GAHC010269392019

2026:GAU-AS:11350

THE GAUHATI HIGH COURT
(HIGH COURT OF ASSAM, NAGALAND, MIZORAM AND ARUNACHAL PRADESH)

Case No. : WP(C)/8288/2019

SRK METALS AND PLASTICS (PVT.) LTD.
A PVT LIMITED COMPANY REGISTERED UNDER THE COMPANIES ACT, HAVING ITS REGD OFFICE AND FACTORY OPP NATIONAL PUBLIC SCHOOL, LALUNG GAON, LAKHARA CHARIALI, GUWAHATI- 781034, DIST- KAMRUP, ASSAM

VERSUS

THE STATE OF ASSAM AND 2 ORS
REP. BY THE SECRETARY TO THE GOVT OF ASSAM, PUBLIC WORKS DEPTT, DISPUR, GUWAHATI- 781003

2:THE CHIEF ENGINEER
PWD (BUILDING)
CHANDMARI
GUWAHATI- 03

3:THE SENIOR BRANCH MANAGER
NATIONAL SMALL INDUSTRIES CORPORATION LIMITED
3RD BY LANE
INDUSTRIAL ESTATE
BAMUNIMAIDAN
ASSA

Advocate for the Petitioner : MS M HAZARIKA, MR D KHAN

Advocate for the Respondent : SC, PWD, MR. P PHUKAN,MR. P J BARMAN

BEFORE
HONOURABLE MR. JUSTICE KAUSHIK GOSWAMI

ORDER

Date : 12.08.2026

Heard Ms. M. Hazarika, learned Senior Counsel assisted by Mr. D. Khan, learned counsel appearing for the petitioner. Also heard Mr. P. Nayak, learned Standing Counsel appearing for the PWD and Mr. P. J. Barman, learned counsel appearing for the respondent No. 3.

2. By way of this petition under Article 226 of the Constitution of India, the petitioner is seeking direction to the respondent authority(s) to release contractual outstanding dues of the petitioner along with the interest thereon as per the provision of the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as the "MSMED Act").

3. The brief facts of the case are that the petitioner, engaged in the manufacture of UPVC pipes and fittings, was awarded a work order by the respondent authorities for providing, fixing, testing and commissioning of Rain Water Harvesting Systems, including storage-capacity items. Upon completion of the work to the satisfaction of the concerned authorities and issuance of the completion certificate, the petitioner raised its contractual bills. As the said bills were not cleared, the present writ petition came to be instituted.

4. Ms. M. Hazarika, learned Senior Counsel for the petitioner, submits that during the pendency of the writ petition, the principal amount covered by the contractual bills has been paid. However, the interest payable on account of the delayed payment, in terms of the

MSMED Act, continues to remain outstanding. She submits that, admittedly, there was a delay in payment of the contractual dues and, consequently, the petitioner is entitled to interest in terms of Sections 15, 16 and 17 of the MSMED Act. According to the learned Senior Counsel, the statutory liability towards interest has not yet been discharged by the respondent authorities.

5. Learned Senior Counsel for the petitioner further relies upon the judgment of the Coordinate Bench of this Court in ***Garg Poly Industries and Anr. v. The State of Assam and 4 Ors.***, rendered in ***WP(C)/4631/2023***, wherein, while considering the provisions of Sections 15, 16 and 17 of the MSMED Act, this Court has laid down the procedure to be followed in cases involving delayed payment of admitted bill amounts.

6. She accordingly submits that, in view of the aforesaid judgment dated 13.11.2025, an appropriate direction may be issued to the respondent authorities to calculate the interest payable on the delayed payment of the admitted contractual dues in accordance with the provisions of the MSMED Act and to release the amount so found payable to the petitioner.

7. Mr. P. Nayak, learned Standing Counsel appearing for the PWD, submits that any dispute with regard to an amount allegedly due under Section 17 of the MSMED Act is required to be referred to the Micro and Small Enterprises Facilitation Council in terms of Section 18 of the said Act.

8. I have heard the learned counsel appearing for the parties and have perused the materials available on record.

9. The MSMED Act contains a specific statutory regime under Chapter V dealing with delayed payments to micro and small enterprises. Sections 15 to 18 thereof provide for the liability of the buyer to make payment within the prescribed period, the statutory interest payable in case of delay, the liability to pay the principal amount together with such interest, and the mechanism for resolution of disputes through the Micro and Small Enterprises Facilitation Council.

10. Sections 15, 16, 17 and 18 of the MSMED Act read as under:

> "*15.* ***Liability of buyer to make payment***.*—Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day: Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.*
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> *16.* ***Date from which and rate at which interest is payable***.*—Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.*
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> *17.* ***Recovery of amount due***.*—For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount with interest thereon as provided under section 16.*
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> *18.* ***Reference to Micro and Small Enterprises Facilitation Council***.*—(1) Notwithstanding anything contained in any other law for the time being in force, any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council.*
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> *(2) On receipt of a reference under sub-section (1), the Council shall*

either itself conduct mediation itself or refer the matter to any mediation service provider as provided under the Mediation Act, 2023.

(3) The conduct of mediation under this section shall be as per the provisions of the Mediation Act, 2023.

(4) Where the mediation initiated under sub-section (3) is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternative dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996), shall, then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section (1) of section 7 of that Act.

(5) Notwithstanding anything contained in any other law for the time being in force, the Micro and Small Enterprises Facilitation Council or the centre providing alternative dispute resolution services shall have jurisdiction to act as an Arbitrator or mediator under this section in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India."

11. A conjoint reading of the aforesaid provisions makes it clear that Section 15 casts a statutory obligation upon the buyer to make payment to the supplier within the period agreed upon in writing or, in the absence of such agreement, before the appointed day. The expression "appointed day" is defined under Section 2(b) of the MSMED Act to mean the day immediately following the expiry of fifteen days from the date of acceptance or the date of deemed acceptance of any goods or services by the buyer from the supplier.

12. The proviso to Section 15 further stipulates that, irrespective of any agreement between the parties, the period agreed upon in writing cannot exceed forty-five days from the date of acceptance or the date of deemed acceptance.

13. Section 16 provides for the consequence of failure to make payment within the period prescribed under Section 15. In such an event, the buyer becomes statutorily liable to pay compound interest with monthly rests at three times the bank rate notified by the Reserve Bank of India. Section 17, in turn, makes the buyer liable to pay the amount due together with such interest.

14. Section 18 provides the statutory mechanism for adjudication of a dispute relating to an amount due under Section 17 through reference to the Micro and Small Enterprises Facilitation Council. Thus, where a genuine dispute exists with regard to the amount claimed under Section 17, the statutory mechanism contemplated under Section 18 would ordinarily have to be resorted to.

15. In the present case, however, the principal contractual amount has admittedly been paid during the pendency of the writ petition. The issue that survives for consideration is confined to the statutory interest payable on account of the delay in payment of the admitted contractual dues.

16. The Co-ordinate Bench of this Court in ***Garg Poly Industries*** (supra) has already laid down the procedure to be followed in the event of delay in payment of admitted bills. Relevant paragraphs of the aforesaid decision read as under:

> "*79. Having opined so it is also very pertinent to take note of Sections 15 and 16 of the Act of 2006, which are reproduced hereinunder:*
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> > "***15.Liability of buyer to make payment***.*—Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day: Provided that in no case the period agreed*

upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

16. ***Date from which and rate at which interest is payable****.—Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank."*

80. A perusal of the above-quoted Section 15 of the Act of 2006 statutorily imposes an obligation upon the buyer to make payment on or before the date agreed upon between the buyer and the supplier in writing or where there is no agreement in that behalf before the appointed day. The term „appointed day" has been defined in Section 2(b) of the Act of 2006, meaning the day following immediately after the expiry of the period of 15(fifteen) days from the date of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier. Section 2(b) of the Act of 2006 being relevant is reproduced hereinunder:

'2(b). "appointed day" means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.'

81. The proviso to Section 15 further stipulates that under no circumstances, the period agreed upon between the supplier and the buyer in writing shall exceed 45 (forty-five) days from the date of acceptance or the day of deemed acceptance. The proviso is relevant taking into account that irrespective of any agreement/contract between the parties, the statutory injunction holds the field and thereby confines the period not to exceed 45(forty-five) days from the date of acceptance or the day of deemed acceptance."

17. Subsequently, in ***Charu Technology (Pvt.) Ltd. v. The State of Assam and 3 Ors.,*** in ***WP(C)/3655/2018***, another Coordinate Bench of this Court, relying upon the ratio laid down in ***Garg Poly Industries*** (supra), disposed of the writ petition in the context of delayed payment under the MSMED Act.

18. Section 17 of the MSMED Act expressly makes the buyer liable to pay the amount due together with interest thereon as provided under Section 16. Therefore, subject to verification of the relevant dates of acceptance/deemed acceptance and the period of delay, the petitioner's claim for statutory interest cannot be disregarded merely because the principal contractual amount has subsequently been paid.

19. In view of the aforesaid facts and circumstances, and having regard to the law laid down by the Coordinate Bench in ***Garg Poly Industries*** (supra) and followed in ***Charu Technology (Pvt.) Ltd.*** (supra), this writ petition is disposed of with the following directions:

(i) The petitioner shall submit its claim for statutory interest under Sections 16 and 17 of the MSMED Act before the respondent authorities within a period of 1 (one) month from today, along with the relevant supporting documents.

(ii) Upon receipt of such claim, the respondent authorities shall verify the same, including the date of acceptance/deemed acceptance, the date(s) on which the principal contractual amount became payable, the date(s) of actual payment and the period of delay, and shall determine the amount of statutory interest payable in accordance with Sections 15, 16 and 17 of the MSMED Act.

(iii) The exercise of verification and determination shall be completed within a period of 2 (two) months from the date of receipt of the claim.

(iv) Upon such determination, the amount found payable towards statutory interest shall be released in favour of the petitioner within a reasonable period thereafter, in accordance with law.

(v) It is made clear that the present order proceeds on the basis that the principal contractual dues have been admitted and paid and that the surviving claim is confined to statutory interest arising from delayed payment. In the event the respondent authorities dispute the underlying liability or any other substantive component of the amount claimed, it shall be open to the parties to avail the statutory remedy contemplated under Section 18 of the MSMED Act.

20. The writ petition stands disposed of in the above terms.

JUDGE

Comparing Assistant