



2026 INSC 385

NON-REPORTABLE

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO. _____ OF 2026
(Arising out of SLP(Civil) No.13129 of 2025)

AGRICULTURE PRODUCE
MARKET COMMITTEE, DEESA ...APPELLANT

VERSUS

NATIONAL HORTICULTURE
BOARD & ORS. ...RESPONDENT(S)

J U D G M E N T

SANJAY KAROL J.,

Leave Granted.

2. The short question on which the present appeal turns is

Signature Not Verified
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SOURAV P.
Date: 2026.04.17
17:36:37 IST
Reason:

whether the appellant herein i.e., Agricultural Produce Market Committee, Deesa¹ is entitled to the subsidy given by the National Horticulture Board² and operated by the National Bank for Agriculture and Rural Development³ titled as “*Capital Investment Subsidy For Construction/Expansion/Modernization of Cold Storages/Storage of Horticultural Produce*”. NABARD⁴ took a decision to withdraw from APMCD the subsidy granted and recover the amount already paid. NHB⁵ found this decision to be justified. This determination was challenged before the learned Single Judge⁶ under Article 226 of the Constitution of India, whereby these decisions were set aside holding the appellant to be entitled to the entire amount of subsidy. The Division Bench⁷ in appeal disagreed and restored the findings of the lower authorities. As such, the appeal is before us.

3. The APMCD constituted under the Agricultural Produce Market Committee Act 1963 applied for constructing a cold storage facility and, to that end, a loan of Rs.1 crore was obtained from Gujarat State Co-operative Agriculture and Rural Development

¹ APMCD

² NHB

³ NABARD

⁴ NB.Guj/ICD-GSS/2/NHM-191/2011-12 dated 18th May 2012 and ARDB 221 dated 8th June 2012

⁵ NHB/HO/NABARD/APMC DEESA CS//2018-19 dated 8th April 2019

⁶ R/Special Civil Application 15592 of 2019 dated 19th January 2023

⁷ R/Letters Patent Appeal No.614 of 2024 dated 1st July 2024

Bank Ltd.⁸. The application for subsidy was made before the NABARD alongwith a certificate of expenditure for Rs.4,25,26,829/-. A request for 50% advance subsidy was also made and accordingly Rs.25 lakhs was credited to the appellant's bank account. Respondent no.4 informed the appellant that officials of respondent no.1 to 3 i.e., officials of the Gujarat State Horticulture Mission and NABARD would visit the facility on 19th November 2008. On such a visit they found the facility to be at '*minimum capacity utilization*' and as such the release of remaining subsidy was kept pending. The relevant portion of the Joint Monitoring Visit Report is as under:

“Management of cold storage : Managed and maintained by APMC Deesa Observation of the monitoring committee.

1. The structure designed for earthquake or seismic landing and illegible of EPS panels and mildstand members.
2. DG Set has not been provided.
3. Capacity utilisation on the day of JMV was about 20 % only.

Recommendations of Monitoring Committee:

The unit is completed and compassioned, it may be considered for the final subsidy as per NHB, NABARD guidelines and the parameters mentioned above.

Sd/-
Illegible

sd/-
illegible

sd/-
illegible

4. At the time of joint inspection capacity utilisation was minimum i.e., less than 20% of the capacity.
5. The measurements are also required to ascertain the volume of the cold storage.

⁸ Respondent no.4/GSCARDB

6. Some administrative dispute has been observed while joint inspection.

7. In view of above, re-inspection and re-confirmations of documents are required. This has been illegible.

Sd/-

Illegible”

4. GSCARDB *vide* letter dated 10th June 2009 wrote to the appellant informing them that further decision on subsidy has been kept pending since they found it to be ‘*in closed condition*’ as such clarification was sought about its status as follows:

“THE GUJARAT STATE CO-OPERATIVE
AGRICULTURE & RURAL DEVELOPMENT BANK
LTD.

ARDB/NO.2149

Date :: 10/06/09

URGENT

To

The Secretary

A.P.M.C.

Deesa

Sub :: Regarding having Cold Storage.

Ref :: H.O. Ahmedabad letter No. Loan-Project-62-68

Dated 06/09/09.

This is to state that this Bank has granted you loan for Cold Storage. With regard to the final subsidy for the said loan NABARD had made a joint monitoring visit on 19/11/08. At that time the Cold Storage was in closed condition. Therefore the decision of subsidy by NABARD is pending. At present your said Cold Storage is running or close? If it is running then how many chambers are running and how many chambers are close. You are requested to give details of the same in your reply. So that H.O. can be informed. You are requested to send the said information immediately.

Yours faithfully,

Sd/- illegible
Branch Manager
Agriculture & Rural Development
Bank Ltd., Dessa Branch”

On 3rd May 2011, while the cold storage unit had been let out to be operative on a contractual basis, it caught fire due to a short circuit. Subsequently came the decision of the NABARD to withdraw the subsidy as referred to above.

5. The learned Single Judge observed that there was no dispute regarding the completion of the unit. It is also be noted that no reasons stood assigned by the authorities for withdrawing the subsidy to the appellant particularly, when its eligibility has never been questioned. It was, as such, directed that the remaining 50% be released in their favour after verification of compliance with the Scheme.

6. The impugned judgment records that no efforts were made by the APMCD, the appellant herein for three years from the date of the joint inspection to the date of fire. According to the Division Bench, the appellant had not fulfilled all the conditions.

7. The relevant parts of the Scheme, which forms the basis of subsidy, and the seed of the dispute before us, are as follows:

“6. Procedure for sanction of project and release of subsidy

A. Projects where refinance/loan from NABARD/NCDO is involved

50% of the subsidy amount will be released to NABARD by NHB in advance. Accordingly, NABARD would release

subsidy to the participating banks in advance for keeping the same in the Subsidy Reserve Fund. Account of the concerned Borrower, to be adjusted finally against loan amount of the bank on completion of the project. This amount of 50% advance subsidy would be released by NABARD to the participating banks on submission of a brief profile (as stated above).

The remaining 50% of the subsidy amount would be disbursed to the participating bank(s) by NABARD only after conduct of an inspection by the Monitoring Committee consisting of Officials from NABARD, participating bank(s) and the in-charge of the NIIB's Centres in the concerned State.”

8. We must, therefore, in order to decide the question posed in paragraph *one*, examine from record whether the appellant has actually made efforts to have the facility re-examined or re-evaluated after the first verification was compromised, done in the off season. In our considered view, the answer to this question is fairly simple and straight forward when the documents on record are viewed and understood in the context of the Scheme extracted above. GSCARDB repeatedly wrote to Respondent no.1/NHB seeking release of remainder of the subsidy. Numerous letters are on record written by either the appellant or GSCARDB requesting NHB/NABARD to release the final subsidy, all dated prior to the incident of fire at the cold storage facility. Below is a table encapsulating the communications:

Sr. No.	Date	From	To	Subject/Content
1.	17 th June 2009	Secretary, APMC, Deesa	Branch Manager, GSCARDB	Information regarding the unit being lent out and all chambers being in working condition.
2.	26 th June 2009	AGM, GSCARDB	Manager, NABARD, Ahmedabad	Communicating that as per oral instructions of NABARD, branch manager of GSCARDB conducted spot investigation and found all chambers in running condition.
3.	21 st July 2009	AGM, GSCARDB	Manager, NABARD, Ahmedabad	Request for release of final subsidy
4.	9 th September 2009 9 th October 2009 4 th November 2009 9 th December 2009	AGM, GSCARDB	Deputy Director, Gujarat State Horticulture Mission	Requesting the needful to be done in releasing the final subsidy.
5.	13 th March 2010 7 th April 2010 21 st July 2010	AGM, GSCARDB	Manager, NABARD, Ahmedabad	Proposal for subsidy has been pending for two years and as such request for final release of subsidy
6.	12 th January 2011	Managing Director, GSCARDB	Chief General Manager, NABARD, Ahmedabad	Reference of all earlier letters given, while requesting that final installment be released after consideration.
7.	18 th January 2011	Managing Director, GSCARDB	Chief General Manager, NABARD, Mumbai	Reference to a number of earlier letters and requesting interference in the matter of non-release of final subsidy.
8.	22 nd February 2011	Managing Director, GSCARDB	Chief General Manager, NABARD,	Reference to a number of earlier letters, request for considering

			Ahmedabad	release for final installment as soon as possible
9.	22 nd March 2011	AGM, GSCARDB	Senior Assistant Director, NHB	NABARD asked the bank to request NHB for Joint Monitoring Visit as such request made.
10.	8 th April 2011	AGM, GSCARDB	Senior Assistant Director, NHB	Reminder for allotting date for Joint Monitoring Visit

9. It is clear from the above that efforts were indeed made by the appellant through its bank to have the money released, as per the Scheme's requirement reproduced above, but the same was to no avail. Had the inspections requested been carried out or the money as requested released, this dispute would not have dragged on thus far. When the matter stood at the stage of exchange of letters, the fire referred to above took place and, thereafter, NABARD issued instructions to respondent no.4 to withdraw the subsidy amount from the appellant. Not only did they not release the final amount but also asked for a refund of the amount already paid. Reasons for having taken such a stand, we may record are best known to them for the above table demonstrates there were plenty of efforts.

10. Surprisingly, the NHB in its written submissions has said that the appellant '*miserably failed*' to establish any efforts made by it after the first joint monitoring visit on 19th November 2008 and that the deficiencies pointed out in the Report of such visit were never

cured and so the appellant was ineligible. We are at a loss to understand the stand of the NHB since the Report referred to by them itself states “*the unit is completed and commissioned*”, it may be considered for final subsidy as per NHB/NABARD guidelines and the parameters mentioned above”.

11. In that view of the matter, judgment and order of the Division Bench is set aside and that of the Single Judge is restored. If the amount of subsidy that had already been released stands paid back by the appellant, the entire amount of subsidy should now be released in their favour or if the original amount was yet to be paid back, the final installment of the subsidy is ordered to be released. The appeal is allowed.

Pending application(s) if any shall stand disposed of.

.....**J.**
(SANJAY KAROL)

.....**J.**
(AUGUSTINE GEORGE MASIH)

New Delhi
April 17, 2026