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HIGH COURT OF CHHATTISGARH, BILASPUR

Writ Petition (C) No. 663 of 2015

Ashwin Kumar Gurdhanbhai Thakkar S/o Shri Gurdhan Bhai Thakkar, R/o Kharaghoda, Gujarat And Proprietor Of M/s Suraj Iodized Company, Main Bazar, Patdi, District Surendranagar, Gujarat

---- Petitioner

Versus

1. C. G. State Civil Supplies Corporation Limited, Hitvad Parisar, Avanti Vihar, Telibandha, Raipur, Through Its Managing Director, Chhattisgarh State Civil Supplies Corporation Limited, Raipur

2 The General Manager, Chhattisgarh Civil Supplies Corporation Limited, Hitvad Parisar, Avanti Vihar, Telibandha, Raipur.

3. Karnataka Bank Ltd. Through Its Branch Manager, Fafadih Chowk, Raipur, (Chhattistgarh)

---- Respondents

For Petitioner:-	Shri BP. Sharma and Shri Sameer Uraon, Advocates.
For Respondents No. 1 & 2:-	Shri NK Vyas, Advocate.

Hon'ble The Chief Justice
Hon'ble Shri Justice P. Sam Koshy

Order On Board

Per Navin Sinha, Chief Justice

16/07/2015

1. Heard Counsel for the Petitioner and the Respondents.

2. The short question for consideration is that if the Bank guarantee furnished by the Petitioner was valid till 31.3.2015, could the Respondents direct the Bank not to release the security on basis of which the Bank guarantee had been furnished even after 31.3.2015, when the Bank guarantee was no more in existence ?

3. Invocation of a Bank guarantee has to be specific in no uncertain

terms and unequivocal. The letter dated 26.3.2015 addressed by the Respondents to the Branch Manager, Karnataka Bank Limited, states that the Bank was requested not to encash the Bank guarantee till further instructions from the Respondents. The encashment had to be made by the Respondents and not the Bank, which was required to honour the encashment. The Respondents in invoking the Bank guarantee were required to state in clear terms directing the Bank to credit the guarantee amount in their account. This was not done by the communication dated 26.3.2015. Another communication dated 26.3.2015 by the Respondents to the Petitioner of the same date simply stated that why action should not be taken against it for failing to supply salt of the required standard. No request was even made to extend the validity of the Bank guarantee after the aforesaid period. Once the validity of the Bank guarantee expired and it was not invoked by the Respondents before the stipulated period, the Respondents Corporation had no jurisdiction to direct the Bank not to release the security on basis of which the Bank guarantee had been furnished. After validity of the Bank guarantee lapsed, the Bank was under no obligation and cannot honour the same for payment to the Respondents.

4. The writ application is allowed.

Sd/-	Sd/-
(Navin Shiha)	(P. Sam Koshy)
CHIEF JUSTICE	**JUDGE**

Priya