IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 05-02-2026

CORAM

THE HON'BLE MS. JUSTICE P.T. ASHA

WP No. 26035 of 2025

SK Agency
Represented By It Proprietrix Mrs. Ps Hepsibha,
No. 206 H Block, Casagrand Asta Apartmetns,
Korattur, Chennai 600 0653.

..Petitioner(s)

Vs

1. The Secretary
   Department Of Commerce Ministry Of
   Commerce And Industry, Government Of India,
   Room No. 424 Vanijya Bhawan,
   New Delhi 110 011.

2. The Union Of India
   Represented By Chief Secretary To The
   Government Of Puducherry, Puducherry

3. The State Trading Corporation Of India Ltd
   (A Government Of India Enterprise Under
   Ministry Of Commerce viz., A Limited
   Company Incorporated Under Companies Act
   1956), Jawahar Vyapar Bhawan, Tolstoy
   Marg, New Delhi 110 011.

Branch Office At The State Trading
Corporation Of India Ltd, Stc Trade Centre
A29 Thiru Vi Ka Industrial Estate, Guindy,
Chennai 600 032.

4. The Managing Director
Puducherry Agro Products Food And Civil
Supplies Corporation Ltd
(A Government of Puducherry Undertaking)
Agriculture Complex, Thattanchavady,
Puducherry 605 009.

..Respondent(s)

Prayer:- Writ petition filed under Article 226 of the Constitution of India praying for issuance of a writ of Mandamus, directing the 3rd respondent and 4th respondent herein to pay the pending dues of Rs.2,42,50,160/- with interest at 18 percentage per Annum to the petitioner herein.

For Petitioner(s): Mr.M.Deivanandam

For Respondent(s): Mr.C.K.V.Dhruva For R1 not appeared,
Mr.R.Sreedhar, AGP(P) for R2 and R4;
Mr.K.V.Prakash for R3.

ORDER

This Writ Petition has been filed for the following reliefs:-

"directing the 3rd respondent and 4th respondent herein to pay the pending dues of Rs.2,42,50,160/- with interest at 18 percentage per Annum to the petitioner herein."

2. Brief Facts:-

3. The petitioner firm is engaged in the domestic and international trade of agricultural commodities. Pursuant to a tender notification dated 21.07.2016 floated by the 4th respondent and the subsequent agreement dated 04.08.2016 and 20.08.2016, the 3rd respondent keeping the petitioner as a Back up supplier agreed to supply Rice at the Fair Price Shops (or) at any other places/points specified by PAPSCO at Puducherry, Karaikal and Mahe Regions of Union Territory of Puducherry mentioned in the tender and set forth in the agreement in the manner prescribed by PAPSCO at the contracted rate agreed by the 3rd respondent. According to the agreement, the petitioner had supplied the Rice as a Back up supplier.

4. Thereafter, a dispute arose between the 3rd and the 4th respondent regarding pending due of Rs.10,76,51,723/-. Consequently, the 3rd respondent had initiated an Arbitration Proceedings against the 4th respondent for the

settlement of the disputed pending due amount. On 03.01.2019, an Arbitral Award has been passed directing the 4th respondent to pay a sum of Rs.8,35,01,561/- after penalty deduction of Rs.2,41,50,162.50/-. After the receipt of the award amount and receipt of the petitioner's demand notice, the 3rd respondent had released a sum of Rs.7,96,41,314/- to the petitioner after wrongfully deducting a sum of Rs.27,58,201/- under the head of excess trade Margin. Therefore, the petitioner had sent a letter dated 28.06.2019 demanding the excess amount deducted by the 3rd respondent under the head of trade margin.

5. Meanwhile, the 3rd respondent had preferred an Arbitration Original Petition No.17 of 2019 on the file of the Principal District Judge, Puducherry challenging the Arbitral Award dated 03.01.2019. On 22.02.2021, the said Petition was allowed.

6. The petitioner would submit that after coming to know about the judgment passed in Arbitration OP.No.17 of 2019, they immediately requested the 3rd respondent to take necessary steps to recover the balance contract amount of Rs.2,42,50,160/- from the 4th respondent along with applicable interest and costs, as the supply was executed and invoices were undisputed. Thereafter, on 04.01.2022, the 3rd respondent had issued a notice to the 4th respondent seeking

the release of the said balance amount. However, no action has been taken by the 4th respondent on the said notice.

7. On 23.05.2022, the petitioner had issued a legal notice to the 3rd respondent claiming the following amounts :- (i) the balance bill payment of Rs.2,42,50,160/-, (ii) the excess trade margin of amount of Rs.27,58,201/- and (iii) the EMD amount of Rs.35,45,771/-. The petitioner would submit that despite repeated demands for release of the above said amounts, the 3rd respondent had failed to take any effective steps for disbursing the above mentioned amounts. The petitioner would further submit that similarly placed suppliers have been paid through alternate government agencies like CONFED, however, the petitioner has been arbitrarily excluded, resulting in financial hardship to its MSME operations.

8. The petitioner would submit that on 10.01.2024, the Ministry of Commerce has approved the winding up of 3rd respondent, raising an imminent risk of loss of the petitioner's legitimate dues. The petitioner would submit that despite issuing a legal notice dated 23.05.2022 claiming the amounts referred supra and filing WP No.22456 of 2023, for recovery of the deducted excess trade margin by the 3rd respondent amounting to Rs.27,58,201/-, the 3rd respondent had failed to take any effective steps for disbursing the above said amounts. On the other hand, the 3rd respondent on 08.05.2025 had issued a

communication asking the petitioner to withdraw the above Writ Petition as a pre-condition for taking steps to recover the dues from the 4th respondent. which is arbitrary and illegal. Hence, the present Writ Petition has been filed.

9. The 4th respondent had filed a counter affidavit stating that there is no privity of contract between themselves and the petitioner herein and the remedy available to the petitioner is only to approach the 3rd respondent. The 4th respondent would further submit that in the Arbitration conducted by the Secretary (CS & CA) with the 3rd respondent ended in an Award being passed for a sum of Rs.8,35,01,561/- which was paid directly to the 3rd respondent adjusting a sum of Rs.2,41,50,162/- towards the counter claim. The Award was taken up on challenge and was set aside by the Appellate Court. If at all there is any claim, the petitioner has to approach the 3rd respondent in the manner known to law.

10. The 3rd respondent had filed a counter affidavit contending that the petitioner cannot invoke the extraordinary jurisdiction of this Court by way of a Writ of Mandamus, as the transaction is purely contractual and the terms of the contract contemplate resolution of disputes through arbitration. They would further contend that the petitioner had agreed to receive payment only to the extent received from the 4th respondent, after deduction of the trade margin, expenses, etc. They would further contend that the petitioner had supplied the

entire quantity for the first order, however, they could not fulfill the second order in full and supplied only a part of the contract. They would further submit that the amount which was claimed in WP.No.22456 of 2023 has been fully settled and the same has been acknowledged by the petitioner vide their e-mail dated 06.08.2025. Hence, the only amount payable by the 4th respondent to the 3rd respondent, and in turn payable to the petitioner, is Rs. 2,42,50,160.00/-, which was deducted towards penalty. The 3rd respondent would further submit that they have been blacklisted by the 4th respondent. The 3rd respondent would ultimately seek dismissal of the Writ Petition on the ground that no case for the grant of a Writ of Mandamus has been made out by the petitioner.

11. Heard the learned counsel on either side and perused the records.

12. The petitioner in the above Writ Petition only seeks to have the payment of a sum of Rs. 2,42,50,160/-. The claim is based on the agreements dated 04.08.2016 and 20.08.2016. The petitioner had also issued a legal notice dated 04.01.2022 seeking payment of the said amount, however, the amount has not been paid to date. Therefore, the petitioner has filed the present Writ Petition seeking the relief stated supra.

13. Considering the limited relief sought for by the petitioner, respondents 3 and 4 are directed to consider the petitioner's request for payment

of the balance amount of Rs.2,42,50,160/- and pass orders thereon, after providing an opportunity for a personal hearing to the petitioner and permitting the petitioner to submit documents in support of the claim. In the event that the request is rejected, a speaking order shall be passed. The said exercise shall be completed within a period of 8 weeks from the date of receipt of a copy of this order. No costs.

05-02-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No

SHR

To

1.The Secretary
Department Of Commerce Ministry Of Commerce And Industry,
Government Of India, Room No. 424 Vanijya Bhawan,
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2.The Union Of India
Represented By Chief Secretary To The Government Of Puducherry,
Puducherry

3.The State Trading Corporation Of India Ltd
(A Government Of India Enterprise Under Ministry Of Commerce viz., A Limited Company Incorporated Under Companies Act 1956), Jawahar Vyapar Bhawan, Tolstoy Marg, New Delhi 110 011.

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4. The Managing Director
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(A Government of Puducherry Undertaking) Agriculture Complex, Thattanchavady, Puducherry 605 009.

P.T.ASHA, J.

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