

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

Civil Appeal No.5214/2009

FOOD CORPORATION OF INDIA

Appellant(s)

VERSUS

M/S. GARG RICE MILLS THROUGH ITS PARTNER SHRI RAJ KUMAR (DEAD) THR. LRS Respondent(s)

O R D E R

We have heard the learned senior counsel appearing for the appellant – Food Corporation of India and the learned counsel appearing for the respondents at length.

The facts of this case in brief are that the respondents were running a business relating to the milling of paddy. The appellant decided in 1995 that paddy from Punjab would be offered for milling and storage, with the terms and conditions for the same being put before the millers at a meeting in Chandigarh on 13.01.1995. The respondents allegedly made an offer dated 02.02.1995 to store and mill 3000 MTs of paddy in their mill without charging any storage charges. Subsequently, disputes arose because the respondents purportedly defaulted in carrying out the milling, and the appellant sent a notice to the respondents regarding the same. The respondents, while agreeing to a reference to arbitration, disputed the existence of any valid contract between the parties. One of the main issues in the present dispute therefore relates to whether a valid contract existed between the parties regarding this transaction.

The arbitral tribunal, after considering the entire pleadings, documents and evidence before it, ultimately held that there was no valid subsisting contract between the parties, and dismissed the plea of the appellant by award dated 31.01.2002. The appellant challenged the same directly by way of a petition under Section 37, Arbitration and Conciliation Act, 1996, instead of first filing a Section 34 petition. Be that as it may, the High Court, ruling on the merits, confirmed the award passed by the arbitral tribunal *vide* the impugned judgment, which is in appeal before us.

On a perusal of the evidence on record, it appears from the testimony of the appellant's own witnesses that there was no concluded contract between the parties. In fact, one of the said witnesses even admitted that he was unable to point out from the record that any representative of the respondents was present in the meeting held with other millers regarding the terms of milling. On the other hand, it appears from the record that the parties were still at the stage of negotiation, and had not yet concluded the same. The respondents had merely made an offer, and there was no communication of acceptance from the side of the appellant.

As such, we are of the considered view that the High Court has rightly come to the conclusion that there was no concluded contract between the parties and dismissed the appeal on merits. In view of the above, we see no reason to interfere with the impugned order passed by the High Court.

We see no merit in the appeal and the same is therefore dismissed.

.....J
(N.V. RAMANA)

.....J
(A.S. BOPANNA)

NEW DELHI;
18TH FEBRUARY, 2020.

ITEM NO.107

COURT NO.2

SECTION XIV-A

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G SCivil Appeal No.5214/2009

FOOD CORPORATION OF INDIA

Appellant(s)

VERSUS

M/S. GARG RICE MILLS THROUGH ITS PARTNER SHRI RAJ Respondent(s)
KUMAR (DEAD) THR. LRS

Date : 18-02-2020 This appeal was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE N.V. RAMANA
HON'BLE MR. JUSTICE A.S. BOPANNA

For Appellant(s)

Dr. A. Francis Julian, Sr. Adv.
Mr. Danish Zubair Khan, AOR

For Respondent(s)

Ms. Shirin Khajuria, AOR
Mr. Kapil Gupta, Adv.
Ms. Radhika Maharwal, Adv.
Ms. Roopali Lakhotia, Adv.
Ms. Shreya Mathur, Adv.UPON hearing the counsel the Court made the following
O R D E RThe appeal is dismissed on merits in terms of the signed
order.(VISHAL ANAND)
COURT MASTER (SH)(RAJ RANI NEGI)
ASSISTANT REGISTRAR

(Signed Order is placed on the file)