

**CLASS- B.A.LL.B VIIIth SEMESTER**

**SUBJECT- ADMINISTRATIVE LAW**

**PAPER CODE- 801**

**CONTRACTUAL LIABILITY OF STATE**

**Article 299 of Indian Constitution talks about the contractual liability of state**

(1) All contracts made in the exercise of the executive power of the Union or of a State shall be expressed to be made by the President, or by the Governor of the State, as the case may be, and all such contracts and all assurances of property made in the exercise of that power shall be executed on behalf of the President or the Governor by such persons and in such manner as he may direct or authorise

(2) Neither the President nor the Governor shall be personally liable in respect of any contract or assurance made or executed for the purposes of this Constitution, or for the purposes of any enactment relating to the Government of India heretofore in force, nor shall any person making or executing any such contract or assurance on behalf of any of them be personally liable in respect thereof

**PRINCIPLES UNDERLYING CONTRACTUAL LIABILITY OF STATE**

1. Reasonableness, fairness
2. Public Interest:
3. Contractual Liability:

In the case of **State of Bihar v. Majeed**<sup>1</sup>, the Hon'ble Supreme Court held that : "It may be noted that like other contracts, a Government Contract is also governed by the Indian Contract Act, yet it is distinct a thing apart. In addition to the requirements of the Indian Contract Act such as offer, acceptance and consideration, a Government Contract has to comply with the provisions of

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<sup>1</sup> AIR 1954 SC 786

Article 299. Thus subject to the formalities prescribed by Article 299 the contractual liability of the Central or State Government is same as that of any individual under the ordinary law of contract."

**Ram Lal v. State of Punjab**<sup>2</sup> As regards the interpretation of contract, there is no distinction between the contracts to which one of the parties is the Government and between the two private parties.

**State of West Bengal v. B.K. Mondal**<sup>3</sup>, In the event that Section 70 was to be held inapplicable, it would prompt to a great degree outlandish conditions and may considerably hamper the working of government. Like standard natives even the government ought to be liable to the arrangements of Section 70.

**State of Orissa v. Rajballav**<sup>4</sup>, So also, if under a contract with a government, a person has acquired any advantage, he can be sued for the levy under Section 70 of the Act however the contract did not affirm to Article 299.

## **OTHER CASE LAWS**

- LIC v. Consumer Education and Research Centre,
- Shri Sachidanand Pandey v. State of W.B
- State of Bihar v. Sonabati
- Bhikaraj Jaipuria v. Union of India

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<sup>2</sup> AIR 1966 Punj 436

<sup>3</sup> AIR 1962 SC 152

<sup>4</sup> AIR 1976 Ori 79