



WEB COPY



W.P.No.11840 of 2021

IN THE HIGH COURT OF JUDICATURE AT MADRAS

Dated : 05.06.2025

CORAM

THE HONOURABLE Ms. JUSTICE P.T. ASHA

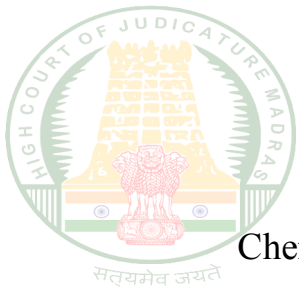
W.P.No.11840 of 2021
and WMP.No.12588 of 2021

M/s.Harikrishna Electricals
Rep by its Proprietor Mr.P.Harikrishnan
S/o. Pattabi Seetharaman
25/11, Old Jail Road, George Town
Chennai - 600 001.

... Petitioner

Vs.

- 1.The Commissioner of Labour
Chennai - 600 018.
- 2.The Regional Provident Fund Commissioner
Chennai - 600 014.
- 3.The Regional Employment State Insurance Officer
Chennai - 600 034.
- 4.The Chairman
TANGEDCO, Anna Road
Chennai - 600 002.
- 5.The Managing Director
TANTRANSCO, Anna Road
Chennai - 600 002.
- 6.The Superintending Engineer /



W.P.No.11840 of 2021

CEDC/Chennai-South II

Chennai - 78.

... Respondents

WEB COPY

Prayer: Writ Petition filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorari, to call for the records pertaining to the order in Kaditha No.Me.Po/Se.Mi.Pa.Va/The-II/Oo.Se.Po/Po.Me/Oo.Po-2/A.No.404/21 dated 21.04.2021 on the file of the sixth respondent and to quash the same.

For Petitioner : Mr.R.Selvakumar

For Respondents : Ms.M.Jayanthi
Additional Government Pleader for R1

Mr.T.R.Sundaram for R2

Mr.K.Prabakar for R3

Mr.A.P.Venkatesh Prasad
for M/s.T.S.Gopalan & Co. for R4 to R6

ORDER

The writ petitioner has invoked the extraordinary jurisdiction of this Court under Article 226 of the Constitution of India, for issuance of writ of certiorari calling for the records of the sixth respondent dated 21.04.2021 in Kaditha.No.Me.Po/Se.Mi.Pa.Va/The-II/Oo.Se.Po/Po.Me/Oo.Po-2/A.No.404 / 21, and to quash the same.



W.P.No.11840 of 2021

WEB COPY

2. It is the case of the petitioner that he is a registered contractor under the fourth respondent-TANGEDCO. The petitioner is aggrieved by the order issued by the sixth respondent, in and by which a middleman / intermediary authority, styled as "Compliance Audit Service Provider" has been created. The said authority has been created for the welfare of the labourers employed by the contractors, in providing audit service and to ensure compliance with the provisions of the Contract Labour (Regulation and Abolition) Act, Minimum Wages Act, Employees Provident Fund Act and the Employees State Insurance Act. The remit of the work entrusted to these Service Providers is to verify the salary payment bills with regard to the minimum wages, payment of wages, EPF and ESI payments of the labourers engaged by the registered contractors under the TANGEDCO / TANTRANSCO, for which purpose, payments are made to the said authority.

3. On the strength of order of the fourth respondent, the sixth respondent had issued an order dated 21.04.2021 stating that with effect from 19.04.2021, the Work Contract Bills of the contractors has to be accompanied by the Statutory Compliance Clearance Certificate. It is this order the subject



matter of challenge in the present writ petition.

WEB COPY

4. The writ petitioner would submit that the sixth respondent does not have the authority to issue such an order and has exercised the powers not vested in him. The respondents do not have a delegated authority to pass the impugned order. The writ petitioner would submit that an additional burden has also been cast upon the registered contractors by way of charges, based on the turnover of man-days, which is exfacie illegal. The petitioner therefore sought to quash the said order of the sixth respondent.

5. The respondents 4 to 6 have filed the counter affidavit denying the contentions of the writ petitioner that they are not competent to issue the impugned order. The respondent-Corporation has the statutory duty to ensure that the contractors engaged by them are complying with labour enactments. The officials of the respondent are manually scrutinizing the compliance requirements of the contractors once the bills are received by them. However, this task has become a big challenge for the respondents as they also apprehend human error could creep in. Therefore, there is a necessity for an expert agency to verify the genuineness of the documents



WEB COPY

submitted along with the bills. The respondent would further submit that this approach has not been implemented over night. Infact, before its implementation, a pilot project was floated in North Chennai Thermal Power Station for a period of two months, and on completion of the said exercise, it was decided to extend the said facility to rest of Chennai. The respondent would further submit that with effect from 01.01.2021, in all the tenders floated thereafter, there has been an explicit clause that mandates the contractors *"to submit themselves to an audit and also that the cost of the audit would need to be borne by them"* Therefore, this clause has become mandatory in all contracts post 01.01.2021. The respondents would therefore seek to have the writ petition dismissed.

6. When the matter was posted today for arguments, the learned Standing Counsel produced an order passed by this Court in W.P.No.20218 of 2020 and W.P.No.21322 of 2021, and would submit that a similar objection was raised by the Contractors' Associations in engaging an outside agency, however, the learned Single Judge had dismissed the said writ petitions filed by them holding that there is an explicit clause in the tenders floated by TANGEDCO from 01.01.2021, that the contractors should submit



WEB COPY

themselves to an audit and also the cost of the audit needs to be borne by the contractors. It is relevant to extract paragraph No.5 of the order dated 03.04.2024 in W.P.No.20218 of 2020 and W.P.No.21322 of 2021, which reads as follows :

"5. A perusal of the counter affidavit filed by the respondents reveals that the requirement to submit the records for audit arises out of a pure contractual relationship and merely because the respondent is a Government entity, the writ petition itself is not maintainable. Further in all the tenders floated by the respondents from 01.01.2021, there was an explicit clause which mandates the concerned contractors to submit themselves to an audit and also the cost of audit needs to be borne by them. Therefore, it is a part of the contractual obligations. Any parties willing to accept these terms can apply. Therefore, the tender condition cannot be questioned at the instance of any proposed party merely because it does not consider it suitable. Such conditions cannot be termed as irrational or opposed to public policy or unconscionable. The mechanism has been put in place based on past experience to ensure proper compliance of various statutory obligations under various laws including labour laws and also to prevent any liability or adverse consequences arising out of improper compliance by the contractors. " "

7. Since the decision of the above judgment would squarely apply to the facts of the case on hand, the writ petition is dismissed accordingly. No



W.P.No.11840 of 2021

costs. Consequently, connected miscellaneous is closed.

WEB COPY

05.06.2025

Index : Yes / No

Neutral Citation : Yes / No

ds

To:

- 1.The Commissioner of Labour
Chennai - 600 018.
- 2.The Regional Provident Fund Commissioner
Chennai - 600 014.
- 3.The Regional Employment State Insurance Officer
Chennai - 600 034.
- 4.The Chairman
TANGEDCO, Anna Road
Chennai - 600 002.
- 5.The Managing Director
TANTRANSCO, Anna Road
Chennai - 600 002.
- 6.The Superintending Engineer /
CEDC/Chennai-South II
Chennai - 78.



WEB COPY



W.P.No.11840 of 2021

P.T. ASHA, J.

ds

W.P.No.11840 of 2021

05.06.2025