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M/S. Silpi Industries Etc. Vs. Kerala State Road Transport Corporation & Anr. Etc. With M/S. Khyaati Engineering Vs. Prodigy Hydro Power Pvt. Ltd.

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[2025 INSC 801]



i. Whether the provisions of Indian Limitation Act, 1963 are applicable to arbitration proceedings initiated under Section 18(3) of Micro, Small and Medium Enterprises Development Act, 2006?

ii. Whether registration under MSME is mandatory to initiate arbitration proceedings under the MSMED Act?

CONTEXT: The appeals arose from disputes under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). In the first set of appeals (M/s. Silpi Industries), suppliers sought a 10% balance payment withheld by the Kerala State Road Transport Corporation (KSRTC). After conciliation failed, claims were referred to arbitration under the MSMED Act. The High Court set aside the awards, holding the Limitation Act, 1963, applicable and counter-claims maintainable. The second set of appeals (M/s. Khyaati Engineering) involved a supplier filing a claim before the Micro and Small Enterprises Facilitation Council. The buyer, however, sought appointment of a separate arbitrator under Section 11(6) of the Arbitration and Conciliation Act, 1996, arguing that the MSMED Act council did not envisage counter-claims. A key fact in this appeal was that the supplier's registration under Section 8 of the MSMED Act occurred after the contract was signed and supplies concluded.

1 The Supreme Court held that the Limitation Act, 1963, is applicable to arbitration proceedings initiated under Section 18(3) of the MSMED Act, 2006.

It further ruled that counter-claims are maintainable before the Micro and Small Enterprises Facilitation Council under the MSMED Act because Section 18(3) of the MSMED Act. The Court reasoned that disallowing counter-claims would lead to parallel proceedings and defeat the beneficial objectives of the MSMED Act, which is a special statute and thus overrides the general Arbitration Act. Therefore, the High Court's judgment in the M/s. Silpi Industries appeals, remanding the matters based on these findings, was affirmed.

3 However, the Civil Appeals filed by M/s. Khyaati Engineering were dismissed, as the appellant was found not entitled to invoke the MSMED Act's provisions. This was because the appellant's unit was not registered under Section 8 of the MSMED Act at the time of entering into the contract or during the supply of goods and services, and such registration operates prospectively, not retrospectively.

**M/S. SILPI INDUSTRIES
ETC. VS. KERALA STATE
ROAD TRANSPORT
CORPORATION & ANR.
ETC. WITH M/S. KHYAATI
ENGINEERING VS.
PRODIGY HYDRO POWER
PVT. LTD.
[CIVIL APPEAL
NOS.1570-1578 OF 2021
WITH CIVIL APPEAL
NOS.1620-1622 OF 2021]**

**SECTIONS 8, 15, 16, 17,
18(1), 18(2), 18(3), 19,
23(2A), 24, 32 OF THE
MICRO, SMALL AND
MEDIUM ENTERPRISES
DEVELOPMENT ACT,
2006 (MSMED ACT)**

**SECTIONS 7(1), 11(6),
23(2A), 34, 37, 43 OF THE
ARBITRATION AND
CONCILIATION ACT, 1996
LIMITATION ACT, 1963**

Can public criticism, made without mentioning caste but knowing the person belongs to a Scheduled Caste, still amount to an offence under the SC/ST Act if it causes public insult or humiliation?

CONTEXT: Shajan Skaria, editor of an online news channel, published a YouTube video making allegations against P.V. Sreenijan, an MLA belonging to a Scheduled Caste. Sreenijan filed a complaint alleging the video was intended to humiliate and ridicule him due to his Scheduled Caste identity, leading to an FIR under Sections 3(1)(r) and 3(1)(u) of the The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989. Skaria's application for anticipatory bail was rejected by the Special Judge and subsequently affirmed by the Kerala High Court, citing the statutory bar under Section 18 of the Act.

1 The appeal was allowed, and the High Court's order was set aside. The Supreme Court found that the averments in the FIR/complaint did not prima facie disclose the commission of any offence under Section 3(1)(r) or 3(1)(u) of the 1989 Act.

2 For an offence under Section 3(1)(r), the insult or intimidation must be on account of the victim's Scheduled Caste identity, not merely because the victim happens to be a member of such a caste.

3 The Court observed that the appellant's intent appeared to be to malign or defame the complainant, not to humiliate him due to his caste. Furthermore, for Section 3(1)(u), the video targeted an individual, not the Scheduled Caste community as a group.

4 Since a prima facie case under the Act was not made out, the bar created by Section 18 of the Act, 1989, against anticipatory bail does not apply. The appellant is entitled to be released on anticipatory bail.

**SHAJAN SKARIA VS.
THE STATE OF KERALA
& ANR.
[2024 INSC 625]**

SECTIONS 3(1)(r), 3(1)(u), 18, 18A OF THE SCHEDULED CASTES AND SCHEDULED TRIBES (PREVENTION OF ATROCITIES) ACT, 1989

SECTIONS 438, 41, 60A OF THE CRIMINAL PROCEDURE CODE, 1973

SECTION 120(o) OF THE KERALA POLICE ACT, 2011

Whether the offence punishable under Section 63 of the Copyright Act, 1957, is a cognizable and non-bailable offence, contrary to the High Court's determination?

CONTEXT: The appellant, M/s Knit Pro International, initiated proceedings under Section 156(3) Criminal Procedure Code, 1973 leading to the registration of FIR No. 431 of 2018 against Respondent No. 2 for offences including those under Sections 63 and 65 of the Copyright Act, 1957, and Section 420 of the IPC. Respondent No. 2 subsequently petitioned the Delhi High Court to quash the criminal proceedings, arguing that Section 63 of the Copyright Act describes a non-cognizable and non-bailable offence. The High Court agreed, quashing the FIR and the lower court's order by holding that Section 63 of the Copyright Act constitutes a non-cognizable offence. The original complainant then appealed this decision to the Supreme Court.

1 The Supreme Court allowed the appeal, quashing and setting aside the High Court's impugned judgment and order. The Court definitively held that the offence under Section 63 of the Copyright Act is a cognizable and non-bailable offence.

2 This conclusion was reached by interpreting Part II of the First Schedule of the Criminal Procedure Code, 1973.

3 As Section 63 provides for imprisonment that "may extend to three years", the maximum punishment falls within the category of offences punishable with "imprisonment for 3 years and upwards but not more than 7 years," which are classified as cognizable and non-bailable.

4 The High Court's reliance on *Rakesh Kumar Paul vs. State of Assam [(2017) 15 SCC 67]* was deemed inapplicable due to clear statutory language. The criminal proceedings against Respondent No. 2 are to continue accordingly.

M/S. KNIT PRO
INTERNATIONAL
VERSUS THE STATE OF
NCT OF DELHI & ANR.
[2022 INSC 621]

**SECTION 63 OF THE
COPYRIGHT ACT, 1957**

**SECTION 156(3), FIRST
SCHEDULE, PART II OF
THE CRIMINAL
PROCEDURE CODE,
1973**

**SECTION 420 OF THE
INDIAN PENAL CODE,
1860**

Whether Deputy Secretary has the authority to decide on closure applications under Section 25-O of the Industrial Disputes Act, 1947?

CONTEXT: Harinagar Sugar Mills Ltd. (HSML), a company engaged exclusively in biscuit manufacturing for Britannia Industries Limited (BIL) for over three decades, faced the termination of its job work agreement by BIL. Consequently, HSML applied to the Government of Maharashtra for permission to close its undertaking under Section 25-O(1) of the Industrial Disputes Act, 1947, also informing its 178 permanent workmen. The Deputy Secretary, Government of Maharashtra, responded, asking HSML to resubmit the application, claiming it lacked cogent reasons. HSML contended that the statutory 60-day period for a decision had elapsed, triggering "deemed closure" under Section 25-O(3). The High Court dismissed HSML's challenge, holding that the application was incomplete due to subsequent furnishing of additional reasons, thus precluding deemed permission.

① The Supreme Court allowed the appeal, setting aside the High Court's impugned judgment and order.

② The Court held that the original closure application dated August 28, 2019, was complete in all respects, and therefore, the 60-day period for deemed closure under Section 25-O(3) of the Act applied. The Court found that the Deputy Secretary lacked the requisite authority to act on or reject the closure application, as that power was vested solely with the Minister for Labour, and no valid sub-delegation was proven.

③ Furthermore, the Minister's mere endorsement of a subordinate's internal noting did not constitute an independent "application of mind" or a reasoned order as statutorily required.

④ The Court also acknowledged that HSML had indeed presented sufficient compelling circumstances for closure due to the termination of its sole manufacturing contract and lack of other avenues. The High Court also erred by relying on an incorrect form (Form XXIV-B instead of XXIV-C). The Court also directed an enhancement of compensation for the affected workmen.

**HARINAGAR SUGAR
MILLS LTD. (BISCUIT
DIVISION) & ANR.
VERSUS STATE OF
MAHARASHTRA & ORS.**
[2025 INSC 801]

**SECTION 25-O (SUB-
SECTIONS (1), (2), (3)),
39 OF THE INDUSTRIAL
DISPUTES ACT, 1947**

**RULE 82-B(1), FORM
XXIV-C OF THE
INDUSTRIAL DISPUTE
(MAHARASHTRA)
RULES, 1957**