
(1998) 03 AP CK 0042

In the Andhra Pradesh High Court

Case No : Writ Petition No. 7988 of 1998

M. Venkateswara Rao

APPELLANT

Vs

Singareni Collieries Co., Ltd.

RESPONDENT

Date of Decision : 25-03-1998

Acts Referred:

Constitution of India, 1950 — Article 12, 14

Citation : (1998) 3 ALD 37 : (1998) 4 ALT 654 : (1998) 1 APLJ 348

Hon'ble Judges : S.R. Nayak, J

Bench : Single Bench

Advocate : M/s. Ghanta Rama Rao and Seshadri, for the Appellant; Shri K. Srinivasa Murthy, SC for SCCL, for the Respondent

Judgement

1. Rule nisi. Mr.K.Srinivasa Murthy, learned Standing Counsel took notice for the respondent-Company. Writ petition was heard finally with consent of the learned Counsel for the parties.

2. The petitioner is a contractor and being aggrieved by the action of the respondent-Company in insisting that the petitioner should deposit earnest money deposit (E.M.D.) by way of demand draft in order to participate in the tender proceeding to award the proposed work contract, he has filed this writ petition seeking a declaration that the aforementioned action of the respondent-Company is arbitrary, capricious, unfair and violative of Article 14 of the Constitution of India and, for a consequential direction to the respondent-Company to accept fixed deposit receipts or Bank guarantee as E.M.D for the tender notification CPR 0/50/ KGM/98/45.

3. Mr. Ghanta Rama Rao, the learned Counsel for the petitioner would strenuously contend that the insistence of the respondent-Company that the E.M.D. should be deposited by way of demand draft only, is totally arbitrary, unreasonable and violative of Article 14 of the Constitution of India.

4. The contention of the learned Counsel for the petitioner is not well-founded.

Although the respondent is a public Company and is a State within the meaning of Article 12 of the Constitution of India, the freedom to lay down the conditions, while it proceeds to award service contracts or work contracts is not totally taken away. The only limitation that may be placed on the State authorities or public Corporations by force of Article 14 of the Constitution of India is that the condition that may be imposed by the public authorities or State instrumentalities, in the matter of awarding the contracts either at the threshold or in operation of the contracts, shall not be fanciful, whimsical and totally irrelevant. Therefore, the only question which falls for consideration in the present case is, whether the insistence of the Company that the E.M.D. should be deposited by way of demand draft can be said to be arbitrary and whimsical so as to violate the postulates of Article 14 of the Constitution of India. It cannot be gain-said that the object behind the deposit of E.M.D. is to provide a security to the Company for consideration of the claims of the serious applicants only. If that is the object behind the requirement of depositing E.M.D, it cannot be said that the insistence to deposit the E.M.D. by way of demand draft is irrational or arbitrary. It seems to my mind that the object behind the insistence is that the E.M.D. should be available with the Company itself to forfeit the same in the event of breach of the contract and it should not be dragged to recover or realise the same from an external agency like the Bank.

5. In the result, the writ petition fails and is, dismissed. No costs.