JASTHAN HIGH COURT
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HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR

S. B. Civil Writ Petition No. 21513/2026
CNR: RJHC021006612026 | URN: CW / 45178U / 2026

Sudhir Kumar Agrawal, Proprietor of M/s Sudhir Traders Having Its Office At Khasra No.1656 G, Nagla Mohan Lal, Mauja Naraich, Agra, Jttar Pradesh, 282006

----Petitioner

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Versus

1. Director of Industries Cum Chairman, Micro, Small and Medium Enterprises Facilitation Council, Jaipur, Udhyog Bhawan, Jaipur - 302005 (Rajasthan)
2. Rishabh Gokhru, Proprietor of M/s Karan Industries Having Its Office At Plot No.15, Building -Karan Industries, Pur Road, Kanchi Resort, Bhilwara, Rajasthan - 311001

----Respondents

For Petitioner	:	Mr. R.B. Mathur, Senior Advocate assisted by Mr. Naved Rafiq Advocate, Mr. Falak Mathur Advocate, Mr. Yug Singh Advocate, Mr. Manish Bhodiwal Advocate & Mr. Utsav Verma Advocate.
For Respondents	:	Mr. Ashok Mehta Senior Advocate assisted by Mr. Mudit Singhvi Advocate.

HON'BLE MR. JUSTICE ANAND SHARMA

Judgment

Date of conclusion of arguments	**::**	**02.11.2026**
Date on which judgment was reserved	**::**	**02.11.2026**
Whether the full judgment or only the operative part is pronounced	**::**	**Full Judgment**
Date of pronouncement	**::**	**18.11.2026**

1. By way of filing this writ petition, the petitioner has challenged the proceedings pending before the Micro, Small and Medium Enterprises Facilitation Council (hereinafter to be referred as `the Council`), including the minutes of the meetings dated 02.05.2025, 30.06.2025 and 30.06.2026.

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2. It is averred that Respondent No. 2 claims himself to be the proprietor of M/s Karan Industries. Respondent No. 2 further claims that since the year 2014 onwards, the said firm has been supplying chemicals to the petitioner. It is alleged that a total supply of chemicals worth Rs. 7,55,40,472/- was made to the petitioner, against which a payment of only Rs. 4,81,91,434/- was allegedly made by the petitioner. It is further averred that M/s Karan Industries obtained Udyog Aadhaar Memorandum on 29.03.2017. As per Respondent No. 2, in respect of bills forming the basis of the principal amount from 15.10.2017 to 06.09.2018, last payment was allegedly received by M/s Karan Industries from the petitioner on 13.09.2018 and last transaction thereafter took place on 10.12.2018. Since the entire outstanding payment was not received, therefore, M/s Karan Industries issued a legal notice dated 11.11.2019 to the petitioner. In response to the said notice, the petitioner allegedly submitted a reply wherein he acknowledged his liability to the extent of Rs. 2,73,49,037/-. It is further averred that thereafter, several letters and e-mails were addressed to the petitioner by the then proprietor of M/s Karan Industries, but as no action was taken, an application came to be filed before the respondent-Council on 14.10.2021.

3. It is further averred that the then proprietor of M/s Karan Industries, Late Shri Ranjit Singh Gokhru, allegedly executed a Will dated 18.01.2022 in favour of his grandsons, namely, Rishabh Gokhru (Respondent No.2) and Bhavik Gokhru (Minor). However, Shri Ranjit Singh Gokhru passed away six days after the execution of the aforesaid Will. After his death, Respondent No. 2 filed a reference application under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter to be referred as

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`the Act of 2006`) on 08.03.2022. Since M/s Karan Industries was a proprietor firm, therefore, after death of its proprietor, Shri Ranjit Singh Gokhru, Respondent No. 2 had no right to pursue the application filed by its erstwhile proprietor under the Act of 2006. Therefore, on 30.11.2022, the respondent-Council decided to close the earlier application filed in the name of Late Shri Ranjit Singh Gokhru. However, liberty was granted to Respondent No. 2 to file a fresh application in accordance with the applicable rules on the Samadhan Portal of the Council, with a direction that such application would be treated as being within limitation.

4. It is further averred that the earlier registration number of M/s Karan Industries under the MSME framework was UDYAM-RJ-07-0014258, which was in the name of its erstwhile proprietor, Shri Ranjit Singh Gokhru. After his death, Respondent No. 2 obtained a fresh registration bearing No. UDYAM-RJ-07-0045556 on 10.01.2023. Thereafter, on 12.01.2023, Respondent No. 2 filed a fresh reference application against the petitioner under the Act of 2006. The matter was referred for conciliation, however, the same failed on 19.01.2023. Consequently, the matter was referred for arbitration under Section 18 of the Act of 2006. Upon receiving notice, the petitioner raised preliminary objections with regard to limitation, maintainability of the reference application and the locus standi of Respondent No. 2.

5. The petitioner has come out with a case that even in his statement of defence, the petitioner specifically raised an objection that Respondent No. 2, having obtained an altogether different registration under the Act of 2006, could not be treated as a 'supplier' as defined under Section 2(n) of the Act of 2006. Admittedly, after obtaining a fresh registration on 10.01.2023, no

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transaction whatsoever took place between Respondent No. 2 and the petitioner. It is contended that even if certain transactions had taken place between the petitioner and the erstwhile proprietor of M/s Karan Industries, who held a different registration under the Act f 2006, Respondent No. 2 had no competence or authority to nitiate proceedings against the petitioner under the provisions of the ct of 2006.

6. Apart from the aforesaid objections, the petitioner also raised an objection regarding limitation. It is submitted that admittedly, the last transaction between the erstwhile proprietor of M/s Karan Industries and the petitioner took place on 18.12.2018, whereas, according to Respondent No. 2 himself, the last payment was made on 03.09.2018. Therefore, in view of the provisions of the Limitation Act, 1963 (hereinafter to be referred as `the Limitation Act`), no claim for recovery of the alleged outstanding dues could have been instituted after expiry of the prescribed period of limitation. It is further submitted that for the purpose of pursuing proceedings under Section 18 of the Act of 2006, Respondent No. 2 has placed reliance upon the Will dated 18.01.2022, allegedly executed by his grandfather, who was the erstwhile proprietor of M/s Karan Industries. However, a bare perusal of the Will would reveal that only the land and property were intended to be transferred in favour of Respondent No. 2, and at no place, the business M/s Karan Industries was intended to be transferred to him. Had it been so, there was no requirement whatsoever to obtain an altogether fresh registration after the death of the erstwhile proprietor of M/s Karan Industries.

7. It is further contended that instead of deciding the preliminary objections raised by the petitioner, the Council proceeded

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further with the matter and drew up the minutes of its meetings dated 02.05.2025 and 30.06.2025. Aggrieved thereby, the petitioner preferred S.B. Civil Writ Petition No. 14329/2025 before this Court, which came to be disposed of by Co-ordinate Bench of this Court vide order dated 19.09.2025. The Co-ordinate Bench of this Court, while disposing of the aforesaid writ petition, granted liberty to the petitioner to raise objections regarding the lapse of the proceedings, locus standi of Respondent No. 2 and the authority of any other person to pursue the claim before the appropriate authorities, which were further directed to decide such objections by passing a reasoned and speaking order.

8. It is further averred that in compliance of order dated 19.09.2025 passed by the Co-ordinate Bench of this Court in the aforesaid writ petition, the petitioner placed a copy of the said order on record and reiterated his objections with regard to the locus standi of Respondent No. 2, jurisdiction of the Council and maintainability of the proceedings before it. However, despite the specific directions issued by Co-ordinate Bench of this Court vide order dated 19.09.2025, instead of deciding the aforesaid objections in an objective manner, the Council directed calculation of interest on the alleged outstanding principal amount of Rs. 2,73,75,619/- and accordingly, minutes of the meeting dated 18.08.2026 came to be drawn by the Council.

9. Mr. R.B. Mathur, learned Senior Counsel appearing on behalf of the petitioner, vehemently argued that the proceedings entertained by the respondent-Council suffer from jurisdictional infirmity, inasmuch as the provisions of the Act of 2006 are applicable only to disputes arising out of transactions between a supplier and a buyer, as contemplated under the said Act. Learned

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Senior Counsel submitted that the expression 'supplier' has been defined under Section 2(n) of the Act of 2006, which refers to an enterprise having submitted the memorandum for registration as a supplier under Section 8 of the Act of 2006. In the present case, espondent No. 2 submitted his memorandum under Section 8 of the ct of 2006 only on 10.01.2023, pursuant to which a fresh egistration was granted to him. Therefore, the transactions allegedly undertaken prior to the grant of such fresh registration would not fall within the purview of Section 18 of the Act of 2006.

10. It is further argued by learned Senior Counsel that Section 18 of the Act of 2006 is applicable only in respect of amounts due under Section 17 of the Act of 2006, which pertains to goods supplied or services rendered by a supplier to a buyer. In the present case, Respondent No. 2 has neither supplied any goods, nor rendered any services to the petitioner and, therefore, the petitioner can neither be termed as buyer, nor Respondent No. 2 be regarded as supplier in relation to the transactions in question. Thus, invocation of the provisions of the Act of 2006 by Respondent No. 2 against the petitioner is wholly beyond the scope and ambit of the said Act and Respondent No. 2 had no locus standi whatsoever to institute a reference application under Section 18 of the Act of 2006 before the respondent-Council.

11. Learned Senior Counsel further argued that without prejudice to the aforesaid objection and for the sake of argument, even if Respondent No. 2 is treated to be a supplier, then also, in view of the admitted facts available on record, where the last transaction and the last payment are stated to have taken place in the year 2018 and where for the purpose of conducting proceedings in question, the provisions of the Arbitration and Conciliation Act,

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1996 (hereinafter referred to as `the Act of 1996`) are applicable, the Council could not have overlooked the provisions of Section 43 thereof, which expressly provide that the Limitation Act shall apply to arbitration proceedings in the same manner as it applies to the roceedings before a Court. In the present case, the claim pertains o recovery of money, for which the prescribed period of limitation nder the Limitation Act is three years and admittedly, Respondent No. 2 did not take any steps whatsoever to initiate proceedings against the petitioner within the prescribed period of three years from the date of the last transaction/payment in the year 2018. Therefore, even otherwise, the proceedings were apparently time barred and could not have been entertained by the Council.

12. In addition to the aforesaid submissions, learned Senior Counsel further emphasised that Section 18(5) of the Act of 2006 mandates that every reference made under the said section shall be decided within a period of ninety days from the date of making such reference. It is submitted that even if the provisions of the Act of 1996 are taken into consideration, Section 29A thereof also mandates that the arbitral award shall be made within a period of one year from the date of completion of pleadings. In the present case, the petitioner filed statement of defence on 09.03.2024, which was followed by the rejoinder filed by Respondent No. 2 on 07/11.10.2024. Thus, even if the provisions of Section 29A of the Act of 1996 are applied, the period prescribed thereunder for making the arbitral award stood lapsed. It is further submitted that the petitioner had also filed a specific application under Section 29A of the Act of 1996 on 29.04.2025, which has not been decided by the Council.

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13. Learned Senior Counsel appearing for the petitioner further argued that in the aforesaid circumstances, when the Council lacked jurisdiction and competence to proceed further with the proceedings initiated under Section 18 of the Act of 2006, it was incumbent upon the Council to first adjudicate the preliminary objections raised by the petitioner. However, ignoring the fundamental issue relating to its jurisdiction and competence, and despite issuance of specific directions by the Co-ordinate Bench of this Court vide order dated 19.09.2025, the Council has failed to decide the objections by passing a reasoned and speaking order and rather proceeded further to calculate compound interest by presuming liability against the petitioner. It is, therefore, argued that in the absence of any efficacious alternative remedy, the petitioner has been left with no option but to invoke the extraordinary writ jurisdiction of this Court under Articles 226 and 227 of the Constitution of India by way of filing present writ petition.

14. Per contra, Mr. Ashok Mehta, learned Senior Counsel appearing on behalf of the respondents, opposed the writ petition and submitted that since the proceedings before the Council are pending under the provisions of the Act of 1996, therefore, in view of Section 5 thereof, no judicial intervention is warranted during the pendency of such proceedings till the award is passed. It was, therefore, contended that the present writ petition, preferred by the petitioner challenging the interim/interlocutory proceedings undertaken by the respondent-Council, is not maintainable and liable to be dismissed at the threshold.

15. Learned Senior Counsel further argued that a bare perusal of the minutes of the meeting dated 25.05.2026 would reveal that the Council has duly considered the objections raised by the

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petitioner. Hence, there is no violation or non-compliance of order dated 19.09.2025 passed by this Court in the earlier writ petition preferred by the petitioner. Learned Senior Counsel submitted that the minutes of the meeting dated 25.05.2026 specifically recorded that the objections relating to limitation and the competence of Respondent No. 2 to initiate the proceedings had already been considered by the Council in its earlier meetings dated 23.03.2023 and 21.12.2023, wherein Respondent No. 2 was held competent to initiate the proceedings and application filed by Respondent No. 2 was also held to be within the prescribed period of limitation.

16. Learned Senior Counsel further argued that once the preliminary objections have been duly considered by the Council, the petitioner is required to contest the proceedings on merits. It was submitted that in the present case, the petitioner has not disputed the supplies made by M/s Karan Industries to the petitioner and has also acknowledged liability to the tune of Rs. 2,73,95,619/-. Therefore, the respondent-Council has committed no error in directing the parties to place on record the calculation of interest for the purpose of drawing further proceedings.

17. It was further submitted by learned Senior Counsel appearing for the respondents that the underlying object of enacting the Act of 2006 is to facilitate the promotion and development of micro, small and medium enterprises and to remove impediments in ensuring timely payments for supplies of goods and rendering of services by such enterprises. The Act of 2006 is a self-contained and complete code providing an effective mechanism for redressal of grievances of MSMEs. Hence, at this interlocutory stage, when the arbitral award has not yet been finalised, interference by this Court in exercise of its jurisdiction under Articles 226 and 227 of the

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Constitution of India is not warranted. In support of his submissions, learned Senior Counsel placed reliance upon the judgment of the Constitution Bench of the Hon'ble Supreme Court in **SBP & Co. vs. Patel Engineering Ltd. & Another, (2005) 8 SCC 618** and ecisions of the Hon’ble Supreme Court in **Deep Industries imited vs. Oil and Natural Gas Corporation Limited & nother, (2020) 15 SCC 706** and **Punjab State Power Corporation Limited vs. EMTA Coal Limited & Another, (2020) 17 SCC 93**.

18. Learned Senior Counsel, while supporting his contention that Respondent No. 2 has locus standi to initiate proceedings under the Act of 2006, submitted that merely obtaining a fresh registration certificate would neither obliterate nor extinguish the transactions that had taken place earlier between M/s Karan Industries and the petitioner. It was contended that the mere death of the erstwhile proprietor of M/s Karan Industries would not result in extinguishment of the outstanding dues payable by the purchaser to the firm. In the present case, the erstwhile proprietor of M/s Karan Industries was the grandfather of Respondent No. 2, who, by virtue of a Will executed by him, has succeeded to the rights and interests of the erstwhile proprietor. Therefore, mere death of the erstwhile proprietor would not deprive Respondent No. 2 of the right to invoke the provisions of the Act of 2006 for recovery of the outstanding dues. Learned Senior Counsel further submitted that Respondent No. 2 had earlier preferred an application under Section 18 of the Act of 2006 in the name of the original proprietor. However, while declining to entertain the said application, the Council itself granted liberty to Respondent No. 2 to file a fresh application and further

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observed that such application would be treated as being within limitation.

19. It was further contended by learned Senior Counsel that merely obtaining a fresh registration under the Act of 2006 or under ıe provisions of the Goods and Services Tax Act, 2017 would not lter the legal position or create any impediment in the way of the rm seeking redressal of its grievances by adverting to the remedies available under the Act of 2006. Learned Senior Counsel submitted that obtaining a fresh registration is nothing but a procedural formality required to be undertaken consequent upon the death of the erstwhile proprietor. It was contended that had the entity been a company or a partnership firm, the death of one of its directors or partners, as the case may be, would not have curtailed the right of such company or partnership firm to continue its business in the same manner as it was being carried on earlier. However, in the present case, since M/s Karan Industries was a proprietorship concern, the earlier registration was issued in the name of its erstwhile proprietor. Therefore, after the death of the erstwhile proprietor, Respondent No. 2 was required to have his name incorporated in the MSME registration to enable him to carry on the business of the proprietorship concern and pursue the legal remedies available under the Act of 2006. It was, thus, argued that such procedural requirements cannot be construed to extinguish the substantive rights otherwise available to Respondent No. 2 under the Act of 2006.

20. Learned Senior Counsel further argued that even assuming that the petitioner is aggrieved by any order or proceedings undertaken by the respondent-Council, then also, an adequate statutory remedy would be available to the petitioner after

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passing of the final award, by way of challenging the same under Section 34 of the Act of 1996.

21. As regards the mandate contained in Section 18(5) of the Act of 2006, learned Senior Counsel submitted that the said rovision is directory in nature and, therefore, the mere fact that the roceedings before the Council continued beyond the prescribed eriod of ninety days would not be fatal and render the proceedings illegal or vitiate them on that ground alone. The same principle, according to learned Senior Counsel, would also apply to the provisions of Section 29A of the Act of 1996. It was further argued by learned Senior Counsel that the Act of 2006 being a special enactment, the proceedings initiated thereunder would not automatically come to an end merely on expiry of the period prescribed under Section 29A of the Act of 1996, which is a general enactment. It was also contended that the provisions of Section 29A(4) of the Act of 1996 cannot be read in isolation and are required to be construed harmoniously with the provisions of Sections 29A(1) and 29A(3) thereof.

22. So far as the objection relating to limitation is concerned, learned Senior Counsel submitted that the issue of limitation is a mixed question of fact and law. A mere assertion on the part of the petitioner that the proceedings are barred by limitation would not preclude the Council from examining such objection in the light of the facts and documents available on record. Therefore, the Council was justified in not treating the objection relating to limitation as decisive at the preliminary stage and in proceeding further with the matter. With the aforesaid submissions, learned Senior Counsel appearing for the respondents prayed for dismissal of the writ petition.

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23. Having heard learned Senior Counsel appearing for the parties and upon perusal of the material available on record, the foremost question which arises for consideration is as to whether this Court, at this stage, when the final award has not yet been passed by the Council, can entertain a writ petition in exercise of its jurisdiction under Articles 226 and 227 of the Constitution of India or not?

24. Learned Senior Counsel appearing on behalf of the respondents, in support of his objection, has placed reliance upon the judgment of the Constitution Bench of the Hon'ble Supreme Court in **SBP & Co. (supra)**, wherein following observations and conclusions have been made by the Hon'ble Supreme Court:

> *"**45.** It is seen that some High Courts have proceeded on the basis that any order passed by an Arbitral Tribunal during arbitration, would be capable of being challenged under Article 226 or 227 of the Constitution. We see no warrant for such an approach. Section 37 makes certain orders of the Arbitral Tribunal appealable. Under Section 34, the aggrieved party has an avenue for ventilating its grievances against the award including any in-between orders that might have been passed by the Arbitral Tribunal acting under Section 16 of the Act. The party aggrieved by any order of the Arbitral Tribunal, unless has a right of appeal under Section 37 of the Act, has to wait until the award is passed by the Tribunal. This appears to be the scheme of the Act. The Arbitral Tribunal is, after all, a creature of a contract between the parties, the arbitration agreement, even though, if the occasion arises, the Chief Justice may constitute it based on the contract between the parties. But that would not alter the status of the Arbitral Tribunal. It will still be a forum chosen by the parties by agreement. We, therefore, disapprove of the stand adopted by some of the High Courts that any order passed by the Arbitral Tribunal is capable of being corrected by the High Court under Article 226 or 227 of the Constitution. Such an intervention by the High Courts is not permissible.*
>
> ***46.** The object of minimising judicial intervention while the matter is in the process of being arbitrated upon, will certainly be defeated if the High Court could be approached under Article 227 or under Article 226 of the Constitution against every order made by the Arbitral Tribunal. Therefore, it is necessary to indicate that once the arbitration has commenced in the Arbitral Tribunal, parties have to wait until the award is pronounced unless,*

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> *of course, a right of appeal is available to them under Section 37 of the Act even at an earlier stage.*
>
> ***47.*** *We, therefore, sum up our conclusions as follows:*
> (i) xxxx
>
> (ii) xxxx
>
> *(vi) Once the matter reaches the Arbitral Tribunal or the sole arbitrator, the High Court would not interfere with the orders passed by the arbitrator or the Arbitral Tribunal during the course of the arbitration proceedings and the parties could approach the Court only in terms of Section 37 of the Act or in terms of Section 34 of the Act."*

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25. This Court finds that the primary question before the Constitution Bench of the Hon'ble Supreme Court in the aforesaid case was with regard to the nature of the function exercised by the Chief Justice or his designate under Section 11 of the Act of 1996, namely, whether such function could be construed as administrative, judicial or quasi-judicial in nature. The question was framed by the Hon'ble Supreme Court in para no. 2 of the report in the following terms:

> *"**2.** What is the nature of the function of the Chief Justice or his designate under Section 11 of the Arbitration and Conciliation Act, 1996 is the question that is posed before us. The three-Judge Bench decision in Konkan Rly. Corpn. Ltd. v. Mehul Construction Co. [(2000) 7 SCC 201] as approved by the Constitution Bench in Konkan Rly. Corpn. Ltd. v. Rani Construction (P) Ltd. [(2002) 2 SCC 388] has taken the view that it is purely an administrative function, that it is neither judicial nor quasi-judicial and the Chief Justice or his nominee performing the function under Section 11(6) of the Act cannot decide any contentious issue between the parties. The correctness of the said view is questioned in these appeals."*

26. Admittedly, the question involved in the present case is altogether different and fundamentally relates to the jurisdiction of the Council to entertain the arbitration proceedings in the first place.

27. While examining the question of jurisdiction under Section 16 of the Act of 1996, the Hon'ble Supreme Court, in **Deep Industries Limited (supra)**, considered the Constitution Bench

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judgment in **SBP & Co. (supra)** as also examined the scope and ambit of Section 5 of the Act of 1996, which provides for minimal judicial intervention in arbitral proceedings. The Hon'ble Supreme Court observed as under:

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> *"**20.** While the learned Additional Solicitor General is correct in stating that this statement of the law does not directly apply on the facts of the present case, yet it is important to notice that the seven-Judge Bench [SBP & Co. v. Patel Engg. Ltd., (2005) 8 SCC 618] has referred to the object of the Act being that of minimising judicial intervention and that this important object should always be kept in the forefront when an Article 227 petition is being disposed of against proceedings that are decided under the Act.*
>
> ***21.** It is true that in Punjab Agro Industries Corpn. Ltd. v. Kewal Singh Dhillon, (2008) 10 SCC 128], this Court distinguished SBP & Co. [SBP & Co. v. Patel Engg. Ltd., (2005) 8 SCC 618] stating that it will not apply to a case of a non-appointment of an arbitrator. This Court held: (Punjab Agro Industries Corpn. Ltd. case SCC p. 132, para 9)*
>
> > *"9. We have already noticed that though the order under Section 11(4) is a judicial order, having regard to Section 11(7) relating to finality of such orders and the absence of any provision for appeal, the order of the Civil Judge was open to challenge in a writ petition under Article 227 of the Constitution. The decision in SBP & Co. [SBP & Co. v. Patel Engg. Ltd., (2005) 8 SCC 618] does not bar such a writ petition. The observations of this Court in SBP & Co. [SBP & Co. v. Patel Engg. Ltd., (2005) 8 SCC 618] that against an order under Section 11 of the Act, only an appeal under Article 136 of the Constitution would lie, is with reference to the orders made by the Chief Justice of a High Court or by the designate Judge of that High Court. The said observations do not apply to a subordinate court functioning as designate of the Chief Justice."*
> >
> > *(emphasis in original)*
>
> *What is important to note is that the observations of this Court in Punjab Agro Industries Corpn. Ltd. [Punjab Agro Industries Corpn. Ltd. v. Kewal Singh Dhillon, (2008) 10 SCC 128] were for the reason that no provision for appeal had been given by statute against the orders passed under Section 11, which is why the High Court's supervisory jurisdiction should first be invoked before coming to this Court under Article 136. Given the facts of the present case, this case is equally distinguishable for the reason that in this case the Article 227 jurisdiction has been exercised by the High Court only after a first appeal was dismissed under Section 37 of the Act."*

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28. Meticulous reading of the judgment of the Hon'ble Supreme Court in **Deep Industries Limited (supra)**, makes it clear that the exercise of writ jurisdiction in matters arising out of arbitration proceedings has not been held to be absolutely barred. ather, it has been observed that in cases of exceptional rarity, articularly where there is a patent lack of inherent jurisdiction, the igh Court may exercise its extraordinary writ jurisdiction.

29. Similarly, in **Punjab State Power Corporation Limited vs. EMTA Coal Limited & Another (supra)**, while rejecting the proposition that there exists an absolute bar on the exercise of writ jurisdiction, the Hon'ble Supreme Court has held that interference under Article 227 of the Constitution of India in arbitral proceedings is permissible but it should be quite limited and should be done where the order impugned is perverse and operates to the prejudice of the parties, and the parties should not be compelled to wait until the passing of the final award.

30. In **Bhaven Construction through authorised signatory Prmejibhai K. Shan vs. Executive Engineer, Sardar Sarovar Narmada Nigam Limited & Another, (2022) 1 SCC 75**, the Hon'ble Supreme Court, while cautioning that writ petitions seeking interference in arbitral proceedings ought not to be entertained in a routine manner, has simultaneously held that in exceptional circumstances, the constitutional courts may exercise their extraordinary jurisdiction.

31. Meticulous analysis of the aforesaid judgments of the Hon'ble Supreme Court makes it clear that the constitutional remedy under Articles 226 and 227 of the Constitution of India is not altogether barred even in matters arising out of arbitral proceedings.

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However, the exercise of such jurisdiction has been circumscribed and restricted to exceptional cases involving jurisdictional infirmity or patent perversity, particularly where compelling the parties to await the final award would result in a failure of justice.

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2. In the present case, this Court finds that the objections raised by the petitioner before the Council are neither factual in nature, nor do they relate to the quantum of compensation or the merits of the claim. Rather, the objections fundamentally question the very jurisdiction of the Council to entertain the arbitration claim in the first place. It is settled proposition of law that an objection relating to jurisdiction goes to the root of the matter. Where a forum lacks the authority or inherent jurisdiction to entertain a particular dispute, such an objection is required to be decided at preliminary stage so as to save the parties from vexatious trial/proceedings without jurisdiction. The same is the position where the objection pertains to the continuation of proceedings beyond the expiry of the mandatory period prescribed under the statute. The question as to whether the forum concerned lacks the authority or competence to entertain the proceedings is, by its very nature, an issue which is required to be adjudicated at the preliminary stage.

33. In the present case, the petitioner had earlier approached this Court by way of filing S.B. Civil Writ Petition No. 14329/2025, wherein the Co-ordinate Bench of this Court vide order dated 19.09.2025, while granting liberty to the petitioner to raise objections with regard to the lapse of the proceedings and the competence of Respondent No. 2 to initiate the same, had also directed the appropriate authority to pass a reasoned and speaking order on such objections. The aforesaid order dated 19.09.2025

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passed by the Co-ordinate Bench of this Court in the earlier writ petition, was duly placed before the Council by the petitioner and, therefore, the same was well within the knowledge of Respondent No. 2. Significantly, order dated 19.09.2025 was never challenged by espondent No. 2. In these circumstances, at this stage, Respondent o. 2 cannot be permitted to question the maintainability of the resent writ petition merely on the ground that the arbitration proceedings are still pending.

34. This Court has also examined the minutes of the meeting dated 25.05.2026, whereby the objections raised by the petitioner were purportedly considered and decided. A perusal thereof reveals that the Council proceeded on the assumption that since the earlier reference application filed by Respondent No. 2 in the name of a deceased person, namely, the erstwhile proprietor, late Shri Ranjeet Singh Gurka, had been closed with liberty to file a fresh application, accompanied by an observation that such application would be treated as being within limitation, there was no requirement to undertake a fresh adjudication of the objections raised by the petitioner. While dealing with the objections, the Council has further committed a serious error of law by entering into the merits of the dispute and observing that since the petitioner had not raised any objection with regard to the transaction and supply of goods at that stage, therefore, it is a case of deemed acceptance. The question relating to the merits of the claim, including the transaction and supply of goods, is admittedly a secondary consideration. The primary and fundamental question, which required adjudication at the threshold, was whether the Council itself possessed the requisite

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authority and jurisdiction to entertain the dispute and continue with the proceedings.

35. While placing earlier order dated 19.09.2025, passed by the Co-ordinate Bench of this Court in S.B. Civil Writ Petition No. 4293/2025, before the Council, the petitioner had specifically raised three issues, namely, (i) lapse of the proceedings in view of the mandate prescribed under Section 29A of the Act of 1996; (ii) lack of competence of Respondent No. 2 to initiate proceedings under the Act of 2006; and (iii) applicability of the provisions of the Limitation Act, as it was asserted that the last date of the alleged transaction/payment was beyond the prescribed period of limitation. Hence, in view of the specific directions contained in order dated 19.09.2025, the Council was required to meticulously examine each of the objections raised by the petitioner and adjudicate the same by passing a reasoned and speaking order. However, a bare perusal of the proceedings dated 25.05.2026 makes it abundantly clear that the Council has utterly failed to apply its judicious mind to the tenability of the objections raised by the petitioner. No cogent, rational or legally sustainable reasons have been assigned for disregarding the aforesaid objections. Thus, the proceedings dated 25.05.2026 cannot be said to have been drawn in compliance with order dated 19.09.2025 passed by the Co-ordinate Bench of this Court in its letter and spirit.

36. For the reasons stated hereinabove, this Court is of the considered opinion that the proceedings dated 25.05.2026 drawn by the Council are not in consonance with the directions issued by the Co-ordinate Bench of this Court vide order dated 19.09.2025 passed in S.B. Civil Writ Petition No. 14293/2025.

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37. Consequently, writ petition filed by the petitioner deserves to succeed and the same is hereby allowed. The proceedings dated 25.05.2026 are hereby quashed and set aside. The matter is remanded back to the Council with a direction to consider and adjudicate all the three issues raised by the petitioner, namely, (i) whether the proceedings could be continued after expiry of the statutory mandate prescribed under Section 29A of the Act of 1996; (ii) whether Respondent No. 2 possesses the requisite competence to initiate proceedings under the provisions of the Act of 2006; and (iii) whether the claim is barred by limitation, and thereafter pass a reasoned and speaking order before proceeding further in the matter. Needless to observe that the Council shall afford a fresh opportunity of hearing to both the parties before passing fresh order in terms of the aforesaid directions. The parties are also directed to extend their cooperation to the Council for expeditious adjudication of the aforesaid objections.

38. Pending applications, if any, also stand disposed of.

(ANAND SHARMA),J

MANOJ NARWANI

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