# Legal Case Summary: Jagdish Mandal vs State of Orissa & Ors (2006)

Case Title: Jagdish Mandal vs State of Orissa & Others

Citation: AIRONLINE 2006 SC 645

Court: Supreme Court of India

Date of Judgment: 11 December 2006

Bench: G.P. Mathur, R.V. Raveendran (Author)

## Facts of the Case:

- Two separate contracts for canal construction (Upper Indravati Irrigation Project) were awarded to Jagdish Mandal and Laxman Sharma after rejecting the lowest bidder, Narayan Mohanty.  
- Narayan Mohanty's tender was rejected due to a disputed and allegedly fraudulent Term Deposit (TD) passbook used as Earnest Money Deposit (EMD).  
- Another reason for rejecting Mohanty's bid was an unworkably low rate quoted for a major work item in the second contract stretch.  
- The High Court later quashed the awarded contracts and directed reconsideration of Mohanty’s tender, leading to the current appeal before the Supreme Court.

## Procedural History:

- Narayan Mohanty challenged the contract awards in the Orissa High Court.  
- The High Court ruled in his favor and directed reevaluation of his tenders.  
- Jagdish Mandal and Laxman Sharma appealed this decision to the Supreme Court.

## Issues before the Court:

1. Whether the rejection of Narayan Mohanty's tenders by the tender committee was arbitrary, unreasonable, or in violation of natural justice.  
2. Whether the High Court overstepped its jurisdiction in interfering with the tender evaluation process.  
3. What is the proper scope of judicial review in government contract awards?

## Judgment:

- The Supreme Court allowed both appeals.  
- The contracts awarded to Jagdish Mandal and Laxman Sharma were upheld.  
- The High Court’s decision was set aside and Mohanty’s writ petitions were dismissed.

## Key Legal Findings:

1. Judicial Review Limited: Courts should interfere in tender processes only when there is mala fide intention, arbitrariness, irrationality, or violation of public interest.  
2. Non-genuineness of EMD: The committee rightly rejected Mohanty's bid based on Postal Department’s letter questioning the TD passbook’s validity.  
3. Unworkably Low Rates: Mohanty's extremely low rates for critical items justified rejection of his second tender.  
4. No Right to be Heard: Since the tender was simply rejected for being non-responsive, the committee was not obliged to give Mohanty a prior hearing.  
5. Judicial Restraint: The High Court overreached by substituting its decision over the tender committee’s technical judgment.  
6. Public Interest First: Courts should avoid interference in government contract decisions unless overwhelming public interest demands it.

## Final Decision:

✅ Appeals allowed  
✅ High Court judgment set aside  
✅ Contracts awarded to Jagdish Mandal and Laxman Sharma upheld  
✅ Narayan Mohanty’s writ petitions dismissed