

Cont.P(MD)No.1157 of 2025

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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DATED : 18.07.2025

CORAM:

THE HONOURABLE MR.JUSTICE B.PUGALENDHI

Cont.P(MD)No.1157 of 2025

T.Prabhakar

: Petitioner

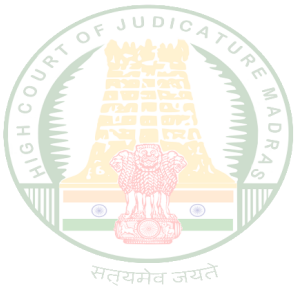
Vs.

1.Mr.Dheeraj Kumar,
Secretary to Government,
Home, Prohibition and Excise Department,
Law Department,
St.George Fort,
Chennai.

2.Mr.Kuppusamy,
Deputy Superintendent of Police,
Economic Offences Wing - II,
Madurai,
Madurai District.

: Respondents

PRAYER: Petition filed under Section 11 of the Contempt of Court Act to punish the contemnors for the non-compliance of the order dated 26.02.2024 made in WP(MD)No.4378 of 2016.



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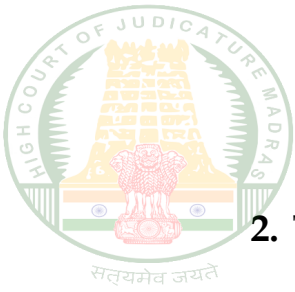
For Petitioner : Mr.M.Jerin Mathew

For Respondents: Mr.Ajmal Khan,
Additional Advocate General

Assisted by
Mr.T.Senthil Kumar,
Additional Public Prosecutor

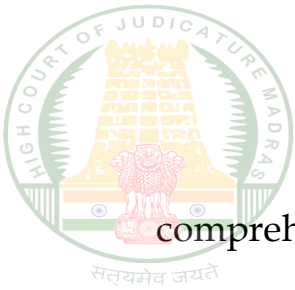
ORDER

This contempt petition is filed alleging non-compliance of the directions issued by this Court in WP(MD)No.4378 of 2016, dated 26.02.2024, wherein, this Court, apart from directing the first respondent therein / Monitoring Committee to take further steps for refunding the amount to the depositors, had highlighted the serious lapses in the implementation of the Tamil Nadu Protection of Interests of Depositors (in Financial Establishments) Act, 1997 ("TNPID Act") and had issued several directions to streamline the functioning of the system, ranging from curative delays in attachments and disbursements to the lacking of preventive regulatory mechanism.



2. The TNPID Act was enacted to protect the interests of depositors who fall prey to fraudulent financial establishments. However, the practical working of the Act had been vitiated by administrative delay, lack of coordination, lack of proactive monitoring or awareness programs and absence of timelines, all of which had the effect of defeating the very object of the legislation. These failures had reduced the efficacy of the Act, leaving thousands of poor and middle-class depositors in prolonged distress. The Court had, therefore, made extensive observations, including criticism of the failure of the authorities in taking timely steps under Sections 3 and 4 of the Act, particularly in issuing Government Orders (G.O.s) for ad-interim attachment. The purpose of the earlier order was not only to remedy the case at hand, but to prompt systemic reform and restore public faith in the process.

3. During the course of this contempt proceedings, the Government has shown meaningful response and structural progress. Pursuant to a high-level meeting chaired by the Chief Secretary on 27.06.2025, a



comprehensive Standard Operating Procedure (SOP) was issued on 09.07.2025 by the Home Department, bringing together all departments concerned under a common and time-bound procedural umbrella, vide G.O.(2D).No.205, Home Department, dated 09.07.2025.

4. This Court has perused the Government Order in G.O.(2D).No.205, Home Department, dated 09.07.2025 and also the Standard Operating Procedure.

5. One of the principal criticisms in this Court's order was the delay saturating every stage of action under the TNPID framework, from the registration of complaints, issuance of Government Orders under Section 3, action by Competent Authorities under Section 4, up to the auction and disbursal of proceeds. The process lacked clear timelines, resulting in prolonged stagnation and leaving depositors in distress for years. The newly issued SOP now attempts to rectify this structural inaction by prescribing specific and structured timelines for every level of coordination



among the Economic Offences Wing, Home Department, Revenue Department, Registration Department, etc. This Court finds the move to be a serious step in the right direction, aiming to transform what was a fragmented response into a time-bound and accountable framework.

6. A particularly commendable development is the SOP's adoption of digital communication and e-governance tools that instructions can now be issued by email, and revenue and registration records can be retrieved online. The SOP consciously opts for email-based instructions, digital downloads of property and case documents via official websites, and integration with online revenue records, marking a significant shift from the earlier reliance on physical files and official letters. In today's digital era, such a forward-looking approach will not only reduce avoidable delay but will also enhance transparency, traceability, and accountability.

7. This Court had earlier observed that preventive vigilance by the Economic Offences Wing was conspicuously lacking, resulting in



regulatory action only after large-scale frauds had already occurred. In

response, it is now submitted by the Department that efforts are underway to address this gap. According to the latest data, 725 awareness campaigns were conducted in the year 2023, 1870 in the year 2024, and 784 up to May 2025, including outreach to closed groups, FM radio broadcasts, cultural programmes, and sensitisation drives. It is also informed that Investigating Officers in the EOW have been trained to use TNeGA platforms for better access to property records and e-services. While this Court cannot immediately verify the depth or impact of these measures, the submission indicates a conscious attempt to move from a reactive to a preventive framework, a direction this Court had strongly urged earlier.

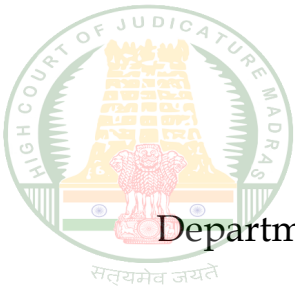
8. This Court also notes with appreciation that, vide G.O.Ms.No.68, Home Department, dated 08.07.2025, the category of “economic offender” has now been included as one of the categories under the Tamil Nadu Act 14 of 1982 (Goondas Act). This legislative inclusion empowers the authorities to invoke preventive detention against habitual offenders



operating fraudulent financial establishments. This is a significant policy shift which strengthens the Government's arsenal to combat economic offences that affect public order and investor confidence, and hence, it deserves particular commendation.

9. In the earlier order, this Court had suggested the Government to consider appointing a retired High Court Judge or a senior IAS Officer as a full-time Competent Authority to expedite recovery and refund proceedings and inspire depositor confidence. In response, the Government has now proposed the appointment of zonal-level officers as additional Competent Authorities, in addition to the existing District Revenue Officers, thereby decentralising and strengthening the overall enforcement machinery.

10. Another welcoming institutional development is the proposal to constitute a Valuation Committee under the chairmanship of the District Revenue Officers, consisting of representatives from the Registration



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Department, Public Works Department, and Regional Transport Offices, to

assess and approve the value of attached assets before auction, as per TNPID Court's sale orders. This inter-departmental approach is expected to streamline valuation, reduce disputes, and accelerate the auction process.

11. Yet another major structural step is the Government's proposal to designate the Commissioner of Social Security Scheme (SSS), O/o. Commissioner of Revenue Administration, as the full-fledged Head of Department under the TNPID Act to function as the budget controlling, reconciling, and supervisory authority. Until now, the absence of a dedicated Head of the Department had led to institutional ambiguity. This long-pending administrative gap now stands addressed, and deserves due appreciation.

12. These developments indicate that the Government has taken the observations of this Court in the right spirit, and has chosen to act constructively, by institutionalising a process that was until now operating



in silos and without structure. While this is not the culmination of reform, it

is certainly a meaningful beginning. Thousands of depositors who have for years been waiting in vain for refunds, now stand a realistic chance of timely restitution. The administrative architecture necessary for achieving the object of the TNPID Act has now been laid down, subject to consistent implementation.

13. However, one issue remains unaddressed. While timelines are fixed for every other stage, the issuance of the Government Order under Section 3 is not with assigned any fixed outer limit, and the SOP merely states “expeditiously.” Given that the Government Order is based only on *prima facie* administrative satisfaction, and is subject to confirmation by the Special Court concerned, this Court, in order to ensure consistency and to prevent avoidable delay at this critical juncture, fixes 12 days from the receipt of proposal by the ADGP, EOW, as the maximum permissible period for issuing such Government Orders. The time limit now fixed is consistent with comparable procedures under preventive detention laws



and is intended solely to ensure procedural clarity. It does not, in any manner, curtail the discretion vested in the Government. In fact, it is ultimately for the Special Court to examine the matter and arrive at its own subjective satisfaction while deciding whether to make the order of attachment absolute.

14. This Court is satisfied that the observations, criticisms, and suggestions made in the order have been taken in the right spirit by the Government, and that they have now responded with visible and serious measures. These measures are not mere symbolic gestures, but constitute substantive institutional responses that demonstrate the Government's constructive engagement with the judiciary's observations. The progress sought to be made in prevention, enforcement, coordination, valuation, and administration must be recognized and appreciated in full measure.

15. This Court records its appreciation for the constructive manner in which the Government has responded to the observations made in the



earlier order. Rather than viewing judicial criticism defensively, the State

has approached it as an opportunity for institutional improvement. The

issuance of a detailed SOP, adoption of digital mechanisms, initiation of

preventive awareness campaigns, the structural steps such as the inclusion

of “economic offender” under the Goondas Act, appointment of zonal-level

Competent Authorities, creation of Valuation Committees, and designation

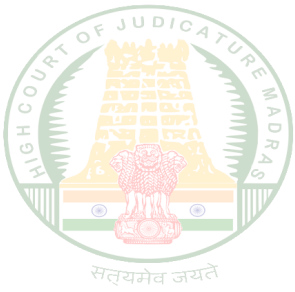
of a dedicated Head of Department – all indicate that the Government has

taken the spirit of the Court’s order seriously. Such responsiveness not only

reinforces the rule of law but also helps restore the faith of the common

public in the efficacy of the system.

16. What began as a matter of judicial concern has now evolved into a framework that promises tangible relief to affected depositors. This development, though long overdue, marks a beginning of the larger remedial process.



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17. In view of the above, and with the assurance that the system is now on a course correction with a strong framework in place, this Contempt Petition is closed, recording the compliance shown. It is clarified that any breach or deviation of the SOP, or of the timeline now fixed for issuance of Government Order, may be brought to the notice of this Court for appropriate action.

18. Before parting, this Court also places on record its appreciation for Mr.Hasan Mohamed Jinnah, learned State Public Prosecutor and Mr.T.Senthil Kumar, learned Additional Public Prosecutor, who appeared in this matter throughout and played a crucial role in communicating the concerns of this Court to the Government. It is they, who have not only understood and conveyed the spirit of the Court's observations with clarity and sincerity, but have also ensured that the Government responded with appropriate urgency and seriousness. Their contribution reflects the important role that Law Officers play in bridging the judicial and executive



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institutions in matters of public interest and ensuring that judicial concerns are translated into administrative action.

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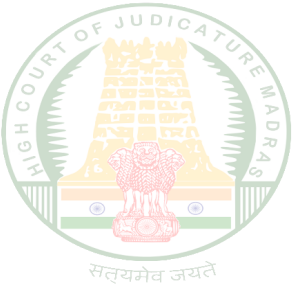
Note:

Mark a copy of this order to

1. The Chief Secretary to Government,
State of Tamil Nadu,
Chennai.
2. The Additional Director General of Police,
Economic Offences Wing,
Chennnai.

To

- 1.The Secretary to Government,
Home, Prohibition and Excise Department,
Government of Tamil Nadu,
St.George Fort,
Chennai.
- 2.The Deputy Superintendent of Police,
Economic Offences Wing – II,
Madurai,
Madurai District.
- 3.The Additional Public Prosecutor,
Madurai Bench of Madras High Court,
Madurai.



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B.PUGALENDHI, J.

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