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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ W.P.(C) 14608/2025, CM APPL. 59913/2025

M/S GAMA BIOTECH FARMSPetitioner

Through: Mr. Tatini Basu, Advocate.

versus

UNION OF INDIA & ANR.Respondent

Through: Ms. Vidhi Gupta, Sr. PC alongwith
Ms. Kashish Chopra, Advocates for
UoI.

Mr. Nitinjya Chaoudhary, CGSC.

+ W.P.(C) 14609/2025, CM APPL. 59915/2025

M/S GAMA BIOTECH FARMSPetitioner

Through: Mr. Tatini Basu, Advocate.

versus

UNION OF INDIA & ANR.Respondent

Through: Mr. Nitinjya Chaoudhary, CGSC.

CORAM:

HON'BLE MR. JUSTICE SACHIN DATTA

ORDER

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22.09.2025

CM APPL. 59914/2025 (Exemption) in W.P.(C) 14608/2025

CM APPL. 59916/2025 (Exemption) in W.P.(C) 14609/2025

1. Allowed, subject to all just exceptions.

2. The application stands disposed of.

W.P.(C) 14608/2025

3. The present petitions have been filed by the petitioner in the backdrop of a Scheme titled "Pradhan Mantri Kisan Sampada Yojana" (PMKSY), notified by respondent no. 1/ Government of India. The said Scheme pertains to the establishment of infrastructure for Agro Processing Clusters (APC) and is intended to promote the development of modern infrastructure



to encourage entrepreneurs to set up food processing units based on a cluster approach in regions of horticultural and agricultural production.

4. The said Scheme outlines various components, eligibility conditions, requirements for furnishing performance security, and the procedure for selection of proposals for financial assistance. It further provides for grant-in-aid to the extent of 35% of the eligible project cost for projects located in general areas, and 50% of the eligible project cost for projects situated in difficult areas or undertaken by Scheduled Castes/Scheduled Tribes, subject to a ceiling of Rs.10 Crores.

5. It is the case of the petitioner that it submitted its proposal in accordance with the terms of the scheme pursuant to which respondent no.2 *vide* letter dated 10.11.2022 approved/ sanctioned the petitioner's proposal for establishment of an Agro Processing Cluster at Pathapadu Village, Vijayawada Rural Mandal, NTR District, Andhra Pradesh. Thereafter, the petitioner applied for financial assistance from the National Bank for Agriculture and Rural Development (NABARD) on 14.11.2022, which is stated to have been sanctioned.

6. Subsequently, respondent no.2 issued a show cause notice dated 22.05.2023, alleging non-submission of requisite documentation as per the terms of approval. In response thereto, the petitioner, on 31.05.2023, submitted its reply and on 02.06.2023, furnished a bank guarantee of a sum of Rs. 47,17,000/- (initially valid until 31.05.2025, thereafter extended up to 31.05.2027) .

7. Thereafter, the petitioner submitted an application dated 04.10.2023 seeking grant-in-aid for the establishment of a new unit under the PMKSY. Respondent no. 1 granted approval for the said unit, which was to be set up



within the Agro Processing Cluster already approved *vide* letter dated 10.11.2022. In compliance with the terms of the Scheme and the aforesaid approval letter, the petitioner furnished a bank guarantee dated 04.05.2024 for an amount of Rs. 25 Lakhs.

8. It is submitted that despite the aforesaid approvals and compliance with the procedural requirements, the petitioner encountered various impediments in implementation of the project. It is further submitted that no grant-in-aid has been disbursed to the petitioner till date.

9. The immediate background for filing the present petitions is the issuance of show cause notice dated 29.05.2025 which reads as under:

F. No. CE-11011/12/2024-CEFPPC
भारत सरकार / Government of India
खाद्य प्रसंस्करण उद्योग मंत्रालय
Ministry of Food Processing Industries
पंचशील भवन, अगस्त क्रांति मार्ग
Panchsheel Bhawan, August Kranti Marg

नई दिल्ली / New Delhi-110049
Dated: 29/05.2025

FINAL SHOW CAUSE NOTICE

Subject: Final Show-Cause Notice M/s Gama Biotech Farms (the PIA) for grant-in-aid for Setting up of a new Unit for manufacturing fruit pulp and juice at Gama Biotech Farms (APC), Sy No. 175/2A-0.68, 175/2B-.05, 175/3-1.58, 181/7-0.33, 188/1A-1.275, 188/1A1-0.945C, 188/2A-1.03, 188/2C-0.18, 188/4A, 192/3-0.699, 192/3A-0.33, 192/4-1.07, 192/5-1.19, 192/6-1.07, Patapadu Village, Vijayawada Rural, Andhra Pradesh under the Scheme of Creation Expansion of Food Processing & Preservation Capacities (CEFPPC)-reg.

Reference:-

- A. Scheme guidelines dated 08.06.2022
- B. Approval letter dated 29.02.2024
- C. Ministry's Email dated 29.10.2024
- D. SCN dated 19.02.2025

Refer this Ministry's approval letter of even number dated 29.02.2024 conveying the approval of the Competent M/s Gama Biotech Farms (the PIA) for grant-in-aid for Setting up of a new Unit for manufacturing fruit pulp and juice at Gama Biotech Farms (APC), Sy No. 175/2A-0.68, 175/2B-.05, 175/3-1.58, 181/7-0.33, 188/1A-1.275, 188/1A1-0.945C, 188/2A-1.03, 188/2C-0.18, 188/4A, 192/3-0.699, 192/3A-0.33, 192/4-1.07, 192/5-1.19, 192/6-1.07, Patapadu Village, Vijayawada Rural, Andhra Pradesh under the Scheme of Creation /Expansion of Food Processing & Preservation Capacities (CEFPPC) of this Ministry.

2. As per the clause 13 (b) of the scheme guidelines dated 08.06.2022, schedule time for submission of claim for 1st instalment is 9 months from the date of issue of approval letter i.e. 29.02.2024
3. Further, as per the clause 18 (d) of the scheme guidelines dated 08.06.2022 "The Ministry shall have the right to close a project at any stage, after recording reasons thereof, with or without directions as to refund of grants-in-aid released."
4. Vide email dated 29.10.2024, the PIA was directed to comply with the terms & conditions of the approval letter & applicable scheme guidelines within the specified time period and submit documents for release of 1st instalment of grant-in-aid within nine months. As no documents were submitted within nine months further via SCN dated 19.02.2025 the PIA was directed to upload the documents for considering release of 1st instalment of grant-in-aid on SAMPADA Portal. However, PIA has not submitted documents of 1st instalment of subsidy till date.
5. PIA is therefore, directed to show cause as to why the approval accorded to it for setting up of a new unit under CEFPPC scheme should not be cancelled. In case, your reply is not received within 10 days from the date of issue of this letter or found unsatisfactory, Ministry will be constrained



to take appropriate action in the matter, which may include cancellation of the approval and performance security submitted by PIA as Bank Guarantee shall be forfeited for non-performance.

6. This is issued with the approval of the Competent Authority.

(Karabi Shyam)
Under Secretary to the Govt. of India
Tel. No. : 26406545
Email Id: karabi.shyam@nic.in

To,
The Director/Partner,
M/S Gama Biotech Farms
21-1-41, Mutyalampadu, Vijaywada, Andhra Pradesh, NTR, 520011
Email: forqanabiotechfarms@gmail.com

Copy to: PMA of PwC for information and follow up with PIA

10. It is the apprehension of the petitioner that, even prior to adjudication of the show cause notice dated 29.05.2025, the respondents may proceed to take precipitative steps in the form of invocation of bank guarantee(s) furnished by the petitioner. It is further contended by the petitioner that the issuance of the said show cause notice is based on a misconceived premise, inasmuch as the project in question did not commence on account of the action/inaction of the respondents and not due to any default attributable to the petitioner.

11. Issue notice.

12. Learned counsel as aforesaid accepts notice on behalf of the respondents.

13. The above contentions of the petitioner are seriously disputed by the learned counsel for the respondents, who submits that the final show cause notice dated 29.05.2025 is yet to be adjudicated. It is also pointed out that the bank guarantee of the petitioner stands extended up to 28.10.2025.

14. It is noticed that the show cause notice dated 29.05.2025 is yet to be adjudicated, and the show cause notice itself indicates that any precipitative



action would be taken only in the absence of a reply from the petitioner. As such, there can be no occasion to encash the concerned bank guarantee(s), till the said show cause notice is decided by way of a reasoned order, in accordance with law.

15. In the circumstances, the present petitions are disposed of with a direction to the respondents to decide the show cause notice dated 29.05.2025, after taking into account the reply (if any) submitted by the petitioner and also the pleas raised by the petitioner in the present petitions. Let an opportunity of hearing be also given to the petitioner and a reasoned order be passed thereafter, with due intimation to the petitioner.

16. Till the aforesaid exercise is done, the respondents shall not take any precipitative measures including by way of encashment of the bank guarantees submitted by the petitioner.

17. The present petitions are disposed of in the above terms. Pending applications also stand disposed of.

SACHIN DATTA, J

SEPTEMBER 22, 2025/at