

Jagannatham & Bros

Vs

Sowdambigai Motors Service

Civil Appeal No. 179 of 1963

(K. Subha Rao, Raghuvar Dayal, J.M.Mudholkar JJ)

08.05.1963

JUDGMENT

MUDHOLKAR J. –

A single Judge of the Madras High Court set aside the order of the State Transport Appellate Tribunal, Madras, allowing the appellant company's appeal granting them a permit to ply a bus on route No. 5 in Erode Town. An appeal preferred against his decision by the appellant company under cl. 15 of the Letters Patent was dismissed in limine. Against that decision the appellant has come up before this Court by special leave. The Regional Transport Authority, Coimbatore invited applications for the grant of six permits for stage carriage buses for running Erode Town service. On route No. 5 two stage carriage buses were sought to be introduced. The appellant, as well as respondents 1 and 2 and some others, had applied for the grant of all the six permits, including two on route No. 5. The Regional Transport Authority at its meeting held on March 16, 1961 considered the applications, granted four permits out of six to four existing operators and on route No. 5, which was a new route, it granted a permit to each of the two respondents. Aggrieved by this order the appellant preferred an appeal before the State Transport Appellate Tribunal which held that the appellant should be preferred to the respondent No. 1. The Tribunal thus did not interfere with the order of the Regional Transport Authority in so far as the permit granted to the respondent No. 2 was concerned but set aside its order granting a permit to the respondent No. 1. Against this order the respondent No. 1 preferred a writ petition before the High Court. That petition was heard by a single Judge of High Court and, as already stated, the learned Judge set aside the order of the Tribunal in so far as the appellant was concerned. The ground on which the learned Judge set aside the order of the Tribunal was that the Tribunal did not state why the appellant should be preferred to the respondent No. 1 in the matter of being given a permit. The learned Judges who heard the Letters Patent Appeal preferred by the appellant observed, while dismissing the appeal :

"The first respondent had this advantage, viz : that he was given the permit by the Regional Transport Authority. Before that permit could be set aside it was the duty of the Appellate Tribunal to have considered the superior merit of the appellant. In considering such superior merit, it was bound to consider the pros and cons of the experience alleged to be possessed by the first respondent as against the claim of the appellant who puts his case only as a new entrant. The Tribunal appears to have taken as a rule of law that new entrants should invariably be preferred as that would give them an enthusiasm and also surcharge the atmosphere with a healthy competition. But it forgot that in all these matters, the paramount question, to be considered was the interest of the public, and, in considering the question, it had a duty to evaluate the rival claims of the two operators".

Thus both the learned single Judge the appeal court interfered with the order of the Tribunal on the ground that it had failed to determine a material issue and had thus not performed its duty.

It is an admitted fact that though the appellant has experience of running buses on certain routes in the State it has no recent experience of running buses in a town. The appellant could, therefore, be properly regarded as a new entrant in so far as town service is concerned. This fact has never been in dispute. The Regional Transport Authority considered this circumstance against the appellant while granting permits to respondents 1 and 2. The Tribunal, however, adverting to Government Order No. 2265 dated August 9, 1958 and certain observations of this Court in *Raman & Raman Ltd. v. The State of Madras* [[1953] Supp. 2 S.C.R. 227, 244.], came to the conclusion that new entrants ought to be preferred in the matter of granting permits even on town routes. The Regional Transport Authority on the other hand felt that bearing in mind the fact that there is considerable traffic in towns and the roads are narrow, it is desirable to prefer existing operators to a new one. The Regional Transport Authority also appears to have had in mind a circular dated October 14, 1960 issued by the Transport Commissioner in coming to this conclusion. In that circular the Transport Commissioner appears to have placed his interpretation on the Government Order already referred to in which routes have been placed in three categories : "short routes", "medium routes" and "long routes". In that circular the Transport Commissioner has observed : "..... the Government are of opinion that the town service routes should be excluded from the scope of short routes and they should be treated as a separate category". Apparently, this is nothing more than the opinion of the Transport Commissioner and not a Government Order which requires to be given effect to wherever possible by the Regional Transport Authority. Thus one of the reasons given by the Regional Transport Authority may not be correct. However, we wish to make no pronouncement one way or the other on this question because in our view the Tribunal has not addressed itself specifically to the question as to why the appellant should be preferred to respondent No. 1. No doubt, the Tribunal has set out the qualifications possessed by the appellant. But it has not considered whether the respondent No. 1 does or does not possess similar qualifications. In the circumstances we agree with the High Court that there has been no proper determination of the only question which requires to be determined and that is why one operator should be preferred to another.

Mr. B. Sen who appears for the appellant contended that the learned single Judge ought to have remanded the matter to the Tribunal after setting aside its order and that it could not confirm the order of the Regional Transport Authority at any rate without going into the merits of the rival claims. It is true that the order of the learned Judge is not very clearly worded. But it seems to us that what he really meant was that the appeal should be reheard by the Tribunal and decided in the light of his observations. This we think should be sufficient to remove such grievance as the appellants may have. The appeal is dismissed but there will be no order as to costs in this Court.

Appeal dismissed.

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