
(1999) 08 PAT CK 0035
In the Patna High Court
Case No : C.W.J.C. No. 171 of 1994

M/s Swaad Pharmaceuticals Pvt. Ltd.

APPELLANT

Vs

The Bihar State Financial Corporation and Others

RESPONDENT

Date of Decision : 17-08-1999

Acts Referred:

State Financial Corporations Act, 1951 — Section 2(b), 24, 28, 29, 3

Citation : (1999) 3 PLJR 727

Hon'ble Judges : Radha Mohan Prasad, J

Bench : Single Bench

Advocate : Krishna Kumar Singh, for the Appellant; N.K. Sinha, Ritesh Kumar for the State and M/s Shrawan Kumar and Rajiv Nayan Singh for the B.S.F.C., for the Respondent

Judgement

Radha Mohan Prasad, J.—In this writ petition the prayer on behalf of the petitioner is to quash the notice dated 20th December, 1993 (Annexure 15) issued by the Senior Branch Manager, Bihar State Financial Corporation (hereinafter referred to as "the Corporation"), Muzaffarpur, under sections 30 and 29 of the State Financial Corporation Act, 1951 (hereinafter referred to as "the Act") giving notice to discharge their liabilities to the Corporation within 21 days from the date of service of notice, failing which the Corporation would be at liberty to take over the possession of the mortgaged securities and/or advertise the same for sale and to sell the same either by public auction or by negotiation or otherwise. Further prayer is to direct the respondent Corporation to disburse the entire remaining amount as per their agreement and the respondent Department of Industry to make payment of the amount of subsidy already sanctioned in favour of the Company, vide letter dated 24.3.1992. Prayer has also been made to command the respondent North Bihar Industrial Area Development Authority (hereinafter referred to as "the Authority") for payment of seed money sanctioned vide letter dated 19.9.1991 and further to the respondent Corporation not to take any action and charge any interest or penal interest against the Company unless and until the whole disbursement is made

and the Company enters into commercial production and generates surplus by achieving break even point. The petitioner has also sought for a direction to make adequate compensation for the losses sustained due to delayed disbursement and non-payment of the sanctioned amount by the respondents. In short, the relevant facts are that the Managing Director of the petitioning firm claims to be a Homeopathic Doctor having reputation and research experience in the field to Homeopathic Science by his contributions and achievements in the specialised field of immunity Restoration and Kala-azar. He for the social benefits as also getting inspirations to develop the Homeopathic medicines decided to establish a Homeo Medicine Industry in the name and style of M/s Swaad Pharmaceuticals Pvt. Ltd. (hereinafter referred to as "the Company") and for the said purpose he got a detailed project report giving full particulars of experience and technical knowhow as well as the viability of the scheme prepared.

2. In the year 1988, the petitioner applied for a financial assistance of Rs. 27.60 lacs and submitted the relevant documents as was required by the Corporation and the Corporation after verification of the project and being satisfied of the viability sanctioned a term financial assistance for Rs. 26 lacs and agreed for financing the said amount as per the agreement dated 3.2.1989. Thereafter, the respondent Corporation asked the petitioner to invest about Rs. 5 lacs initially as promotor contribution for disbursement of the terms finance by them and, accordingly, the petitioner's company claims to have made an investment of nearly Rs. 5 lacs initially as promotor contribution for disbursement of the terms finance by them and, accordingly, the petitioner's Company claims to have made an investment of nearly Rs. 5 lacs and after being satisfied, the respondent Corporation made its first disbursement of Rs. 1.51 lacs on 9.5.1989. According to the petitioner, subsequently the Corporation disbursed the part of the rest of sanctioned amount in most casual and indifferent manner having no regard to their promise and commitment of the completion of the project which is apparent from the fact that the Corporation disbursed only about Rs. 10.85 lacs in between the period 9.5.1989 to 12.3.1991. The date of investment and the application of the petitioner for disbursement of the amount and the date of disbursement of the amount which are mentioned in paragraph 7 of the writ petition are as follows :

Releases sanctioned Actual disbursement.

Date of Application

Amount

Date

Amount

14.3.89

28.4.89

1,51,000
9.5.89
1,50,088
30.8.89
4.11.89
1,64,000
24.11.98
1,63,980
16.1.90
5.2.90
81,000
10.2.90
80,980
15.3.90
21.5.90
1,09,000
30.5.90
31.7.60
8.8.90
2000
17.8.90
1.9.90
19.7.90
21.2.90
81,000
25.9.90
77,000
19.11.90
3.12.90
1,43,000

7.12.90

1,05,400

19.7.89

21.1.90

3,84,000

12.2.91

3,84,4000

5.12.90

12.12.90

39,000

12.3.91

39,000

3. The petitioner, vide letter dated 22.2.1991 (Annexure 2), requested the Corporation for revalidation of the sanctioned loan and accordingly the respondent Corporation asked the petitioner to submit a programme for completion of the project, vide letter dated 20.7.1991 (Annexure 3). The petitioner submitted a revised project report and deposited the process fee of Rs. 5,228/- as per the requirement of the Corporation. A photo copy of the said revised project report has been annexed as Annexure 7. It is alleged that the Corporation without considering the matter regarding the completion of the project asked the petitioner, vide letter dated 1.10.1992 (Annexure 8) to deposit Rs. 1 lac by 31.10.1992. The petitioner in response to the said letter informed the Corporation, vide letter dated 10.10.1992 (Annexure 9) that it was not possible for the Company to make any payment. The Corporation thereafter vide Annexure 10 asked the petitioner by letter dated 31.5.1993 to redeem the entire liability upto 10.6.1993. The Corporation, vide letter dated 4.6.1993 (Annexure 11) asked the petitioner to appear before the Advisory Committee on 16.6.1993. The petitioner did not appear but claims that in compliance of the said direction submitted a written request to the Senior Branch Manager of the Corporation and requested the Corporation not to treat the matter as a case of defiant since the project was not complete. The respondent Corporation pursuant to the decision taken in the meeting of 16.6.1993 communicated the petitioner, vide letter dated 24.6.1993 (Annexure 13) to redeem all the liabilities within one month otherwise legal action will be taken against the company.

4. It is alleged that the petitioner on 28.6.1993 requested the Managing Director of the Corporation to look into the matter for implementation of the project but to no effect and even on the request made by the Small Industry Development Bank of India, nothing crept in the ear of the respondent Corporation. According

to the petitioner, the respondent Corporation has failed to discharge its statutory duties as provided u/s 24 of the Act and by the impugned notice dated 20.12.1993, contained in Annexure 15, the Senior Branch Manager (respondent no. 3) has illegally and arbitrarily proceeded to act under sections 30 and 29 of the Act against the Company.

5. Counter affidavit have been filed on behalf of the Industry Department of the State of Bihar (respondents no. 4, 5 and 7) and on behalf of the Corporation (respondents no. 1, 2 and 3). In the counter affidavit filed on behalf of the State Officers it is stated that the main grievance of the petitioner is against the Corporation and the Authority. With respect to the grievance against the State, it is stated that due to paucity of adequate fund in the Capital subsidy scheme, the amount sanctioned could not be issued and as soon as the funds are available, sanction order will be issued and the sanctioned amount shall be released to the petitioner unit. It is admitted that a sum of Rs. 3.99 lacs was sanctioned to the petitioner unit in the State Level Committee's meeting dated 3.12.1991, but due to paucity of adequate fund in the capital subsidy scheme, the amount could not be released. Learned Counsel for the State has not been able to bring on record as to whether till date the said sanctioned amount has been released in favour of the petitioner.

6. In the counter affidavit filed on behalf of the Corporation and its officials (respondents no. 1, 2 and 3) it is alleged that due to delay tendency adopted by the petitioner, the stipulated period fixed by IDBI for release of the loan lapsed. On the recommendation of the Corporation, the SIDBI extended the validity of refinance up to 4.12.1990 and pursuant thereto following funds were released in favour of the petitioner :?

1.

Rs.

81,000.00

on

12.10.90

2.

Rs.

3,84,000.00

on

21.11.90

3.

Rs.

1,43,000.00

on

3.12.90

4.

Rs.

39,000.00

on

12.3.91

It is further alleged that the petitioner completely failed to raise promoter's contribution so that he could avail the entire sanctioned amount within the stipulated period. According to the said respondents, the petitioner completely failed to avail the loan within the stipulated period, rather he adopted delaying tactics for the implementation of the scheme.

7. In paragraph 14 of the said counter affidavit it is, however, admitted that further fund was not released due to non-availability of finance. As regards the request for revalidation it is stated in paragraph 15 that the same cannot be considered unless it is given by the SIDBI. In Paragraphs 17 and 18 of the counter affidavit it is stated that the petitioner's case was placed twice before the Advisory Committee on 25.2.1992 and 29.9.1992 and the Company Director Shri Dinesh Kumar appeared before the Committee which took a decision to consider the case of the petitioner for additional loan if the petitioner deposits Rs. 1 lac by 31.9.1992, but the petitioner failed to comply with the condition. It is alleged that last time when the matter was placed before the Advisory Committee, the petitioner was informed but he did not appear and the Advisory Committee took decision to issue legal notice under sections 30 and 29 of the Act against the petitioner. Thus, according to the respondents, all possible opportunity was given to the petitioner so that the scheme could be implemented but they failed to avail the opportunity and they had no other option but to take steps to realise their money. According to the respondents, the overdues as on 31.3.1993 comes to as follows :?

(i)

Principal

6,48,000.00

(ii)

Interest

4,22,531.34

(iii)

Other charges

12,675.80

Total

10,83,207.14

In paragraph 25 of the said counter affidavit it is, however, stated that the total amount given to the petitioner was about Rs. 11.60 lacs and at present Rs. 20 lacs are outstanding against the petitioner.

8. Second counter affidavit on behalf of the respondents no. 1, 2 and 3 is more or less same except that in paragraph 24 there appears to be typographical mistake with respect to total of the overdues on 31.3.93 which is mentioned as Rs. 83,207.14. In the rejoinder filed on behalf of the petitioner to the said counter affidavit, an objection was taken that the deponent swearing the first counter affidavit was not authorised to swear it and, accordingly, in the second counter affidavit it is stated that the deponent had been authorised to swear it on behalf of the Corporation (respondents no. 1, 2 and 3).

9. In the rejoinder it is admitted that the total disbursement between the period 9.5.1989 to 12.3.1991 was Rs. 10,85,000/-. In paragraph 7 it is stated that by way of promoter's contribution the total investment of the petitioner is about Rs. 9,00,000/- apart from the investment made by the Corporation. It is alleged that the respondent Corporation has not given any document which can prove that any demand was made at the time of every disbursement and that the Company did not make it available. According to the petitioner, the details of the application for disbursement and the period taken in the disbursement would itself show that the respondent Corporation has acted in a most callous manner in making the disbursement.

10. Learned Counsel for the petitioner submitted that the impugned notice (Annexure 15) issued by the Senior Branch Manager (respondent no. 3) is wholly without jurisdiction, arbitrary and mala fide. Under sections 30 and 29 of the Act, power to give notice and/or take action is vested in the Corporation and the Senior Branch Manager was not the competent authority to take any action under the said provisions. Learned Counsel submitted that nothing has been brought on record to show that there was any action taken by the competent authority, pursuant to which the Senior Branch Manager issued the impugned notice. According to the Learned Counsel, the requirements of sections 30 and 29 of the Act have also not been complied inasmuch as unilateral decision of taking over the assets u/s 29 without ascertaining the liability is had and without jurisdiction in the eye of law more so because, in the facts and circumstances of the present case, none of the conditions for recall of the loan u/s 30 is attracted. Learned Counsel for the petitioner also submitted that the respondent Corporation has completely failed to discharge its statutory duty as provided in

section 24 of the Act, under which the Board in discharge of its functions under the Act has to act on business principle, due regard being had by it to the interest of industry, commerce and the general public. According to the Learned Counsel, the entire approach of the respondent Corporation in sanctioning term loan has been malafide and not at all on business principle or in the interest of industry, commerce and the general public. The respondent Corporation entered into an agreement with the petitioner for providing a term loan of Rs. 26 lacs, but till date only Rs. 10.10 lacs have actually been paid/disbursed and non-financing of the remaining amount resulted in non-implementation of the project. It was submitted that the other reason for non-implementation of the project is also on account of gross laches shown by different Government agencies established for providing all the required assistance to the industry which have worked in a most casual and callous manner without realising the difficulties faced by promoters in establishing an industry and developing it. According to the Learned Counsel, admitted facts of the present case would show that though the Department of industry sanctioned Rs. 3.99 lacs as subsidy, vide letter dated 24.3.1992 (Annexure 17), in favour of the petitioner and was to be paid through the Corporation has not been paid till date to the petitioner and Rs. 1,12,500/- though sanctioned by the Authority, Muzaffarpur, vide letter no, 117 dated 19.9.1991 by way of seed money has also not been paid to the petitioner till date. It was, thus, submitted that since the date of its establishment, the petitioning company is facing non-co-operation by the authority of the respective departments who were/are bound to discharge their duties and liabilities but that having not been done by them has led to non-implementation of the project causing huge loss to the petitioner who though after investment of Rs. 9 lacs is on road and facing the agony of liabilities over his head apart from unemployment. Learned Counsel submitted that according to the law settled by the Apex Court in the case of Mahesh Chandra Vs. Regional Manager, U.P. Financial Corporation and others, every endeavour is to be made by the Corporation and different authorities to make the unit viable and put in working condition, but the facts of the present case would show that the respondents have not only completely failed to act in terms of the aforementioned law laid down by the Apex Court but have also never bothered to fulfil their promise which resulted in non-completion of the industry causing loss to the petitioner and also against the interest of the welfare of the State. It was submitted that even according to the well-known doctrine of promissory estoppel, the respondents are bound by their promise to release the financial assistance and make the petitioning Company viable for implementation of the project by bringing the petitioning Company into production.

11. According to the Learned Counsel for the respondent Corporation, the Corporation discharged its duties and liabilities by the release of the fund in proportion of the investment made by the promoter-petitioner and from the quantum of release of fund it is evident that the promoter failed to raise their own contribution up to the required level for availing the sanctioned amount even

after extension of refinance. It was submitted that the affairs of the Company was reviewed in the meeting of Advisory Committee (Legal and Default) in which one of the Directors of the Company appeared and was asked to submit revised project report for reappraisal of the case along with Bank assurance for providing working capital but the petitioner failed to submit the same despite several reminders. Again on 29.9.92 the matter was reviewed by the Advisory Committee in presence of the Managing Director of the petitioner Company and it was resolved and was advised to pay Rs. 1 lac for their consideration of additional loan but again they failed to pay the same. Thereafter on 16.6.1993, the matter was again placed before the Advisory Committee which decided to issue legal notice to the petitioner concern, pursuant to which the impugned notice was issued. It is thus submitted that at every stage promoter was given opportunity to implement the project and to pay off dues of the respondent Corporation but the promoter failed to avail the loan during the validity period and on account of slow pace and careless attitude of the petitioner, the project has not been implemented. It was, thus, submitted that the petitioner is not entitled for any relief from this Court.

12. this Court fails to appreciate as to how the respondent Corporation can forget its statutory duty as provided u/s 24 of the Act to act from business principle, due regard being had by it to the interest of industry, commerce and the general public. However, before dealing with this question this Court considers it pertinent to note here that even according to the case of the respondent Corporation, the decision pursuant to which the impugned notice was issued was taken by the Advisory Committee of the Corporation and not by the Corporation which is the competent authority for the exercise of the power under sections 30 and 29 of the Act. u/s 2(b) of the Act "Financial Corporation" means a Financial Corporation established u/s 3 and includes a Joint Financial Corporation established u/s 3A. u/s 9 the management of the Corporation vests in the Board of Directors which with the assistance of an Executive Committee and the Managing Director exercise all the powers and discharge all the functions. The Advisory Committee or the Senior Manager is not the authority to take final decision on behalf of the Corporation. Nothing has been brought on record to show that there was any decision taken by the competent authority in terms of the provisions contained in section 9 before the impugned notice was issued. Thus, this Court finds substance in the submission of the Learned Counsel for the petitioner that the impugned notice (Annexure 15) is wholly without jurisdiction and arbitrary and fit to be quashed on this ground alone.

13. Further, this Court finds that on the assurance given by different agencies of the Government, including the Corporation, the petitioner got themselves registered as small-scale industry on 25.8.1987 and got allotment of land also from the Authority, upon which the petitioner deposited its first instalment of lease rent on 3.6.1988 after getting the sanction of the terms loan of Rs. 26 lacs by the Corporation on 2.3.1988. The petitioner started its construction work out of the promoter's contribution by investing about Rs. 5 lacs and submitted their

first investment report of Rs. 7.22 lacs on 14.3.1989. Admittedly, different Government agencies like Industries Department, the Authority and the Corporation themselves did not disburse the amount for want of availability of fund.

14. The Supreme Court in the case of Delhi Cloth and General Mills Ltd. Vs. Union of India (UOI), held that there may be several representations to one party from different authorities in regard to different matters or there may be several representations from the same party in regard to different matters and that if those representations have been relied upon by the Company, the Court would compel those parties to adhere to their respective representations. It is immaterial whether each of the representations was wholly responsible or partly responsible for locating the factory. According to the Apex Court, it is sufficient if the Company was induced to act on that representation.

15. In the present case, the respondents have completely failed to give any plausible explanation for non-disbursal of the sanctioned amount and that they have not fulfilled their promises resulting in non-completion of the petitioner industry. Merely lame excuses have been taken on behalf of the respondent Corporation that the affairs of the Company were reviewed in the Advisory Committee (Legal & Default) and they were asked to submit revised project report for reappraisal of the case along with a Bank assurance for providing working capital, which the petitioner failed to submit despite several reminders. According to the respondent Corporation, on 29.9.1992 the matter was again reviewed by the Advisory Committee in presence of the Managing Director and it was resolved and was advised to pay Rs. 1 lac for their consideration of additional loan, but again they failed in payment.

16. This Court fails to appreciate as to how the respondent Corporation expected from the petitioning Company which could not complete the project and come into production undisputedly on account of non-co-operation shown by different Government agencies to pay Rs. 1 lac for grant of additional loan. The entire assets of the Company were in their hand as usually the Corporation advances loan on hypothecation of the Company's property besides guarantee from the guarantor in order to recover the loan amount. It is not the function of the respondent Corporation to only get their loan secured. In fact, under s. 24 the statutory duty is to act on business principle, due regard being had to the interest of industry, commerce and general public. Once the loans though sanctioned by different agencies of the Government were not released for want of availability of fund, the petitioning Company cannot be held responsible for non-discharge of their liabilities. If the conditions like the one mentioned above are imposed for making the unit viable and putting it on working condition, no company can ever come into production in the background of the facts and circumstances aforementioned. In fact, the promoters get stuck by investing huge amount and still the Company does not come into production because of irresponsible and/or false promises made by different Government agencies. As

per the statutory duty provided in section 24, the respondent Corporation is equally responsible to see that the company comes into existence and not that they should act even worse than like "Kabliwala" in olden days. Nothing has been brought on record to show that the respondent-Corporation ever took any interest in getting the promises made by different Government agencies fulfilled in favour of the petitioner, much less, with all promptness nor it has been brought to my notice that there has been any sincere effort made by the respondent Corporation to make the unit viable and bring it in working condition.

17. Both the times as aforementioned, the Advisory Committee of the Corporation wanted to impose such condition which the petitioner could never have fulfilled. In my opinion, it was too much to expect from the petitioner to produce Bank assurance for providing working capital or to pay Rs. 1 lac for their consideration of additional loan in the background of the fact that the company despite investments made did not come into production on account of gross lapses on the part of the State agencies. This action of the respondents by no stretch of imagination can be said to be an act on business principle or to the interest of industry, commerce and general public.

18. The Supreme Court in the case of Gujarat State Financial Corporation Vs. Lotus Hotels Pvt. Ltd., , while dealing with the principle of promissory estoppel held that the Government undertaking estopped from backing out from its promise held out to the contracting party, which acting upon the promise, incurred expenditures and suffered liabilities. It was also held in the said decision of the Apex Court that the loan to the entrepreneurs once sanctioned cannot be refused except on valid ground. The Supreme Court in the case of Mahesh Chandra (supra) while dealing with the scope of section 24 held that the Corporation deals with public money for public benefit. The approach has to be public oriented, helpful to the loanee, without loss to the Corporation. Section 24 of the Act itself required the Board "to discharge its function on business principles, due regard being had to the interest of industry, commerce and general public". "Business" is a word of wide import. It has no definite meaning. Its perceptions differ from private to public sector or from institutional financing to commercial banking. The financial corporations under the Act were visualised not as profit earning concerns but an extended arm of a welfare State to harness business potential of the country to benefit the common man.

19. Even according to the decision of the Apex Court in the case of Karnataka State Financial Corporation Vs. Micro Cast Rubber and Allied Products (P) Ltd. and Others, , upon which reliance has been placed on behalf of the Corporation and in which it has been held that the direction issued by the Supreme Court in paragraph 22 of Mahesh Chandra's case for observance by the Corporation while exercising power u/s 29 are in the nature of guidelines but it has to be followed substantially if the Corporation acts in violation of any statute or acts unreasonably, the Courts interference is not precluded. In the case of U.P. Financial Corporation and Others Vs. Naini Oxygen and Acetylene Gas Ltd. and

Another, , relied upon by the Learned Counsel for the respondent Corporation, the Apex Court, while holding that the Corporation's action under sections 28 and 29 are not open to interference and that the decision of the body authorised to decide should not normally be interfered with by the Court, made exception to the said rule where malafide is shown in commercial matters.

20. In the present case, as already stated above, the petitioning Company was registered as Small-Scale Industry on 25.8.1987, assurance letter of land allotment was granted on 20.7.1987 and thereafter project report was filed along with all the relevant papers and the Corporation sanctioned the loan of Rs. 26 lacs on 2.3.1988. After the said sanction, the allotment of land was made by the North Bihar Industrial Area Development Authority on 31.5.1988 and pursuant to its terms and conditions the petitioner Company deposited its first instalment of tease rent on 3.6.1988. Thereafter the land was demarcated, the map was prepared and order for registration was made by the Secretary of the Authority on 28.8.1988 and the registration was made on 31.8.1988. On 1.9.1988 the sanctioned loan lapsed due to the fact that as per the Corporation, the entire formalities had to be completed within six months which was not at all in the hands of the petitioner and the time taken was in official processing. On 27.9.1988, the petitioner Company requested for extension of time of legal documentation since the renewal of S.S.I, registration was allowed on 26.9.1988 which was also one of the terms of the legal documentation but nothing was done. On 7.10.1988 the Managing Director of the Authority requested the Managing Director of the Corporation for extension of two month's time, upon which extension was granted on 5.11.1988 for three months. An agreement was made with the technical consultant on 10.11.1988 and was submitted to the Corporation for its approval. It took two and half months in the Corporation for according approval which was made on 25.1.1989 and thereafter agreement was made on 3.2.1989.

21. The petitioner started its construction work out of initial promoter's contribution and submitted its first investment report of Rs. 7.22 lacs on 14.3.1989. The details of the demand and disbursement have already been mentioned above, which are not disputed by the respondents. After the demand was placed on 19.7.1990, the petitioner was informed that the period of refinance by S.I.D.B.I. had lapsed. Hence the release was not possible. On the same day the petitioner made an application for revalidation of the refinance which was accorded by the S.I.D.B.I. on 12.9.1990 and that too only up to the period 4.12.1990. Disbursement was again stopped on the ground that revalidation period of refinance had again lapsed. Thereafter on 22.2.1991 a prayer was made for revalidation of loan.

22. Learned Counsel for the petitioner appears to be right in pointing out that right from 14.3.1989 to 12.3.1991 the respondent Corporation took 644 days out of 735 days to release the payment and the petitioner promoter took only 86 days to utilise the money in completion of civil work, purchase of machinery and

other official work. For revalidation of refinance, the petitioner was asked to submit revised proposal, vide letter dated 15.9.1992, i.e. long after 22.2.1991 and the same was submitted by the petitioner on 24.9.1992 along with the process fee of Rs. 5228/- but the same was not considered and another letter was issued on 1.10.1992 for payment of Rs. 1 lac and then by letter dated 31.5.1993 they were required to redeem the entire liability.

23. From the aforementioned facts it is evident that the entire chain of events right from the date prior to the agreement clearly show that it was the official processing which consumed the maximum time, yet the respondent have malafide blamed the petitioner, who despite making investment of Rs. 9 lacs against total promoter's contribution and wastage of precious life for long period of 12 years, has not been able to achieve any fruitful result in establishing the Company. It is not the case of the respondents that the petitioner did not make any investment or that the amount invested by the respondent Corporation has not been utilized in putting up the structure and in the process of completion of the project. The respondents have neither alleged that the petitioner has utilized the entire loan amount for some other purpose. The facts of the case clearly show that the respondent Corporation has simply made investment and that too only partial and did nothing to bring the unit in workable condition and the entire investments have been allowed to rot by issuance of the impugned notice. The action of the respondents, in the facts and circumstances aforementioned, in my opinion is wholly unjustified and malafide. The writ petition is, thus, allowed, the impugned notice dated 20th December, 1993, contained in Annexure 15, is quashed. The respondent Corporation and the aforementioned Government agencies are directed to release the aforementioned amount such as in the case of the Corporation the remaining amount as per their agreement, in the case of the Industries Department the amount of subsidy already sanctioned and in the case of the Authority the seed money sanctioned vide letter dated 19.9.1991. The respondent Corporation is also directed to make every endeavour to make the unit viable and put it in workable condition by discharging their statutory duty provided u/s 24 of the Act and recover the loan amount and the amount of interest accruing therein by fixing instalments so that the unit comes into production and survive. However, in the case of even single default on the part of the petitioner, the respondent Corporation will be at liberty to take action in terms of the provisions contained in sections 29 and/or 30 of the Act. In the facts and circumstances, there shall be no order as to costs.