**Supreme Court Affirms Jurisdictional Scope in Contractual Disputes: The Municipal Committee Katra Case**

**Case Title:** MUNICIPAL COMMITTEE KATRA & ORS. Vs. ASHWANI KUMAR

**Case No.:** CIVIL APPEAL NO(S). 14970-71 OF 2017

**Dated on:** May 09, 2024

**Coram:** J. B.R. GAVAI, J. SANDEEP MEHTA

**Facts:**

The case involves a dispute between the Municipal Committee Katra and Ashwani Kumar regarding a contract for supplying mules and mazdoors for transporting pilgrims to the Mata Vaishno Devi shrine. Ashwani Kumar, the second highest bidder, became the highest bidder after the original highest bidder declined the contract. The contract required 40% of the bid amount to be deposited within 24 hours, along with bank guarantees and post-dated cheques for the remaining amount. Kumar sought relaxation from this clause, but the Municipal authorities denied it, prompting him to file a civil suit. The District Judge granted a temporary injunction in Kumar's favor, directing the Municipal Committee to issue the work order, which was later upheld by the High Court. Kumar began work on 10th May 2010, but later claimed losses for the 33 days prior to this date, filing a writ petition seeking compensation. The High Court directed the Municipal Committee to consider Kumar's claim.

**Issues:**

* Whether the High Court in exercise of writ jurisdiction, was entitled to entertain a dispute which was purely civil in nature filed for claiming monetary relief/damages arising from fallout of contractual obligations.

**Legal Provisions:**

**Clause-8 of the Notice Inviting Tender (NIT):**

It states that the successful highest bidder, shall have to deposit 40% of the offered amount at the time of provisional acceptance of the offer by the committee immediately but not later than 24 hours from the time of acceptance.

**Contentions of the Appellants:**

The appellants, Municipal Committee Katra, contended that the High Court improperly exercised its writ jurisdiction to entertain a dispute purely of a civil nature involving monetary relief arising from contractual obligations. They argued that the respondent's request to relax the bank guarantee condition in the tender was unjustified. They also maintained that the respondent had already been provided relief through a temporary injunction and subsequent orders which allowed him to execute the contract, thus making his claim for additional compensation for the delayed start period unwarranted.

**Contentions of the Respondent:**

The respondent, Ashwani Kumar, contended that the provision in the tender requiring him to provide a bank guarantee for the remaining contract amount was unjust and arbitrary. Additionally, he argued that the delay in commencing the contract, which started from May 10 instead of April 1 as originally intended, resulted in a loss of revenue for 33 days. Consequently, he sought compensation amounting to Rs. 71,06,276, representing the purported loss incurred due to the curtailed contract period.

**Court’s Analysis & Judgement:**

The Hon’ble SC analysed whether the High Court had the jurisdiction to entertain a dispute of a purely civil nature, especially one concerning contractual obligations and claims for monetary relief. It examined the terms of the tender, particularly Clause 8, which specified the requirements for depositing the bid amount and providing a bank guarantee. The Court considered the respondent's contentions regarding the alleged arbitrariness of Clause 8 and the loss suffered due to the delayed start of the contract.

Eventually, the Hon’ble SC upheld the decision of the High Court to entertain the dispute, emphasizing the importance of ensuring fairness and reasonableness in contractual agreements, especially those involving public authorities. It directed the appellants to consider the respondent's claim for compensation within a specified timeframe.

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**Judgement Reviewed By- Shramana Sengupta**