



## Article 299 of the Constitution: Government Contracts

**For Prelims:** Article 299 of the Constitution, [Supreme Court of India](#), Government contracts

**For Mains:** Role of Article 299 in safeguarding public funds, Provisions of Article 299 regarding government contracts

### Why in News?

The [Supreme Court \(SC\) of India](#) recently clarified the legal provisions surrounding **government contracts made under the President's name**.

- In a case involving **Glock Asia-Pacific Limited and the Centre**, the court ruled that contracts entered into in the name of the **President of India** cannot grant immunity from statutory prescriptions.
- The ruling sheds light on the interpretation of **Article 299 of the Constitution** and its implications for government contracts.

### What are Government Contracts?

- **About:**
  - Government contracts are **contracts undertaken by the government** for various purposes such as construction, management, maintenance, repairs, manpower supply, IT-related projects, etc.
  - Government contracts involve the **central government or a state government**, or a **government body as one party** and a **private individual or entity as the other party**.
  - Government contracts have to comply with certain formalities and safeguards as **prescribed by Article 299** of the Constitution of India.
  - Government contracts are **subject to public scrutiny and accountability** and are governed by the **principles of fairness, transparency, competitiveness, and non-discrimination**.
- **Requirements for Government Contracts:**
  - The contract must be expressed to be made by the Governor or the President.
  - It must be executed in writing.
  - The execution should be done by persons and in a manner directed or authorized by the [Governor](#) or the **President**.

### What is Article 299 of the Constitution?

- **About:**
  - Article 299 of the Constitution deals with the **manner and form of contracts made by or on behalf of the government of India or any state government**.
- **Origin:**
  - The government had been entering into contracts even in the pre-independence era.

- The **Crown Proceedings Act of 1947** played a role in shaping Article 299.
  - The Crown Proceedings Act specified that the **Crown could not be sued in court for a contract it entered.**
- **Purpose and Object:**
  - Article 299 outlines the manner in which contracts made in the exercise of the executive power of the Union or a State shall be expressed and executed.
  - It aims to establish a **specific procedure to safeguard public funds and prevent unauthorized or illegitimate contracts.**
- **Expression and Execution:**
  - According to Article 299(1), contracts must be **expressed in writing and executed by a person** duly authorized by the **President or the Governor on their behalf.**
- **Immunity of the President/Governor:**
  - While Article 299(2) states that the **President or the Governor cannot be personally held liable for contracts**, it does not grant immunity to the government from the legal provisions of the contract.
    - The government (Union or states) in India **can be sued for torts (civil wrongs) committed by its officials.**

## What is the SC Court's Ruling?

- **Case Background:**
  - Glock Asia-Pacific Limited filed an application against the Centre regarding the **appointment of an arbitrator in a tender-related dispute.**
    - The government objected to the appointment of a retired Delhi High Court judge as the arbitrator, citing a tender condition that required an officer from the Law Ministry to act as the arbitrator.
- **Court's Interpretation:**
  - The Supreme Court held that the arbitration clause, allowing a government officer to resolve the dispute as an arbitrator, conflicted with **Section 12(5) of the Arbitration and Conciliation Act, 1996.**
- **Relevance of Article 299:**
  - The court emphasized that Article 299 only pertains to the formalities of binding the government with contractual liability, not the substantive laws governing contractual liability.

## What are the Other Judgements Related to Article 299?

- **State of Bihar v Majeed (1954):**
  - SC ruled that a Government Contract has to comply with the **provisions of Article 299 in addition to the requirements of the Indian Contract Act**, such as offer, acceptance, and consideration.
  - The contractual liability of the **Central or State Government is the same as that of any individual** under the ordinary law of contract, subject to the formalities prescribed by Article 299.
- **Mrs. Aliakutty Paul vs The State of Kerala and Ors (1995):**
  - A tender of the contract for construction of a bridge was accepted by the Executive Engineer, but he **did not sign it in the name of the Governor**, it cannot be said that there is a valid contract in conformity with **Article 299 of the Constitution.**
  - The decision explains the rationale and scope of Article 299 of the Constitution and emphasizes that its provisions are enacted for safeguarding the government against unauthorized contracts.

[Source: IE](#)

