

SUPREME COURT OF INDIA

U. Dhar

Vs.

State of Jharkhand

Crl.A.Nos.70 and 71 of 2003

(M.B. Shah and Arun Kumar JJ.)

20.01.2003

ORDER

Arun Kumar, J.

1. Leave granted.

2. This appeal is filed by U. Dhar, Managing Director and Mr. Asis Ray, Vice-President (Operation), both of Tata Construction & Project Ltd. against an order dated 3rd May, 2002 passed by the High Court of Jharkhand in Crl. M.P. No. 4780/2001 whereby the High Court dismissed the petition filed by the appellant herein for quashing an order dated 19th June, 2001 whereby cognizance was taken of offence against the appellants under Sections 403, 406, 420 and 120-B of Indian Penal Code by the learned Chief Judicial Magistrate, Bokaro.

3. Briefly, the facts are that Bokaro Steel Plant, a unit of Steel Authority of India Limited (for short, SAIL) awarded a contract to M/s. Tata Iron & Steel Co. Ltd. (for short TISCO), Growth Shop for certain works. TISCO growth shop completed supply part of the work and erection part of the work was entrusted by it to M/s. Tata. Construction & Project Ltd. (for short TCPL). TCPL in turn issued Tender Enquiry and awarded the work to M/s. Singh Construction Co., the complainant. According to the complainant after completing the work it demanded payment of the balance amount under the contract from TCPL. The appellants herein are the Managing Director and President (Operations) of TCPL. When the complainant failed to receive the payment for the work done, they filed a complaint on 11th January, 2001 under Sections 403, 406, 420 and 120-B, IPC at Bokaro. The concerned Magistrate took cognizance of the alleged offences and issued summons vide order dated 19-6-2001 to the appellants. The appellants challenged the said order by filing a Crl. M.P. No. 4780/2001 in the High Court of Jharkhand at Ranchi. The impugned order was passed by the High Court dismissing the said petition on 3rd May, 2002.

4. The present appeal has been filed against the said order of the High Court whereby the High Court refused to quash the order of the learned Chief Judicial Magistrate taking cognizance of the alleged offences against the appellants. The learned counsel for the

appellants argued that a perusal of the complaint would show that no case is made out against the appellants for the alleged offences, and, therefore, the order passed by the learned Chief Judicial Magistrate is wholly without jurisdiction. According to the learned counsel for the appellants, the controversy relates to purely a civil dispute regarding payment of money and no case for criminal complaint for the alleged offences is made out. We have been taken through the complaint as well as our attention has been drawn to the impugned order passed by the Chief Judicial Magistrate and the confirming order of the High Court. After careful consideration of the facts placed on record, it appears to us that the dispute between the parties is of a purely civil nature. The grievance of the complainant is about the failure of TCPL to pay the balance amount under the contract even though according to it the work stands completed. The appellants have disputed this.

5. In our view, what is relevant is that the contract between TCPL and the complainant is an independent contract regarding execution of certain works and even assuming the case of the complainant to be correct at best it is a matter of recovery of money on account of failure of TCPL to pay the amount said to be due under the contract. The complainant has alleged that TCPL has already received the money from SAIL for the work in question and it has misappropriated the same for its own use instead of paying it to the complainant and it is for this reason that the offences are alleged under Sections 403, 406 and 420 etc.

6. The Courts below have overlooked the fact that the contract between Bokaro Steel (a unit of SAIL) and TCPL is a separate and independent contract. The contract between complainant and TCPL is altogether a different contract. The contractual obligations under both the contracts are separate and independent of each other. The rights and obligations of the parties i.e. the complainant and TCPL are to be governed by the contract between them for which the contract between TCPL and Bokaro Steel (SAIL) has no relevance. Therefore, even if Bokaro Steel has made the payment to TCPL under its contract with the latter, it will not give rise to plea of misappropriation of money because that money is not money or movable property of the complainant.

7. Further Section 403 uses the words 'dishonestly' and 'misappropriate'. These are necessary ingredients of an offence under Section 403, IPC. Neither of these ingredients are satisfied in the facts and circumstances of the case. In para 14 of the complaint, the complainant has stated as under :

"..... Release of payments to complainant was never depended on the payment released by Bokaro Steel Plant a Unit of SAIL to TISCO Growth Shop and TCPL."

8. Thus, admittedly the two contracts are independent of each other and payment under one has no relevance qua the other. It cannot be said that there is any dishonest intention on the part of appellants nor it can be said that TCPL or the appellants have misappropriated or converted the movable property of the complainant to their own use. Since the basic ingredients of the relevant Section in the Indian Penal Code are not satisfied, the order taking cognizance of offence as well as the issue of summons to the appellants is wholly uncalled for - Such an order brings about serious repercussions. So far as the appellants are concerned

when no case is made out for the alleged offences even as per the complaint filed by the complainant, there is no reason to permit the appellants to be subjected to trial for the alleged offences. Hence, the appeal is allowed. The impugned orders of the High Court as well as of Chief Judicial Magistrate are hereby ordered to be quashed.

9. *Criminal Appeal No. 71 of 2003 @ SLP (Crl.) No. 2698/2002 :*

Leave granted.

10. In view of the above judgment, this appeal is also allowed.

Appeals allowed.