IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on	Pronounced on
11.09.2025	19.09.2025

CORAM

THE HONOURABLE MR. JUSTICE M.DHANDAPANI

W.P. NO.29589 OF 2025
AND
W.M.P. NOS. 33143 & 38534 OF 2025

M/s.Tharu & Sons
Rep. By its Managing Partner
Antony Tharu
2nd Floor, Kalamaseri Service Co-operative
Bank Building, North Kalamaseri
Near Metro Pillar, Kalamaseri Post
Ernakulam District, Kerala. .. Petitioner

- Vs -

1. The Deputy Chief Mechanical Engineer
CSO/FUR/, Furnishing Division
Integral Coach Factory, Chennai 600 038.

2. M/s.King Security Guards Services Pvt. Ltd.
Gomti Nagar, Lucknow 226 010.

3. Global Agency
No.172, 1st Cross, 1st Block
BSK 3rd Stage, 3rd Phase
Near Hoskerahalli Cross
Bengaluru, Karnataka. .. Respondents

Writ Petition filed under Article 226 of the Constitution of India praying this Court to issue a writ of mandamus directing the 1st respondent to declare the petitioner as L1 and award the work of "Service Contract for Comprehensive Housekeeping of Furnishing Division including Furnishing Depot, LHB Bay, 4, 5 & 6 and Anna Nagar Yard, New Commissioning Shed" for a period of 580 working days in favour of the petitioner which is in conformity with the tender conditions and the requirements of the minimum wages.

For Appellant	:	Ms. AL.Gandhimathi, SC, for M/s. L.Palanimuthu
For Respondents	:	MA.Kumaraguru, SPC, for R-1 Mr. Saravana Sowmiyan for M/s.W.Camyles Gandhi for R-2

ORDER

Challenging the award of contract to the 2nd respondent, who has been adjudged as the successful bidder in the financial bid by adopting minimum wages, which is not in consonance with the norms prescribed by the Chief Labour Commissioner (Central) and is in violation of the tender conditions, the present writ petition has been filed.

2. It is the case of the petitioner that is a registered partnership firm engaged in housekeeping and related services for the Indian Railways. It participated in a tender floated by the 1st respondent for comprehensive housekeeping contract in which the work involves maintenance of the Furnishing Division, LHB Bays 4, 5 & 6 and the Anna Nagar Yard over a period of 580 working days. The petitioner, was held to be qualified technically and was found eligible for participation in the financial bid along with two other contractors.

3. It is the further case of the petitioner that upon opening of the financial bids, the 2nd respondent was declared as L1 with a quote of -10.06% while the petitioner was L3 with -7.01%. It is the further averment of the petitioner that it came to its knowledge that the 2nd respondent had quoted the rates under the Schedule A, which covers the manpower component, bud it did not conform to the prevailing minimum wage norms prescribed by the Chief Labour Commissioner (Central). As per the mandatory terms of the tender, bidders were required to quote rates that ensured payment of minimum wages from 1.10.2024 including revised DA components.

4. It is further averred by the petitioner that the petitioner submitted a detailed representation to the 1st respondent pointing out the quote of the 2nd respondent by submitting that the minimum wages is below the minimum statutory labour cost, which is in violation of the mandatory tender conditions. The petitioner also pointed out that the manner in which wage calculation is to be made to support its claim stating that any bid quoting less than Rs.15,02,11,300.99 towards labour cost fails to meet the legal requirements under the Minimum Wages Act. Inspite of the said representation submitted by the petitioner, no action was taken on the same and apprehending that the contract may be awarded to the 2nd respondent, as the existing contract had been extended till October, 2025, in view of the urgent nature of the case, left with no alternative, the petitioner has come before this Court by filing the present writ petition.

5. Learned senior counsel appearing for the petitioner submitted that the rate quoted by the 2nd respondent at a rate, which is not as per Schedule A under Chapter 5 of the tender conditions. It is the submission of the learned senior

counsel that clause 2 of the instructions for tenderers clearly provides that the estimated labour cost has to be prepared based on the minimum wages effective from 1.4.2024 as notified by the Chief Labour Commissioner (Central) and, therefore, the bidders, while submitting the bid has to follow the latest prevailing rates of minimum wages before the date of opening the tender.

6. It is the further submission of the learned senior counsel that the conditions clearly provided that the bidder shall quote their rates for Schedule so as to satisfy the prevailing rates for minimum wages and it also provided that the tenderer shall note that there has been an increase in the variable DA of the minimum wages with effect from 1.10.2024 and that the tenderer has to follow the same.

7. In the aforesaid backdrop, it is the submission of the learned senior counsel that as per the rates quoted under Schedule A by the 2nd respondent, the conditions of the prevailing rate of minimum wages have not been followed. It is the submission of the learned senior counsel that the petitioner has taken the basic minimum wage as Rs.783/- (26 days x Rs.783 = Rs.20358 per month) and

contribution charges per day towards EPF, EPS, EDLI, administrative charges to be calculated at 13% of the minimum wage, which is equal to Rs.101.79 per day, however, the 1st respondent has calculated it at Rs.75/- per day by adopting the maximum salary ceiling at Rs.15,000/- per month, which is against the clauses in the tender conditions. If such a calculation is not taken, which is *per se* erroneous, then the petitioner ought to be adjudged as the successful bidder.

8. It is the further submission of the learned counsel that in another tender for outsourcing activities, in ICF, the calculation has been made in the manner as has been done by the petitioner in the present case. Pointing out the same, it is the submission of the learned senior counsel that the 1st respondent cannot adopt different calculations for different tenders and there has to be some consistency in adopting a particular formula for calculation. The erroneous calculation has led to the fixation of statutory requirement at Rs.14,60,85,908.89 and based on such fixation, the 2nd respondent, who has quoted Rs.14,72,01,450.94 has been adjudged as the successful bidder. If the calculation is done as per the minimum wages fixed by the Commissioner of Labour, then quoting any amount less than Rs.15,02,11,300.99 towards labour cost would fail

to meet the legal requirements under the Minimum Wages Act. Therefore, learned senior counsel prays that the 1st respondent may be directed to consider the representation of the petitioner in the light of the calculation shown above as also the provisions of the Minimum Wages Act vis-a-vis the tender conditions provided in the tender document and pass appropriate orders declaring the petitioner as L1 – successful bidder.

9. Per contra, learned Special Panel Counsel appearing for the 1st respondent submitted that the contention raised by the petitioner is wholly flawed as under clause 24 of the tender conditions, more particularly sub-clause (5), there is a clear mandate that the contractor shall deposit PF contribution in respect of all its employees upto the wage ceiling limit of Rs.15,000/- and the PF shall be computed on the Minimum Wages as provided under the Minimum Wages Act. It is the submission of the learned counsel that only by adopting Rs.15,000/- as the ceiling fixed for minimum wages under the Minimum Wages Act, the tender inviting authority has computed Rs.75/- as the PF and other contribution per day. The petitioner has failed to consider clause 24 (5) in proper

perspective and had quoted the above amount and the error on the part of the petitioner cannot be construed as giving any benefit to the 2nd respondent.

10. It is the further submission of the learned counsel that even it is the admitted case of the petitioner that the 1st respondent had fixed the minimum statutory requirement of tender at Rs.14,60,85,908.89, which itself shows the manner in which the computation has been done and between the three successful bidders in the technical bid, the three quotes fell in three different brackets, as placed by the petitioner while obtaining interim orders as the quotes hovered around Rs.14,72,01,450.94, Rs.14,93,34,805.31 and Rs.15,02,16,591.77 between L-1, L-2 and L-3 respectively.

11. It is the submission of the learned counsel that the different bidders have understood the tender conditions in the manner, which best suited them and had quoted the above amount and the manner in which it ought to be fixed is within the realm of the 1st respondent, who has fixed the amount and based on the said amount, the amount quoted by the 2nd respondent was the lowest quote, which was accepted by the 1st respondent and the error committed by the

petitioner in adopting the minimum wages as per the Minimum Wages Act read along with the clauses in the tender notification cannot be put against the 1st respondent in finalising the tender. Learned counsel further prayed that any further delay would have a cascading effect on the spiralling cost and, therefore, prayed that this court may dismiss the writ petition and allow the 1st respondent to proceed with entering into the contract with the 2nd respondent, who is the successful bidder.

12. Learned counsel appearing for the 3rd respondent has filed a counter and while adopted the submissions advanced on behalf of the 1st respondent, further submitted that properly appreciating the clauses in the tender document, the 1st respondent has arrived at the contribution towards PF, ESIC, etc., from the minimum wages by fixing the rate at Rs.75/- and any error committed by the petitioner in quoting the bid amount by properly applying the clauses in the tender conditions cannot be put against the 2nd respondent and accordingly prays to vacate the interim order granted and dismiss the writ petition.

13. This Court gave its careful consideration to the submissions advanced by the learned counsel appearing on either side and perused the materials available on record and also the relevant clauses in the tender document to which this Court's attention was drawn.

14. The only issue that arises for determination in this petition is the rate of minimum wages that ought to be taken to compute the statutory deductions that needs to be made from the salary of a workman, which is one of the conditions of tender that the labour laws relating to payment of minimum wages need to be followed.

15. It is the stand of the petitioner that the minimum wages should be taken as per the notification issued by the Commissioner of Labour (Central), for computing the amount of statutory deductions towards PF and other deductions, which has been adopted by the petitioner and to this end, the petitioner relies on Clause 2 of instructions for quoting financial bid, which is appended to the tender document, which for better appreciation is quoted hereunder :-

"2. This estimate labour cost was prepared based on the minimum wages effective from 01-04-2024 as notified by Chief Labour Commissioner (Central). The bidder while submitting their tender shall follow the latest prevailing rates of minimum wages before the day of opening.

3. The bidder shall quote their rates for the schedule – A, so as to satisfy the prevailing rates of minimum wages before the day of the opening of tender.

4. The tenderer shall note that there has been an increase in Variable DA of the minimum wages with effect from 01.10.2024 as notified by Chief Labour Commissioner (Central). The tenderer shall follow the same while submitting their offer for the tender."

16. Therefore, according to the learned counsel, the rates of minimum wages prevailing would have to be taken into consideration for the purpose of quoting the labour rates and the rates as notified and were in effect from 01.04.2024 of the Chief Labour Commissioner (Labour) would be the determinant factor to compute the statutory liability to be borne by the petitioner and calculating on the above, the amount has been quoted.

17. However, it is the stand of the 1st respondent that the tender document itself clear prescribes that for the purpose of PF contribution in respect of all employees, the wage ceiling limit of Rs.15,000/-, as provided under clause 24 of the Notice Inviting Tender has to be taken and not the rates as prescribed by the Chief Labour Commissioner (Central). For better appreciation, the relevant clause is extracted hereunder :-

> *"5. The contractor shall deposit PF contribution in respect to all its employees upto the wage ceiling limit of Rs.15,000/- or as applicable. The PF shall be computed on Minimum Wages. Splitting of wages will not be allowed."*

18. Before applying the relevant clauses to determine the manner in which the statutory deductions have to be deducted on minimum wages, it is necessary to refer to the Employees Provident Funds Scheme, 1952, more particularly proviso to Clause 26-A (2) therein, which provides as under :-

> *"26A. ......*
>
> *Provided that subject to the provisions contained in sub-paragraph (6) of paragraph 26 and in paragraph 27 or sub-paragraph (1) of paragraph 27-A where the monthly pay of such a member exceeds fifteen thousand rupees, the contribution payable by him, and in respect of him by the*

> *employer, shall be limited to the amounts payable on a monthly pay of fifteen thousand rupees, including dearness allowance, retaining allowance if any and cash value of food concession."*

19. From the proviso to clause 26A (2) of the aforesaid Scheme, it is evident that provident fund contribution in respect of a member is restricted to fifteen thousand rupees. The Employees Provident Act under which the Scheme has been framed has made a specific provision for restricting the ceiling under which provident fund contribution would be made by/for an employee. Therefore, when the Scheme has clearly prescribed the maximum ceiling limit, which is to be taken for the purpose of working out the contribution, the clauses in the Notice Inviting Tender cannot run counter to the provisions of the Scheme and if at all it runs counter to the provisions of the Scheme, which is on the basis of the Employees Provident Fund & Miscellaneous Provisions Act, then necessarily, the provisions of the Act would survive.

20. In this backdrop, a careful perusal of the clauses in the Notice Inviting Tender, it would be evident that while clause (2) of instructions for quoting the

financial bids prescribes that the tenderer, while submitting their tender shall follow the latest prevailing rates of minimum wages before the day of opening of tender, however, sub-clause (5) of clause 24 has limited the wage ceiling limit for the purpose of PF contribution to Rs.15,000/-, which is in line with the provisions contained in the Employees Provident Fund Scheme framed under the Employees Provident Fund & Miscellaneous Provisions Act. Therefore, harmoniously reading clause (2) of instructions for quoting of financial bid and clause 24 (5) of notice inviting tender, it could safely be concluded that the ceiling limit for the purpose of calculating the statutory deduction for the purpose of PF would stand restricted to Rs.15,000/-, which is the specific reason that the same has been incorporated under clause 24 (5) of notice inviting tender. Any other manner in which computation is made for calculating the deduction towards the statutory deductions would be against the provisions of the Scheme framed under the Employees Provident Fund & Miscellaneous Provisions Act.

21. In the light of the above finding, a careful perusal of the manner in which the 1st respondent had fixed the minimum wages and computed the deductions would clearly go to show that it is within the framework of the

Scheme framed under the Employees Provident Fund & Miscellaneous Provisions Act and is also in line with clause 24 (5) of the notice inviting tender.

22. It is to be pointed out that all the clauses in the notice inviting tender, including the instructions, if any, to the bidders in the manner in which the respective bids have to be submitted, have to be read in consonance with each other, more specifically, harmoniously without in any manner infracting any of the provisions of the Act. Further, if clause (2) of the instructions is read in isolation, it would go against clause 24 (5) and will make clause 24 (5) meaningless. Therefore clause (2) of the instructions should be read along with clause 24 (5), which has been rightly done by the 1st respondent while arriving at the amount of statutory deduction that has to be made from the wages and the same does not require any interference at the hands of this Court.

23. Further, it is also to be pointed out that the prescription of minimum wages by the Central Labour Commissioner through any notification cannot in any manner amend the provisions of the Scheme, which has been framed under the Employees Provident Fund & Miscellaneous Provisions Act a, therefore, the

deduction of PF has to be only in line with the Scheme and it cannot be on the basis of the minimum wages fixed by the Central Labour Commissioner. The minimum wages fixed are only for the purpose of wages to the employee and it cannot form the basis of statutory deductions, as the statutory deductions are guided by the respective laws framed in this behalf. The erroneous interpretation of the writ petitioner in calculating the statutory deduction leading to a higher quote cannot form the basis to read the law in any other manner and the writ petition filed by the petitioner necessarily has to fail.

24. Finding no infirmity in the fixation of the amount of statutory deduction by the 1st respondent based on which the declaration the 2nd respondent has been declared as the successful bidder/L-1, the representation filed by the petitioner before the 1st respondent does not require any consideration for the reasons aforesaid and, accordingly, the writ petition deserves to be dismissed.

25. For the reasons aforesaid, the writ petition fails and the same is dismissed. Consequently, the order of stay granted by this Court in W.M.P.

No.33143/ 2025 stands vacated and as a consequence thereof, the miscellaneous petition in W.M.P. No.38534/2025 filed to vacate the stay stands closed. The 1st respondent is directed to finalise the tender in favour of the 2nd respondent, if it is otherwise in order and proceed in accordance with law. There shall be no order as to costs.

19.09.2025

Index : Yes / No

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M.DHANDAPANI, J.

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PRE-DELIVERY ORDER IN
W.P. NO.29589OF 2025

Pronounced on

19.09.2025