

State Of Bihar And Others vs Jain Plastics And Chemicals Limited on 21 November, 2001

Equivalent citations: AIR 2002 SUPREME COURT 206, 2002 (1) SCC 216, 2001 AIR SCW 4858, 2002 AIR - JHAR. H. C. R. 73, (2002) 1 ALLCRILR 641, 2002 CALCRILR 153, (2001) 9 JT 582 (SC), (2002) 1 JCR 303 (SC), 2001 (3) ARBI LR 686, 2001 (8) SCALE 250, 2001 (4) LRI 787, 2001 (9) JT 582, 2002 (1) BLJR 35, (2002) 3 MAD LW 3, (2002) 1 PAT LJR 142, (2001) 3 ARBILR 686, (2001) 8 SUPREME 334, (2002) 1 ICC 73, (2001) 8 SCALE 250, (2002) 46 ALL LR 194, (2002) 1 BLJ 292, (2002) 1 CAL HN 101

Bench: M.B. Shah, B.N. Agrawal

CASE NO.:

Appeal (civil) 7932 of 2001

PETITIONER:

STATE OF BIHAR AND OTHERS

Vs.

RESPONDENT:

JAIN PLASTICS AND CHEMICALS LIMITED

DATE OF JUDGMENT: 21/11/2001

BENCH:

M.B. Shah & B.N. Agrawal

JUDGMENT:

Shah, J.

Leave granted.

Limited question involved in this appeal is whether the High Court ought not to have exercised its jurisdiction under Article 226 of the Constitution of India for granting relief in case of alleged breach of contract.

Settled law writ is not the remedy for enforcing contractual obligations. It is to be reiterated that

writ petition under Article 226 is not the proper proceeding for adjudicating such disputes. Under the law, it was open to the respondent to approach the Court of competent jurisdiction for appropriate relief for breach of contract. It is settled law that when an alternative and equally efficacious remedy is open to the litigant, he should be required to pursue that remedy and not invoke the writ jurisdiction of the High Court. Equally, the existence of alternative remedy does not affect the jurisdiction of the Court to issue writ, but ordinarily that would be a good ground in refusing to exercise the discretion under Article 226.

Despite the settled law, respondent filed CWJC No.3968 of 1997 before the High Court of Patna challenging the decision taken by the appellants to deduct a sum of Rs.15.24 lacs for the loss suffered, from the bills of respondent-Company while making the full and final payment. That writ petition was allowed despite the objection raised by the appellants that respondent committed breach of contract and the Court should not exercise its writ jurisdiction in such cases. L.P.A. No.945 of 2000 was also dismissed by the High Court by its judgment and order dated 11.1.2001. Hence this appeal.

The short facts are that the tender of respondent-Company having its registered office at Jalgaon, Maharashtra for supply of PVC Pipes and fittings at Patna and Hazipur was accepted and an agreement was executed on 22.2.1994. Estimated value for supplies was Rs.5,81,92,584.84 p. and Rs.7,37,27,421.96 p. at Patna and Hazipur respectively. As per the say of the appellants, respondent-Company delayed the supplies. By letter dated 2.4.1994, supply of PVC pipes and fittings was suspended in respect of certain fittings. However, for immediate use, some pipes were ordered to be supplied. On record, it appears that parties exchanged correspondence for a long period. It was contended by the respondent - Company that the authorities have wrongfully refused to return requisite road permits and other relevant papers and, therefore, it could not supply the PVC fittings within stipulated time. Finally, appellants terminated the contract on 10.12.1996 and purchased the fittings at a higher price. Thereafter, while paying the final bill to the respondent, the difference of amount which was required to be incurred by the appellants was deducted.

Respondent preferred the writ petition before the High Court. The learned Single Judge arrived at the conclusion that the respondent company was unable to supply the PVC fittings on account of failure or the refusal on the part of the appellants to supply the road permits and that the company cannot be faulted for non supply of PVC fittings. Hence, the appellants cannot realise or deduct the extra money which they had to spend over purchase of the same. With regard to the adjudication of tangled question of facts in writ jurisdiction, the learned Single Judge observed: This Court has not in the present case felt any difficulty in deciding the question of facts on the basis of affidavit evidence, and I have not felt the necessity of evidence of a civil suit in deciding the question of facts which is needed for disposal of the present writ petition. Finally, the learned Judge directed the appellants to make the due amount of respondent - company with interest at the rate of 6%, within six months. The aforesaid order was confirmed in LPA.

In our view, it is apparent that the order passed by the High Court is on the face of it illegal and erroneous. It is true that many matters could be decided after referring to the contentions raised in the affidavits and counter-affidavits, but that would hardly be ground for exercise of extraordinary

jurisdiction under Article 226 of the Constitution in case of alleged breach of contract. Whether the alleged non-supply of road permits by the appellants would justify breach of contract by the respondent would depend upon facts and evidence and is not required to be decided or dealt with in a writ petition. Such seriously disputed questions or rival claims of the parties with regard to breach of contract are to be investigated and determined on the basis of evidence which may be led by the parties in an properly instituted civil suit rather than by a Court exercising prerogative of issuing writs.

In the result, the appeal is allowed and the impugned order passed by the High Court is set aside. There will be no order as to costs. It would be open to the respondent to have recourse to other appropriate remedy.

.J. (M.B. SHAH) .J. (B.N. AGRAWAL) November 21, 2001.