



2026:CGHC:3057

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

CR No. 106 of 2016

- M/s Balaji Constructions A Registered Partnership Firm Having Office At Anjaneyaswami Temple, D, No. 23, 963, Achari Street, Nellore- 524001 A.P. Through Its Partner Shri K. Purandhar Reddy, S/o Shri Venkatarani Reddy, Aged About 57 Years, R/o Nellore Andhra Pradesh, Andhra Pradesh
... Appellant(s)

versus

1. State Of Chhattisgarh The Secretary, Department Of Water Resources, Mantralaya, New Raipur, Raipur, Chhattisgarh, Chhattisgarh
2. The Executive Engineer, Water Management Division No.1, Raipur, Chhattisgarh, District : Raipur, Chhattisgarh
... Respondent(s)

For Applicant	:	Mr. Ramendra Kishore Prasad, Adv. along with Mr. S.B. Mukherjee, Adv.
For Non-applicants/ State	:	Mr. Anil Pandey, G.A.

Hon’ble Shri Justice Rakesh Mohan Pandey

Judgment On Board

19.1.2026

- 1) The applicant has preferred this civil revision under Section 19 of Chhattisgarh Madhyastham Adhikaran Adhiniyam, 1983 [herein after to be referred as ‘Act of 1983’] assailing the award passed by the learned Chhattisgarh Arbitral Tribunal, Raipur in Reference

Case No. 03/2008 dated 13.4.2016 whereby the claim of applicant was dismissed.

2) Facts of the present case are that a works contract for remodelling of Mandhar Branch Canal from R.D. 16000 to 32860 M worth Rs. 91,68,703.00/- was awarded to the applicant herein vide agreement No. 47/SAC/2005-06 dated 21.3.2006 ; the agreement was entered into between the parties on the same date. The time stipulated for completion of work was six months including rainy season. Meanwhile, the applicant was awarded another works contract of similar nature on 21.3.2006 vide agreement No. 48/SAC/2005-06. The applicant completed 80% of contract work within two months and shifted its man-power and machinery to the site of agreement No. 47/SAC/2005-06 on 25.4.2006 and the scheduled date of completion was 20.9.2006. The applicant could not complete the work as water was released in the canal which continued during the entire period of contract. After expiry of contract period, applicant was asked to apply for extension of time and finally the contract was terminated under Clause 4.3.3.3 on 21.2.2007. A dispute arose and matter was referred to the Arbitration Tribunal under Section 7 of Act of 1983. Learned Tribunal dismissed the claim of applicant vide award dated 13.4.2016.

3) Learned counsel for the applicant submits that learned Tribunal committed an error of law in holding that the applicant failed to

commence the work at the site of agreement No. 47/SAC/2005-06, instead it had been working on the site of agreement No. 48/SAC/2005-06. He further submits that both work contracts were between the same parties and decision to continue with the work at the site of agreement No. 48/SAC/2005-06 was taken after obtaining consent of the non-applicants herein. He also submits that by accepting remittances between 22.3.2006 to 27.6.2006, without objection, the non-applicants relinquished their right to raise this matter in future. He contends that applicant made various representations to stop the discharge of water into the canal but the non-applicants did not reply. He further contends that learned Tribunal failed to consider the documents placed on record by the applicant. He prays to set aside the award impugned.

- 4)** On the other hand, learned State counsel appearing for the non-applicants would oppose. He submits that applicant being the lowest and successful bidder was awarded the works contract. He further submits that an agreement was entered into between the parties on 21.3.2006 and time stipulated to complete the same was six months including rainy season. He also submits that the applicant failed to complete the work within stipulated time and as there was an inordinate delay in completion of works contract of agreement No. 47/SAC/2005-06, the applicant was advised to seek extension of time in accordance with the terms and conditions of the agreement but the applicant never sought

extension within stipulated time. He contends that request for extension of time was made after expiry of contract period and as the work progress was nil, therefore agreement No. 47/SAC/2005-06 was terminated. He further contends that it is settled preposition of law that in challenge of award in revision, the scope of judicial interference is limited and it is a trite law that the Court could not substitute its view in place of the interpretation accepted by the Arbitral Tribunal. He also contends that first notice was issued to the applicant to complete the works contract on 18.8.2006 ; again a letter was sent on 21.2.2007 and when no response was received, the agreement was terminated. He prays that this revision deserves to be dismissed.

- 5) Heard learned counsel appearing for the parties at length, considered their rival submissions made herein above and perused the documents placed on the file with utmost circumspection.
- 6) The applicant filed reference petition under Section 7B of Act of 1983 for an award of Rs. 14,21,370.00/- from the non-applicants on different heads as under :-

Claim No. 1

Refund of Earnest Money Deposit/initial
Security Deposit

Rs. 1,02,200.00/-

Claim No. 2

Loss caused to the petitioner due to idling
and mobilization of machinery

Rs. 3,22,000.00/-

Claim No. 3

Loss caused to the petitioner due to idling

of men power

Rs. 80,500.00/-

Claim No. 4

Loss caused to the petitioner towards
inbuilt over heads of the contract
@ 5% of the value of the contract

Rs. 4,58,435.00/-

Claim No. 5

Loss sustained by the petitioner towards
inbuilt profit margin in the contract claimed
@ 5% of the value of contract value

Rs. 4,58,435.00/-

- 7) A careful perusal of the agreement would show that applicant was required to complete the remodelling work of Mandhar Branch Canal from R.D. 16000 to 32860 M till 20.9.2006. Applicant shifted its man-power and machinery at the site of agreement but failed to start work by 20.9.2006. Applicant was advised to apply for extension of time prior to expiry of contract period but it failed to move such application. After expiry of said period, applicant made representations for extension of time on 11.11.2006 and 4.12.2006. A letter was sent by non-applicant No. 2 to applicant on 18.8.2006 and 7.12.2006 and thereafter, decision was taken by non-applicant No. 2 to terminate the agreement vide notice dated 21.2.2007.
- 8) The contract was terminated under Clause 4.3.3.3 of the agreement. Applicant challenged the order of termination before the Superintendent Engineer under Clause 4.3.29.2 on 6.3.2007. Since no decision was taken by the authority concerned, applicant raised claim towards losses and damages caused to it amounting to Rs. 18,82,505.00/- and requested non-applicants to settle it

within period of 30 days but claim of applicant remained unattended and thereafter applicant received a letter on 27.12.2007 that a new agency has been authorized to execute the said works contract. In their reply, non-applicants denied the releasing of water in the canal and pleaded that there was seepage of water which could have been drained out by applicant. They pleaded that applicant failed to commence the work despite repeated reminders and applicant never sought extension of time before expiry of scheduled period.

- 9)** Applicant exhibited documents Ex. P/1 to P/17 whereas non-applicants exhibited documents Ex. D/1 to D/5. Vide letters dated 2.5.2006 and 19.6.2006 (Ex.P/2 and P/3) applicant informed the non-applicants that depth of water was not working reach, therefore it could not start the work. Vide letter dated 18.8.2006 (Ex.P/4), applicant was directed to commence the work. Subsequently, applicant moved an application for extension of time after expiry of contract period on 4.12.2006 (Ex. P/6). Vide letter dated 7.12.2006 (Ex. P/7), applicant was again requested to commence the work but it failed to commence the work, therefore vide notice dated 21.2.2007 (Ex. P/8), non-applicant No. 2 terminated the agreement. The applicant, vide letter dated 6.3.2007 addressed to Superintending Engineer, Mahanadi Circle, Water Resources Department, Raipur (C.G.) made a request for foreclosure of contract by withdrawing the termination order.

10) Letter dated dated 18.5.2006 (Ex. D/1) was issued by SDO, Sub-Division No. 3, Water Resources Department addressed to applicant whereby applicant was directed to commence the work. Vide letter dated 10.11.2006 (Ex. D/2), Superintending Engineer was intimated by non-applicant No. 2 to the effect that applicant has not shifted its man-power and machinery at the site of agreement No. 47/SAC/2005-06. Clause 4.3.3.3 of the agreement reads as under :-

4.3.3.3. To measure up the work of the contractor and to take such part thereof as shall be unexecuted out of his hands and to give it to another Contractor to complete. In which case any expenses which may be. Incurred in excess of the sum which, would have been paid to the original Contractor, if the whole work had been executed by him (for the amount of which excess, the certificate in writing of the Divisional Officer shall be final and conclusive) shall be borne and paid by the original Contractor and may be deducted from any money due to him by Government under the contract or otherwise, or from his security(deposit or the proceeds of sale thereof, or a sufficient part thereof. If the work, is carried out at lower rates, the contractor shall not be entitled for any refund on this account Savings, if any shall go to the Government.

In the event of any of the above courses being adopted by the Divisional Officer, the Contractor shall have no claim to compensation, for any loss sustained by him by reason of his having purchased or procured any materials or entered into any engagement or made any advances on account of, or with a view to the execution of the work of the performance of the contract And In case the contract shall be rescinded under the provisions aforesaid, the Contractor shall not be

entitled to recover or be paid any sum for any work thereof actually performed under this contract, unless and until the Sub-Divisional Divisional Officer will have certified in writing the performance of such work and the value payable in respect thereof, and he shall only be entitled to be paid the value so certified.

Applicant was informed that it failed to mobilize the resources at the site of work. The water was released for certain period and it was closed after irrigation. Applicant failed to lead documentary as well as oral evidence to substantiate its claim. Applicant also failed to mobilize its man-power and machinery at the site of agreement No. 47/SAC/2005-06 prior to expiry of contract period i.e. 20.9.2006, even it failed to move application for extension of time.

11) In my considered view, as applicant failed to commence the work, therefore, non-applicant No. 2 rightly terminated the agreement according to its Clause 4.3.3.3. Learned Tribunal has considered the matter at length and passed a well reasoned award which does not require any interference. Consequently, this revision stands **dismissed**. No order as to cost(s).

Sd/-
(**Rakesh Mohan Pandey**)
JUDGE