg. The petitioner submits that their factory is a 100% Orthodox Tea manufacturing factory registered under the 2<sup>nd</sup> respondent board. The petitioner further submits that,



as the petitioner satisfied all the criteria prescribed to receive the subsidy under the Tea Development and Promotion Scheme, the petitioner applied for subsidy

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for the periods July 2017 to December 2017 and was sanctioned Rs.4,13,568/- by the 2<sup>nd</sup> respondent. The petitioner thereafter submitted an application for subsidy for the subsequent periods i.e. from January 2018 to December 2020, however, the respondent kept the applications pending. The petitioner further submits that with respect to the periods January 2018 to June 2019, inspections were completed on 25.11.2019, and in the inspection report, the authorities had recommended for grant of Orthodox Tea subsidy, to the petitioner since the relevant records were found to be in order. The petitioner submits that they filed a writ petition in W.P.No.34792 of 2022, seeking release of subsidy under the scheme, for the periods January 2018 to December 2020 and this Court, by order dated 21.02.2023, disposed of the writ petition, directing the 2<sup>nd</sup> respondent to release the subsidy, if the petitioner was eligible “on seniority basis”. The petitioner submits that in the aforesaid order, the Hon'ble Court specifically found that the petitioner was eligible for subsidy and therefore directed the 2<sup>nd</sup> respondent to release the same. The petitioner further submits that, it sent communication seeking payment of subsidy to the respondent on



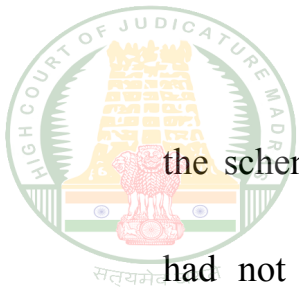
04.03.2023, along with the aforesaid order of this Court, but to their shock and surprise, the respondent vide the impugned order rejected the petitioner's

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request for grant of subsidy for the periods January 2018 to December 2020.

Aggrieved by the impugned order, the petitioner filed the above writ petition for the aforesaid relief.

3. The respondent filed detailed counter denying the petitioner's entitlement to Orthodox Tea subsidy. The crux of the respondents counter affidavit is that, under Tea Development and Promotion Scheme, mere submission of application was not a guarantee for financial assistance and that under the scheme components, the commitment of the board for financial assistance became binding only after a sanction letter was issued by the respective sanctioning and disbursing officers. The respondents further submitted that under the 15<sup>th</sup> Finance Commission, the earlier schemes were discontinued. However, while no fresh applications was entertained, financial assistance was considered only in cases where formal sanction order was issued and the subsidy was released with priority to those cases for which one installment was released, subject to completion of activities in conformity with



the scheme guidelines. The respondents further submitted that the petitioner

had not submitted the mandatory documents as prescribed in the scheme

guidelines and since no sanction order was passed, the petitioner's application's

were rightly rejected. According to the respondents, since both the conditions

of sanction letter and payment of instalments were not satisfied in the

petitioner's case, the petitioner was found ineligible for subsidy. The

respondents further submitted that a perusal of the scheme revealed that the

scheme was valid till the amount sanctioned by the Central Government to Tea

Board was exhausted. The respondents therefore submitted that since the Board

had exhausted the amounts sanctioned under the Medium-Term Framework

Scheme, the impugned order was sustainable. The respondent therefore prayed

that there were no merits in the writ petition and same deserved to be dismissed.

4. During the pendency of the writ petition, the respondents 2 and 3 filed status report relating to the Orthodox Tea Production Subsidy Scheme (Mid-Term Framework Scheme) and the subsequent disbursement made for the financial year's 2018-2019, 2019-2020, 2020-2021 and 2021-2022 for South India. The respondents submitted that as per scheme guidelines, the



respondents had disbursed, for the periods July to December 2012 to January to

June 2018, (altogether 308 cases) an amount of Rs.33.93 Crores towards the

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subsidy.

5. The learned counsel for the petitioner submitted that the prayer in the writ petition was directly covered by the judgment of this Court in a batch of writ petitions in W.P.No.12963 of 2024 etc. dated 02.06.2025. The learned counsel submitted that on identical facts and law, this Hon'ble Court had allowed the writ petitions, quashing the orders impugned therein, rejecting the claim for subsidy and had consequently directed the respondents to release the subsidy amounts.

6. The learned counsel for the respondents on the other hand reiterated the submissions made in the counter affidavit, and submitted that this Court should independently decide the writ petition, on the basis of the contentions raised in the counter affidavit.

7. I heard both the learned counsels and perused the materials placed on record.

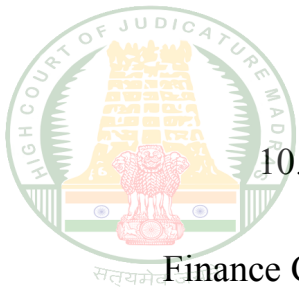


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8. The facts are undisputed. The crux of the matter is whether the rejection of the petitioner's application for sanction and release of subsidy to the petitioner under the Medium-Term Framework Scheme for Orthodox Tea Production Subsidy is sustainable.

9. The records reveal that, since there was a demand for Orthodox Tea, world wide, but a reduction in its production in India, the respondents based on a study conducted in 2005, introduced the Orthodox Tea Production Subsidy in order to incentivize its production. Accordingly, the Tea Development and Promotion Scheme known as Medium Term Framework Scheme (MTF), for implementation during 2017-2018, 2018-2019, 2019-2020, was framed which contained the following components:

| Components                                                                  |
|-----------------------------------------------------------------------------|
| Plantation Development including small growers                              |
| Quality Upgradation & Product Diversification including orthodox production |
| Market Promotion - Domestic & International                                 |
| Research & Development                                                      |
| Human Resource Development                                                  |
| National Programme for Tea Regulation                                       |
| Establishment expenses                                                      |

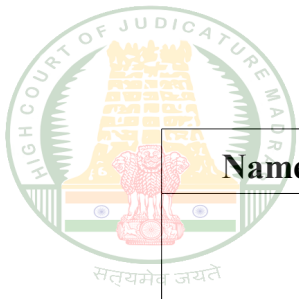


10. The liability of the board under the MTF scheme and also 15<sup>th</sup>

Finance Commission Scheme reads as follows:

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| Name of the Scheme                  | When the liability of the Board becomes binding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Medium Term Framework               | <p>Submission of application alone will not guarantee grant of financial assistance under any of the scheme components. Grant of financial assistance will depend on full conformity to scheme guidelines and also on availability of financial resources.</p> <p>The commitment of the Board will become binding only after issuance of sanction letter by the respective sanctioning and disbursing offices.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 15 <sup>th</sup> Finance Commission | <p>Acknowledgement will not guarantee the applicant for the sanction or the receipt of financial assistance at this stage. The commencement and completion of the activity is to be undertaken by the applicant at their own cost without any commitment from the part of Tea Board till such time the “sanctions” is accorded subject to availability of fund.</p> <p>Further, in terms of Pending Liabilities under the erstwhile schemes of the Board preceding the scheme for 15<sup>th</sup> Finance Commission of the Board, the guidelines of the scheme for 15<sup>th</sup> Finance Commission provided under Clause 7.</p> <p>Liabilities under the erstwhile schemes (12<sup>th</sup> Plan period + MTF): Certain activities for big growers and small growers which were approved under the earlier schemes have been discontinued and not included as eligible activities under the instant scheme. However, for these activities, while no fresh applications will be entertained, financial assistance would be considered under the instant scheme only for those cases for</p> |



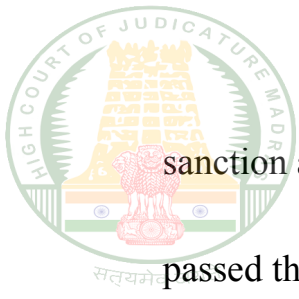
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| Name of the Scheme | When the liability of the Board becomes binding                                                                                                                                                                                                                                |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                    | which a formal sanction order has been issued, and either one or no installment has been released, with priority given to those cases for which one installment has been released subject to completion of such activities in conformity with the erstwhile scheme guidelines. |

11. Admittedly the petitioner submitted '6' application's seeking subsidy under the MTF scheme, for the periods January 2018 to December 2020. The said application's of the petitioner were rejected under the impugned order dated 20.06.2023, on the ground of non submission of mandatory documents, closure of the Scheme on 31.03.2021, and for want of budgetary allocations. The respondents further referred to GFR 2017, rules in the impugned order in support of the rejection of the petitioner's claim.

12. The records disclose that earlier the writ petitioner filed a writ petition in W.P.No.34792 of 2022, for a Mandamus directing the respondents to process the applications filed by the petitioner for Orthodox Tea production subsidy, under the Tea Development and Promotion Scheme, for the periods from January 2018 to December 2020 and to consequently direct the respondents to



sanction and release the fund. In the said writ petition on 21.02.2023, this Court passed the following order:

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*“4. As the respondents have already sanctioned the subsidy amount for earlier period and the same clearly indicate that the petitioner is eligible for subsequent subsidy. Considering the facts and circumstances of the case and in view of the limited request made by the petitioner, this Court directs the second respondent to release the subsidy, if the petitioner is eligible on the seniority basis.*

*5. With the above direction, the writ petition is disposed of. No costs.*

13. In the aforesaid order, this Court had issued a positive direction, directing the respondents to release the subsidy, subject to condition of seniority. If the respondents were aggrieved by the said order, the only lawful recourse open to them was to challenge it in appeal before the Hon'ble Division Bench. Without availing such remedy, the respondents have, by the impugned order, sought to reopen and re-examine the petitioner's eligibility, which stood foreclosed by the binding order of this Court. Such an act is not only in direct violation of the Judicial Mandate, but is also contumacious in nature, displaying

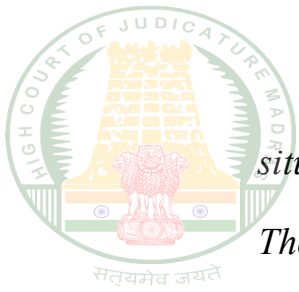


a wilful disregard for the authority of this Court. Hence, the impugned order is illegal and unsustainable in law.

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14. However, assuming without admitting that the respondents can reagitate the issue, the order passed by a learned Single Judge of this Court, in a batch of writ petitions in W.P.No.12936 of 2024 etc, on identical facts and law, squarely binds the respondents leaving no room for deviation. The learned Judge, in the judgment dated 02.06.2025, in the aforesaid batch, after considering in-depth the entire history of the case and the identical submissions of the respondents, held as follows:

*“20. There can be no quarrel over the proposition that the writ petitioners, or anyone, cannot force the Tea Board or the Union of India to grant a subsidy for a particular action. Therefore, if no subsidy scheme was formulated, or if the scheme was scrapped even after the announcement, the petitioners will not have any rights. However, the instant case does not relate to the scrapping or non-availability of a scheme. Admittedly, the scheme was formulated by the respondents, and the relevant portions are extracted supra. Budgetary allocations were made. The scheme was operational, and the subsidies were disbursed to similarly*



*situated tea growers/manufacturers as those of the petitioners.*

*Therefore, the only question to be determined in this case is*

*whether any rationale or criteria were followed while disbursing the funds allocated towards the subsidy scheme.*

*21. It would be entirely within the prerogative of the respondents to establish such criteria. They can assert that smaller players will be preferred over larger ones. They can choose tea growers from disadvantaged backgrounds. They can state that the subsidiary will be distributed pro rata among all claimants, or as a least case of disorder, first come first served can also be followed. However, in this instance, the procedure being followed is detailed in paragraph No. 34 of the counter-affidavit, which is extracted hereunder:-*

*“34. In reply to Para 19, it is submitted that as and when the 1st Respondent receives funds under a scheme, it is disbursed to all the eligible applicants at the earliest possible time, strictly on seniority basis and without any delay. In fact, initially the seniority is maintained based on the date of receipt of application, provided all the documents are submitted in order. Followed by, if all the papers are in order the completion of inspection is considered as seniority. Subsequently, if fund is available the case is sanctioned and at this stage sanction date is taken as seniority. Finally, after the sanction depending on the receipt of Letter of Undertaking (LOU) from the applicant the disbursement is made. Even after the receipt of LOU, if it is noticed that the case is in contravention to the scheme guideline, the sanction letter may even be withdrawn. The above stated procedure was followed in this office during the*

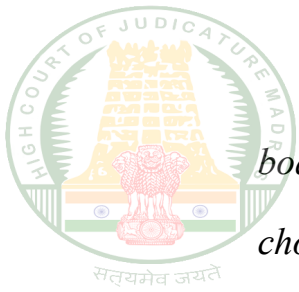


MTF period.”

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22. *They claimed that the funds were disbursed strictly on a seniority basis. It is stated that seniority is maintained based on the receipt of the applications, provided the applications are found to be in order. Accordingly, if the respondents assert that these petitioners submitted their applications later than those who were granted the subsidy, then this Court has nothing to intervene. However, that is not the case. Once the applications are found to be in order, the first respondent chose to inspect them. Even if it is asserted that the inspection was undertaken according to the application seniority, the petitioners' case is bound to fail. However, the respondents did not follow any criteria during the inspection, and they now categorically state that the date of inspection is considered the seniority afterwards, and the funds are sanctioned and paid. Thus, without following any criteria, whimsically, whoever they preferred, the first respondent board inspected and granted the payment.*

23. *As a matter of fact, during the hearing, this Court specifically adjourned the matters, enabling the learned Additional Solicitor General of India to clarify any criteria followed by the first respondent. Nothing was forthcoming, and the same stance was reiterated. Therefore, this is a case where the first respondent*



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board treated equals as unequals by arbitrarily picking and choosing the applicants for inspection and considering their inspection date as the date of seniority. Not even the seniority of applications was followed. This case demonstrates a complete lack of criteria and, as such, is a grave case of nepotism and arbitrariness. Therefore, the petitioners' claim should be allowed.

24. Once the scheme is floated and the funds are available, after disbursing them in a nepotistic manner, the argument relating to the no-right-for-subsidy cannot be entertained. It is relevant to extract paragraph Nos.44 and 45 of the judgment of the Hon'ble Supreme Court of India in **Sivanandan C.Ts** case (cited supra), which reads as hereunder:-

“44. In a constitutional system rooted in the rule of law, the discretion available with public authorities is confined within clearly defined limits. The primary principle underpinning the concept of rule of law is consistency and predictability in decision-making. A decision of a public authority taken without any basis in principle or rule is unpredictable and is, therefore, arbitrary and antithetical to the rule of law. [**S.G. Jaisinghani v. Union of India, 1967 SCC OnLine SC 6**] The rule of law promotes fairness by stabilising the expectations of citizens from public authorities. This was also considered in a recent decision of this Court in **SEBI v. Sunil Krishna Khaitan** [**SEBI v. Sunil Krishna Khaitan, (2023) 2 SCC 643**] , wherein it was observed that regularity and predictability are hallmarks of good regulation and governance. [**SEBI v.**



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***Sunil Krishna Khaitan, (2023) 2 SCC 643]*** This Court held that certainty and consistency are important facets of fairness in action and non-arbitrariness : (***Sunil Krishna Khaitan case [SEBI v. Sunil Krishna Khaitan, (2023) 2 SCC 643]*** , SCC pp. 678-79, para 59)

“□59...Any good regulatory system must promote and adhere to principle of certainty and consistency, providing assurance to the individual as to the consequence of transactions forming part of his daily affairs. [***Union of India v. Raghubir Singh, (1989) 2 SCC 754***. Also see, *The Nature of the Judicial Process*, Benjamin N. Cardozo, p. 33: “□dm not to mar the symmetry of the legal structure by the introduction of inconsistencies and irrelevancies and artificial exceptions unless for some sufficient reason, which will commonly be some consideration of history or custom or policy or justice. Lacking such a reason, I must be logical just as I must be impartial, and upon like grounds. It will not do to decide the same question one way between one set of litigants and the opposite way between another.□(ēphasis supplied)] □  
...This does not mean that the regulator/authorities cannot deviate from the past practice, albeit any such deviation or change must be predicated on greater public interest or harm. This is the mandate of Article 14 of the Constitution of India which requires fairness in action by the State, and non-arbitrariness in essence and substance. Therefore, to examine the question of inconsistency, the analysis is to ascertain the need and functional value of the change, as consistency is a matter of operational effectiveness..”□

(emphasis supplied)

45. The underlying basis for the application of the doctrine of legitimate expectation has expanded and evolved to include the principles of good administration. Since citizens repose their trust in the State, the actions and policies of the State give rise to legitimate expectations that



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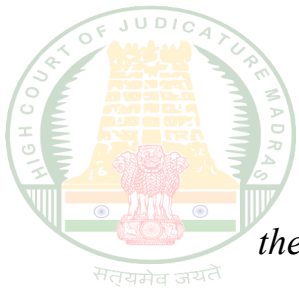
*the State will adhere to its assurance or past practice by acting in a consistent, transparent, and predictable manner. The principles of good administration require that the decisions of public authorities must withstand the test of consistency, transparency, and predictability to avoid being regarded as arbitrary and therefore violative of Article 14.“*

*Thus, if the first respondent board has committed itself to a promise and acted unlawfully in relation to that commitment, then relief must be granted to the petitioners.*

The Court on the plea of non-availability of funds, referred to Rule 26 of the GFR Rules, and held as follows:

*“26. It establishes the responsibility of the first respondent to ensure that their expenditure does not exceed the budget allocation. Therefore, this does not in any way authorize the first respondent board to spend money in violation of the law and then deny the claims of the petitioners based on the budget. When a lawful due is not provided due to an unlawful act, the Court can always grant relief to the parties by directing the state to rectify the wrong done, and in this regard, the non-availability of budget can never be used as an excuse. It is well-established that lack of funds cannot serve as a defense for the State or statutory authorities”.*

The Court in para 29, ultimately rejected the submission of the respondents by holding as follows:



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*“29. Having arbitrarily distributed the same, it is now up to the respondents to pay the petitioners as is done for similarly situated claimants. The provision for budgetary allocation is their responsibility. Whether from available funds, by requesting additional funds from the second respondent, or through any other method, the amount must be paid. Therefore, the argument that there is no right to claim a subsidy and that nothing can be done once the funds are exhausted cannot be accepted, given the facts and circumstances of the case.”*

15. In my view, the aforesaid judgment squarely applies to the facts of the present case, and therefore the impugned order has no legs to stand.

16. In the writ petition filed by the petitioner in W.P.No.34792 of 2022, this Court on 21.02.2023 issued positive direction to the respondents to release the subsidy, subject to the petitioner's eligibility on seniority basis. The respondents, if aggrieved by the aforesaid order, ought to have filed an Appeal before the Division Bench. Without availing such remedy, the respondents, by the impugned order, rejected the petitioner's claim for subsidy, thereby violating the binding order of this Court. In my considered view, the impugned order is



contumacious, as it seeks to reappraise the petitioner's claim which has already been adjudicated. Therefore, in the absence of any Appeal or Review of the

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aforesaid order, the respondents have no option, but to release the subsidy.

17. In the light of the above discussions, I find merit in the writ petition and hence, the impugned order dated 20.06.2023, is quashed and the respondents are directed to release the subsidy to the petitioner, for Orthodox Tea Production Subsidy under the Tea Development and Promotion Scheme for the periods January 2018 to December 2020, within a period of twelve (12) weeks, from the date of receipt of a copy of this order.

Writ petition is accordingly allowed. However, there shall be no order as to costs. Consequently, connected miscellaneous petitions are closed.

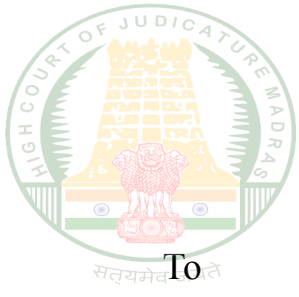
16.07.2025

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Index: Yes/No

Speaking order: Yes/No

Neutral Citation: Yes/No



W.P.No.32216 of 2023



**N.MALA,J.**

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To

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1. The Secretary to Government,  
Union of India,  
Ministry of Commerce and Industry,  
Udyog Bhavan, New Delhi - 110 001.

2. The Chairperson,  
Tea Board of India,  
(Ministry of Commerce and Industry,  
Department of Commerce, Government of India)  
14, B.T.M.Sarani (Brabourne Road),  
Kolkata - 700 001.

3. The Executive Director,  
Tea Board of India,  
(Ministry of Commerce and Industry,  
Department of Commerce, Government of India),  
Shell Wood, Club Road,  
P B No. 6, Coonoor,  
Nilgiris - 643101.

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