HIGH COURT FOR THE STATE OF TELANGANA
AT HYDERABAD

MONDAY, THE TWENTY SEVENTH DAY OF JANUARY
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE THE ACTING CHIEF JUSTICE SUJOY PAUL
AND

THE HONOURABLE DR. JUSTICE G.RADHA RANI

WRIT APPEAL NO: 57 OF 2025

Writ Appeal under clause 15 of the Letters Patent preferred against the order dated 23/12/2024 in the W.P.No.18531 of 2024. on the file of the High Court.

Between:

Anasuya, W/o. K. Raghu, Aged 38 years, Occ. Housewife, R/o.H.No.9-76/2, Teachers Colony, Mahabubnagar District – 509001.

.....WRIT APPELLANT/RESPONDENT NO.4

AND

1. V.M. Sateesh, S/o. Venkatesh, Aged. 50 years, Occ. Licence Holder of Vijaya Dairy Parlour Stall in Mahabubnagar Bus Station, R/o. Mahabubnagar.

.....RESPONDENT/WRIT PETITIONER

2. Telangana Dairy Development Co-operative Federation Ltd., Lalapet, Hyderabad, Represented by its Managing Director.
3. General Manager (Mktg), The Telangana Dairy Development Co-operative Federation Limited, Lalapet, Hyderabad.
4. Regional Manager, Telangana State Road Transport Corporation, Mahabubnagar Region, Mahabubnagar.

.....RESPONDENTS/RESPONDENT NOS.1 TO 3

I.A.NO:2 OF 2025

Petition Under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the operation of impugned order dated 23.12.2024 passed by the

Learned Single Judge in W.P.No.18531 of 2024, pending disposal of the writ appeal.

Counsel for Appellant : SRI BAGLEKAR AKASH KUMAR

Counsel for Respondent No.1 : SRI C.RAMACHANDRA RAJU

Counsel for Respondent Nos.2 & 3 : SRI M.AJAY KUMAR

Counsel for Respondent No.4 : SRI R.ANURAG

The Court made the following JUDGMENT : --

THE HON'BLE THE ACTING CHIEF JUSTICE SUJOY PAUL
AND
THE HON'BLE DR.JUSTICE G. RADHA RANI

WRIT APPEAL No.57 of 2025

JUDGMENT: *(Per the Hon'ble the Acting Chief Justice Sujoy Paul)*

With the consent, finally heard Sri Baglekar Akash Kumar, learned counsel for the appellant; Sri C. Ramachandra Raju, learned counsel for respondent No.1; Sri M. Ajay Kumar, learned Standing Counsel for respondent Nos.2 and 3 and Sri R.Anurag, learned Standing Counsel for the Telangana State Road Transport Corporation, for respondent No.4.

2. This intra-Court appeal takes exception to the order passed by the learned Single Judge in W.P.No.18531 of 2024, dated 23.12.2024.

3. The brief facts narrated by the parties are that on 13.05.2019, respondent No.1/writ petitioner was given a contract/licence to run a stall at Mahabubnagar Bus Station to sell Vijaya Dairy products. The said allotment was extended from time to time.

4. Respondent No.2 allegedly found that respondent No.1/writ petitioner was selling non-Vijaya Dairy products at the stall.

Thus, *vide* letter dated 18.06.2024, the allotment of stall was cancelled.

5. The case of the present appellant is that after cancellation of the allotment of respondent No.1/writ petitioner, respondent Nos.2 and 3 gave the contract to the appellant on 18.06.2024 to operate the stall for selling Vijaya Dairy products at Mahabubnagar Bus Station for a period of six months.

6. Respondent No.1/writ petitioner, feeling aggrieved with the cancellation order dated 18.06.2024, filed the instant writ petition mainly on the ground that cancellation of contract/licence entails civil consequences and therefore, the impugned order dated 18.06.2024 is liable to be interfered with.

7. The learned Single Judge, after considering various judgments of the Supreme Court, came to hold that since the impugned order dated 18.06.2024 is admittedly passed without following the principles of natural justice and the said principles were not expressly or impliedly excluded, the said principles are indeed applicable. In the absence of following the said principles, the impugned order in the writ petition was set aside.

8. Learned counsel for the appellant submits that the appellant got herself impleaded in the writ proceedings and along with the application for vacate stay, filed a three-Judge Bench judgment of the Supreme Court in **M/s. Radhakrishna Agarwal v. State of Bihar**[1]. In view of this judgment, the principles of natural justice are inapplicable in contractual matters. Thus, although it is admitted that the contractual matters are not beyond the scope of judicial review, non-following the principles of natural justice cannot be a reason for interference. The said judgment cited by the appellant has not been considered by the learned Single Judge. On more than one occasion, learned counsel for the appellant submits that the judgment in the case of **M/s. Radhakrishna Agarwal** (supra) has not been considered and distinguished at any later point of time by the Supreme Court.

9. Learned counsel for respondent No.1/writ petitioner submits that what has been granted to respondent No.1/writ petitioner was a licence, which is evident from 'Deed of Licence' (Ex. P-4). The judgment cited by the appellant relates to contractual matters and therefore, no fault can be found in the order of the learned Single Judge. It is submitted that the appellant had no *locus*

[1] (1977) 3 SCC 457

standi to participate before the Writ Court because the allotment in her favour was granted after cancellation of allotment of respondent No.1/writ petitioner. Learned counsel for respondent No.1/writ petitioner further stated that the contract for respondent No.1/writ petitioner was extended up to August, 2025.

10. Learned Standing Counsel for respondent No.4 submitted that Clause 27 of the Deed of Licence shows that it is in fact a 'contract' and if the conditions are breached, the same was liable to be cancelled.

11. The parties confined their arguments to the extent indicated above.

12. We have heard the parties at length and perused the record.

Findings:-

13. The case of the present appellant is solely based on the judgment of the Supreme Court in the case of **M/s. Radhakrishna Agarwal** (supra). As noticed above, learned counsel for the appellant reiterated that the said judgment has not been considered subsequently. We find that the said contention is incorrect for the reason that the judgment in the case of **M/s.**

Radhakrishna Agarwal (supra) was recently considered by the Supreme Court in the case of **Subodh Kumar Singh Rathour v. The Chief Executive Officer and others**[2]. In paragraph No.35 of the said judgment, the Supreme Court considered the earlier judicial pronouncement in the case of **M/s. Radhakrishna Agarwal** (supra), thereafter, the legal journey was considered in *extenso* in paragraph No.49, which was recorded as under:

> "49. In **Verigamto Naveen v. Govt. of A.P. & Ors.** reported in (2001) 8 SCC 344 this Court held that where a breach of contract involves the decision-making authority exceeding its power or **violating the principles of nature justice** or its decision being borne out of perversity, then such cancellation of contract **can certainly be scrutinized under the writ jurisdiction**. This is because such an exercise of power by the authority is apart from the contract. The relevant observation reads as under: -
>
> > "21. [...] Though there is one set of cases rendered by this Court of the type arising in **Radhakrishna Agarwal case** [(1977) 3 SCC 457 : AIR 1977 SC 1496] much water has flown in the stream of judicial review in contractual field. In cases where the decision-making authority exceeded its statutory power or committed breach of rules or principles of natural justice in exercise of such power or its decision is perverse or passed an irrational order, this Court has interceded even after the contract was entered into between the parties and the Government and its agencies. [...] Where the breach of contract involves breach of statutory obligation when the order complained of was made in exercise of statutory power by a statutory authority, though cause of action arises out of or pertains to contract, brings it within the sphere of public law because the power exercised is apart from contract. The freedom of the Government to enter into business with anybody it likes is subject to the condition of reasonableness and fair play as well as public interest. After entering into a contract, in cancelling the contract which is subject to terms of the statutory provisions, as in the present

[2] Civil Appeal No.6741 of 2024 decided on 09.07.2024.

case, it cannot be said that the matter falls purely in a contractual field. Therefore, we do not think it would be appropriate to suggest that the case on hand is a matter arising purely out of a contract and, therefore, interference under Article 226 of the Constitution is not called for. This contention also stands rejected."

(Emphasis supplied)"

14. In paragraph No.55 (iv) and (v), it was poignantly held as under:

"55. Thereafter, this Court in its decision in **M.P. Power Management Co. Ltd., Jabalpur v. Sky Power Southeast Solar India Pvt. Ltd. & Ors.** reported in (2023) 2 SCC 703 exhaustively delineated the **scope of judicial review** of the courts **in contractual disputes** concerning public authorities. The aforesaid decision is in the following parts:-

(i) to (iii) ...

(iv) Exercise of Writ Jurisdiction after Termination or Breach of the Contract: - A relief by way of a writ under Article 226 of the Constitution will also lie against a termination or a breach of a contract, wherever such action is found to either be palpably unauthorized or arbitrary. Before turning away the parties to the remedy of civil suit, the courts must be mindful to see whether such termination or breach was within the contractual domain or whether the State was merely purporting to exercise powers under the contract for any ulterior motive. Any action of the State to cancel or terminate a contract which is beyond the terms agreed thereunder will be amenable to the writ jurisdiction to ascertain if such decision is imbued with arbitrariness or influenced by any extraneous considerations. The relevant observations read as under: -

"xi. Termination of contract can again arise in a wide variety of situations. If for instance, a contract is terminated, by a person, who is demonstrated, without any need for any argument, to be the person, who is completely unauthorised to cancel the contract, there may not be any necessity to drive the party to the unnecessary ordeal of a prolix and avoidable round of litigation. The intervention by the High Court, in such a case, where there is no dispute to be resolved, would also be conducive in public interest, apart from ensuring the Fundamental Right of the petitioner

under Article 14 of the Constitution of India. When it comes to a challenge to the termination of a contract by the State, which is a non-statutory body, which is acting in purported exercise of the powers/rights under such a contract, it would be over simplifying a complex issue to lay down any inflexible Rule in favour of the Court turning away the petitioner to alternate Fora. Ordinarily, the cases of termination of contract by the State, acting within its contractual domain, may not lend itself for appropriate redress by the Writ Court. This is, undoubtedly, so if the Court is duty-bound to arrive at findings, which involve untying knots, which are presented by disputed questions of facts. Undoubtedly, in view of ABL Limited (supra), if resolving the dispute, in a case of repudiation of a contract, involves only appreciating the true scope of documentary material in the light of pleadings, the Court may still grant relief to an applicant. We must enter a caveat. The Courts are today reeling under the weight of a docket explosion, which is truly alarming. If a case involves a large body of documents and the Court is called upon to enter upon findings of facts and involves merely the construction of the document, it may not be an unsound discretion to relegate the party to the alternate remedy. This is not to deprive the Court of its constitutional power as laid down in ABL (supra). It all depends upon the facts of each case as to whether, having regard to the scope of the dispute to be resolved, whether the Court will still entertain the petition.

xii. In a case the State is a party to the contract and a breach of a contract is alleged against the State, a civil action in the appropriate Forum is, undoubtedly, maintainable. But this is not the end of the matter. Having regard to the position of the State and its duty to act fairly and to eschew arbitrariness in all its actions, resort to the constitutional remedy on the cause of action, that the action is arbitrary, is permissible (See in this regard Kumari Shrilekha Vidyarthi and others v. State of U.P. and others). However, it must be made clear that every case involving breach of contract by the State, cannot be dressed up and disguised as a case of arbitrary State action. While the concept of an arbitrary action or inaction cannot be cribbed or confined to any immutable mantra, and must be laid bare, with reference to the facts of each case, it cannot be a mere allegation of breach of contract that would suffice. What must be involved in the case must be action/inaction, which must be palpably unreasonable or absolutely irrational and bereft of any principle. An action, which is completely malafide, can hardly be described as a fair action and may, depending on the facts, amount to arbitrary action. The question must

be posed and answered by the Court and all we intend to lay down is that there is a discretion available to the Court to grant relief in appropriate cases."

(Emphasis supplied)

(v) Other relevant considerations for Exercise of Writ Jurisdiction: - Lastly, this Court held that the **courts may entertain a contractual dispute under its writ jurisdiction where** (I) **there is any violation of natural justice** or (II) where doing so would serve the public interest or (III) where though the facts are convoluted or disputed, but the courts have already undertaken an in-depth scrutiny of the same provided that the it was pursuant to a sound exercise of its writ jurisdiction. The relevant observations read as under: -

'xiii. A lodestar, which may illumine the path of the Court, would be the dimension of public interest subserved by the Court interfering in the matter, rather than relegating the matter to the alternate Forum.

xiv. Another relevant criteria is, if the Court has entertained the matter, then, while it is not tabooed that the Court should not relegate the party at a later stage, ordinarily, it would be a germane consideration, which may persuade the Court to complete what it had started, provided it is otherwise a sound exercise of jurisdiction to decide the matter on merits in the Writ Petition itself.

xv. Violation of natural justice has been recognised as a ground signifying the presence of a public law element and can found a cause of action premised on breach of Article 14. [See Sudhir Kumar Singh and Others (supra)]."

(Emphasis supplied)"

(Emphasis Supplied)

15. Since a subsequent three-Judge Bench in **Subodh Kumar Singh Rathour** (supra) has considered and distinguished the view taken in **M/s. Radhakrishna Agarwal** (supra), the said view cannot improve the case of the present appellant. Since the case of the present appellant is solely based on the contention that in contractual matters the principles of natural justice are not required to be followed, the same cannot be upheld in view of the

recent judgment, as such, no relief is due to the appellant. In other words, the writ jurisdiction can be invoked even in contractual matters if the principles of natural justice are violated.

16. Since the principal argument of the appellant failed, the appeal must also fail. The learned Single Judge has taken a plausible view, which does not warrant any interference (see **Narendra & Co. (P) Ltd. v. Workmen**[3]).

17. In the result, the Writ Appeal is **dismissed**. There shall be no order as to costs. Miscellaneous applications, if any, pending shall stand closed.

3(2016) 3 SCC 340

SD/- K. SAILESHI
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To
1. One CC to SRI BAGLEKAR AKASH KUMAR, Advocate [OPUC]
2. One CC to SRI C.RAMACHANDRA RAJU, Advocate [OPUC]
3. One CC to SRI M.AJAY KUMAR, Advocate (OPUC)
4. One CC to SRI R.ANURAG, Advocate (OPUC)
5. Two CD Copies

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HIGH COURT

DATED:27/01/2025

JUDGMENT

WA.No.57 of 2025



DISMISSING THE W.A

WITHOUT COSTS.

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S.P
17/3/25