

25.09.2025

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WPA 549 of 2022
with
CAN 1 of 2025

Signify Innovations India Ltd.
Vs.
State of West Bengal & Ors.

Mr. Deepan Kumar Sarkar
Ms. Ashika Daga
Mr. Samriddha Sen
Ms. Sampurna Mukherjee
.....for the petitioner

Mr. Shamim Ul Bari
Ms. Amrita Panja Moulik
.... for the State

Mr. Sakya Sen, Sr. Adv.
Mr. Sunil Kumar Gupta
.... for Nadia Zilla Parishad

Mr. Amitava Chaudhri
Mr. N. Roy
.... for the Secretary, Nadia
Zilla Parishad

Mr. Tapan Kumar Rakshit
..... for the Kalyani Municipality

1. A legal tussle has spiraled up to this Court over the issue of payment of Rs. 1,65,04,692.84 to the petitioner for the work executed by it, thereby prompting the petitioner to prefer the present writ petition, essentially seeking a writ of mandamus directing the concerned respondents to release the said amount.

2. For better appreciation of the issue raised in the present writ petition, it would be apposite to refer to the essential facts, as outlined in the petition, which led to its presentation.
3. A tender was floated by respondent no. 2, Nadia Zilla Parishad, District – Nadia, inviting eligible and interested bidders to bid for the work of preparation of DPR, execution, erection, and commissioning of a Flood Lighting Illumination System at Kalyani Stadium for football games on a turnkey basis.
4. The petitioner participated in the tender process and, having emerged as the successful bidder, was awarded the contract, and consequently, a work order was issued in its favour. The petitioner completed the work as per the specifications set out in the work order and/or tender document. The total value of the work executed was Rs. 5,43,62,897/-, and it is contended by the petitioner that it received only Rs. 3,70,98,947 up to March 2019.
5. A dispute then arose regarding the payment of the remaining amount, being Rs. 1,65,04,692.84/-. The petitioner approached the respondents on multiple occasions, either by submitting written representations or by personally meeting the officials of the respondent authorities. However, such efforts did not yield the desired resolution, which compelled the petitioner to file the present writ petition.

6. Record reveals that a Coordinate Bench, upon arriving at the conclusion that the writ petition needs to be decided upon exchange of affidavits, directed the parties to file their respective affidavits. Accordingly, the parties exchanges their affidavits.
7. Mr. Sarkar, learned Advocate representing the petitioner, submits that the respondents are not in a position to deny that the petitioner has executed the work as per the specifications contained in the work order and to the satisfaction of all the respondent authorities. It is an admitted position that out of the total amount of Rs. 5,43,62,897/-, the petitioner has been paid approximately Rs. 3,70,98,947/- by the Nadia Zila Parishad, and the remaining amount has been withheld without assigning any cogent reason.
8. Referring to Annexure P-2 to the writ petition at page no. 63, he submits that the Financial Controller and Chief Accounts Officer, Nadia Zilla Parishad, through a communication dated 4th January, 2021, informed the petitioner that the Nadia Zilla Parishad would honour the contract and would make all efforts to release the payment as soon as possible.
9. He further submits that the State or its functionaries, having entered into a contract with a private entity, cannot act arbitrarily or whimsically and cannot withhold payment for the work duly executed. He, therefore, prays for a direction upon the concerned

respondents to release the outstanding amount in favour of the petitioner.

10. Mr. Sen, learned senior Advocate representing Nadia Zilla Parishad, submits that the initiative to install the Flood Lighting Illumination System in Kalyani Stadium was undertaken solely at the request of Kalyani Municipality. Referring to a communication issued by the Municipality, Mr. Sen submits that the Municipality had undertaken to bear the additional cost of the project. He further submits that the total amount required to be paid by the Municipality is Rs.2,53,73,936/-, out of which Nadia Zilla Parishad has already made payment of certain amount from the funds available to it. The remaining balance is now required to be paid by Kalyani Municipality.
11. He also submits that all financial transactions made by the Zilla Parishad are subject to audit and scrutiny by the Department and Panchayats, and as such, Nadia Zilla Parishad cannot be asked to undertake any further financial burden. He accordingly prays that Kalyani Municipality be directed to pay the remaining amount.
12. He informs this Court that in the meantime, a sum of Rs.30,00,000/- has already been paid to the petitioner by the Nadia Zilla Parishad.
13. Mr. Rakshit, learned Advocate appearing on behalf of Kalyani Municipality, asserts that Nadia Zila Parishad

is obligated to pay the remaining amount. He submits that the financial condition of the Municipality is not sound and it is not in a position to undertake the liability of making payment of such a huge amount. He further submits that, at best, the Municipality can pay a sum of Rs. 1,00,000/- (Rupees One Lakh) only.

14. Mr. Bari, learned Advocate representing the State, submits that for the extension of the gallery beside the Old Club House at Kalyani Stadium, administrative approval was granted for a project amounting to Rs. 12,36,71,116/-. Accordingly, the fund was released, and Nadia Zilla Parishad was entrusted with the responsibility of supervising and executing the work through an agency. He further submits that in 2017, the Sports Board of Kalyani Municipality adopted a resolution for the introduction of a Flood Lighting Illumination System in the stadium, and the Municipality undertook to bear the additional expenditure required for its installation. He submits that this undertaking was given without obtaining prior concurrence from the Department of Finance or other competent authorities. He reiterates that the Municipality, having taken on the responsibility voluntarily, must now bear the said cost. He also submits that the District Magistrate, in his report, has expressed the same view.

15. Be it noted that on 08.07.2025, as both the Nadia Zila Parishad and the Kalyani Municipality were attempting to shift the responsibility of paying the amount of Rs. 1,65,04,692.84 to each other, Mr. Sen suggested that the issue be relegated to the District Magistrate, Nadia, who, upon hearing representatives of both bodies, would decide which of the two is liable to pay the residual amount to the petitioner.
16. Having found such suggestion to be feasible, this Court, by an order dated 08.07.2025, directed the District Magistrate, Nadia, to convene a meeting with representatives of the Zila Parishad and the Municipality, and to make an effort to resolve the issue as to which of the two bodies is liable to pay the amount of Rs. 1,65,04,692.84/-.
17. In compliance with the said order, the District Magistrate, Nadia convened a meeting, afforded an opportunity of hearing to the representatives of both the Nadia Zilla Parishad and Kalyani Municipality, and submitted a report. An advance copy of the said report was handed over to the parties to this writ petition. Kalyani Municipality has opted to file its response to the said report.
18. Heard the learned Advocates representing the respective parties and perused the materials on record including the report submitted by the District Magistrate, Nadia.

19. Form the record, it would be explicit that under a memorandum dated 27 February 2015, the Department of Sports, Government of West Bengal, granted administrative approval for a project amounting to Rs. 12, 36, 71,116/- (twelve crores thirty-six lakhs seventy-one thousand and one hundred sixteen) for the extension of the gallery beside the Old Club House at Kalyani Stadium, District Nadia. Accordingly, the fund was released in favour of Nadia Zilla Parishad, and the work related to the gallery extension has since been completed.

20. In his report, the District Magistrate, Nadia, noted that by letter no. 2377/KM dated 06.05.2015, the Chairman of Kalyani Municipality had requested the installation of a Flood Light System at Kalyani Stadium as per the sanctioned DPR. Further, from a communication dated 9 June 2017 by the Executive Officer of Kalyani Municipality, it appears that a meeting of Sports Board of the Municipality was held on 17 July 2016 regarding the installation of the said system, and in the resolution adopted, it was agreed that any additional expenditure incurred towards the erection and/or installation of the Flood Light System at the stadium would be borne by the Sports Board of Kalyani Municipality, if required.

21. Subsequently, vide memorandum dated 6 March 2018, the District Magistrate, Nadia Zilla Parishad,

requested the Municipality to release Rs. 2,53,73,936/- to meet the additional expenditure. It was also communicated that the Flood Light System had already been installed at the stadium. In response, by letter dated 11 June 2019, the Executive Officer of the Municipality informed the Zilla Parishad that the Municipality would not be able to bear more than Rs. 1 lakh for the installation, citing acute financial hardship.

22. In his report, the District Magistrate opined that under the doctrine of promissory estoppel, the Municipality could not now deny its liability by citing paucity of funds, and concluded that the Municipality is liable to pay the amount.

23. Therefore, it appears that two parastatal entities of the State are in disagreement over which of them is liable to make the payment, while the contractor, having completed the work in accordance with the specifications contained in the work order and/or tender document, has been running from pillar to post to secure the dues. The State, meanwhile, is raising a technical objection regarding the absence of prior approval, which, according to it, ought to have been obtained by one of its parastatals before entering into the contract with the petitioner.

24. Undeniably, it is a well-settled principle of law that the scope of judicial review in contractual matters is

limited. The writ remedy is essentially a public law remedy, and for such remedy to be invoked, the action of the authority must fall within the domain of public law. However, it is equally recognized that the legal rights of an individual may arise from a contract or an instrument that has the force of law.

25. The State, or any of its corporations, instrumentalities, or agencies, possesses the freedom to contract and is entitled to enter into agreements with individuals of its choice. It may determine the terms and conditions of such contracts and, at its discretion, decide the method and criteria for inviting bids, including granting relaxation of certain conditions. However, once the State or its agency lays down specific norms, procedures, and terms and conditions, it is bound to adhere to them. Any deviation from those terms must not be arbitrary or unreasonable.

26. It is well-established that even in contractual matters, a writ court is entitled to interfere where it is found that the State or its agency, in entering into a contract with an individual, has acted illegally, irrationally, or in a manner that fails to withstand the test of reasonableness.

27. Equally, it is well settled that where the State behaves arbitrarily, even in the realm of contract, the High Court could interfere under Article 226 of the

Constitution of India. To lent support to this view, a useful reference may be made to the decision, reported at (2004)3 SCC 553 (ABL International Ltd. and Another v. Export Credit Guarantee Corporation of India Ltd. and Others).

28. In the present case, the amount payable to the petitioner is not in dispute, and no objection has been raised either with respect to the quantum of the bill submitted by the petitioner or the legitimacy of the claim. As already noted, both the Zilla Parishad and the Municipality are public bodies functioning on behalf of the State, and the work executed by the petitioner ultimately benefits the citizens of the State. The State, which exercises *parens patriae* jurisdiction over its citizens, particularly in matters involving the provision of public services, cannot therefore disown its responsibility or shift the burden merely on the ground that two of its instrumentalities are in disagreement or did not fulfill certain pre-requisite formalities.

29. If the petitioner is deprived of the said amount, while the two parastatal entities are permitted to engage in a blame-shifting exercise and the State is allowed to take shelter under a technical plea of non-compliance with the formality of securing prior approval from the competent department, it would result in unjust enrichment of the State and its instrumentalities at

the expense of the petitioner, which is impermissible in law. Therefore, the petitioner is entitled to the benefit of restitution.

30. The work was executed pursuant to a work order issued by the Zilla Parishad at the instance of the Kalyani Municipality, which had undertaken to bear the additional cost. Therefore, even if the Kalyani Municipality is primarily responsible for making the payment, as both District Magistrate and the State have claimed, the Zilla Parishad and respondent no. 1 cannot absolve themselves of the obligation to ensure that the amount is paid to the petitioner.

31. In view of the foregoing discussion, this writ petition is disposed of with a direction to respondent no. 3, the Chairman of Kalyani Municipality, to pay a sum of Rs. 1,35,04,692.84 (i.e., Rs. 1,65,04,692.84 - Rs. 30,00,000) (Rupees One Crore Thirty-Five Lakhs Four Thousand Six Hundred Ninety-Two and Eighty-Four Paise only) to the petitioner, along with interest accrued thereon at the rate of 6% per annum from 1st January, 2023 until the date of actual payment.

32. The Principal Secretary, Department of Youth Services, Government of West Bengal and the Zilla Parishad also directed to ensure that the said amount is paid by the Municipality to the petitioner within a period of eight weeks from the date of receipt of a copy of this order, taking into account that the

floodlight facility has been made available at the stadium, which is ultimately to be utilised by the State, at the expense of the petitioner.

33. With this observation and order, the writ petition is disposed of, however, without any order as to costs.

34. In view of disposal of the writ petition connected application being CAN 1 of 2025 is also disposed of.

(Partha Sarathi Chatterjee, J.)