

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

Civil Revision No.1823 of 2001 (O&M)

Date of decision: 08.07.2015

M/s Punjab Khand Udyog Limited, now Gurdaspur Cooperative
Sugar Mills Limited.

.... Petitioner

versus

Bank of India and another

.... Respondents

CORAM: HON'BLE MR. JUSTICE K. KANNAN

Present: Mr.Arpandeep Narula, Advocate,
for Mr. Rahul Sharma-I, Advocate,
for the petitioner.

None for the respondents.

1. Whether reporters of local papers may be allowed to see the judgment ? No.
2. To be referred to the reporters or not ?No.
3. Whether the judgment should be reported in the digest ? No.

K.Kannan, J. (Oral)

1. The suit was for some relief on the basis of a bank guarantee issued by the first defendant-Bank for performance of certain acts by the second defendant. The defendant took up objection regarding territorial jurisdiction and wanted the same to be decided as a preliminary issue. The court held that the court at Chandigarh did not have jurisdiction.

2. I have gone through the terms of the bank guarantee.

The bank guarantee has been issued by the Bank of India whose

head office is at Bombay through duly constituted attorney of the bank at Chandigarh through its branch office at SCO Nos.125 to 127, Sector 17-B, Chandigarh, on behalf of the 2nd defendant in favour of the plaintiff for 5% of the value of the contract price under the agreement for due performance of the obligation by the second defendant. One of the clauses under the document states that a demand under the guarantee could be made through the guarantor's office at Bombay. This has been understood by the court below to mean that the cause of action could be taken as arising only at Bombay. The place of office of the defendant or where the demand could be sent must be taken only as constituting one of the causes of action but ought not to be understood that no part of cause of action arises at Chandigarh where the branch office has issued the bank guarantee for performance of some transactions by the defendant with the plaintiff-Company having its office at Chandigarh. A suit may consist of a bundle of causes of action and if anyone of the cause of action arises at Chandigarh which in this case is the place of performance of parties of the contracting parties, namely, the second defendant and the plaintiff and when the plaintiff was invoking the term of a bank guarantee for non-performance by the second defendant, the plaintiff is entitled to approach the court at Chandigarh for appropriate reliefs. The return of the plaint made by the court is, therefore, not tenable and I set aside the order. The

revision petition is allowed with costs of ₹5,000/- to the petitioner against the respondents and the suit shall be taken up and disposed of on all other issues in accordance with law.

(K.KANNAN)
JUDGE

08.07.2015
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