IN THE HIGH COURT OF JUDICATURE AT MADRAS

ORDERS RESERVED ON : 19.08.2026

ORDERS PRONOUNCED ON: 16.09.2026

CORAM

**THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY**

**Writ Petition No.33623 of 2023**
**and Writ Miscellaneous Petition Nos.33454 & 33451 of 2023**

M/s Sopan Restaurant
Ward No.28
Suraj Ganj, Itarsi, Madhya Pradesh

… Petitioner

Vs.

Indian Railway Catering and
Tourism Corporation Ltd.
Through its Chairman cum Managing Director
B-138, 12th Floor, Statesman House
Barakhamba Road, New Delhi – 110 001.

… Respondent

**PRAYER :** Writ Petition filed under Article 226 of the Constitution of India, praying to issue a,

(i) Writ of Certiorarified Mandamus to call for the records and quash the Commercial Circular No.64 of 2019 issued by a letter dated 12.12.2019 bearing No.2015/TG-III/631/11 by the respondent and direct the respondent to consider the representations made by the petitioner vide letter dated 13.09.2023 through which the petitioner has requested the respondent to conduct a sales-reassessment in accordance with the Catering Policy, 2017 before revising license fee for five refreshment rooms run by the petitioner on railway stations across the South Zone of Indian Railways, instead of imposing an arbitrarily hiked license fee;

(ii) Writ of Certiorari to quash the letter dated 12.09.2022 bearing No.2017/IRCTC/DCS/Prod./Takeover/02 issued by the respondent vide which an arbitrary mathematical formula has been put in place to revise license fee; and pass such further or other orders.

For Petitioner(s): Mr.Anirudh Krishnan
For Respondent(s): Mr.V.G.Suresh Kumar

## ORDER

### A. The Facts in Brief:

Indian Railways has a catering policy under which it fixes the menu as well as the rates for both services on trains and for the static units at railway stations. Licences to run these units are granted by calling for tenders. This matter relates to the revision and demand of licence fee from the petitioner, who was licensed to run static refreshment units at 5 railway stations.

2. By Commercial Circular No. 64 of 2019, dated 12.12.2019, the Railway Board considered the request of the Indian Railway Catering and Tourism Corporation Limited (IRCTC) and increased the tariff for various food items on its static units, such as refreshment rooms, Jan Ahaars, etc., including breakfast and standard meals. The circular also mandated that the instructions regarding the menu of standard items, the menu and tariff of Janta meals, etc., and their implementation, contained in Commercial Circular No. 60 of 2019, be applicable to the static units as well. The circular further provided that the tariff revision shall not confer any undue benefit on the service provider.

3. Subsequently, the respondent, IRCTC, issued an order on 12.09.2022. The order refers to a communication dated 09.12.2019, directing the zones to undertake a sales assessment within their jurisdiction in anticipation of the Railway Board's revision of tariffs for standard meal items. It further states that, based on the sales assessment report, a letter dated 28.01.2020 assigned weightage to standard meals on an interim basis, and the zones were advised to effect revised license fees.

4. It further states that, following the issuance of the aforementioned Commercial Circular No. 64 of 2019, in view of the COVID-19 pandemic and lockdown restrictions, sales assessment could not be undertaken, and various dispensations were granted to charge a reduced license fee from 01.06.2020 to 31.05.2021. With effect from 01.06.2022, instructions were issued to restore the license fee for static units to 100%, as applicable prior to the COVID-19 pandemic.

5. In the said circumstances, the competent authority decided to undertake the sales assessment of the concerned refreshment rooms, *jan aahars*, cell kitchens, etc. The above order provided directions on how the sales assessment should be undertaken. The methodology for undertaking the sales assessment is as follows:

"* The sales assessment shall include the sale of Standard meal items, PAD items and other items. On the basis of sales assessment, the average sales per day along with segment-wise sales of items will be derived. The prescribed format with illustration is enclosed as Annexure – A.

* It may be noted that for processing revision, Zones shall take necessary action in accordance with the clause no.2.3.2 of the contract/agreement, **'Assessment of sales turnover' – IRCTC reserves the right to assess the sales turnover during the period of license. During such assessment, the license fee will be calculated @ 12 % of the assessed sales turnover or the annual guaranteed license fee quoted by the successful bidder, whichever is higher.**"

6. A table is annexed as enclosure 'A', prescribing a particular formula. In this table, the nature of the standard food item is taken in Column 'A'; the sale and the percentage share in the total sale are taken into account in Columns 'B' and 'C'; the old tariff is mentioned in Column 'D'; the new tariff is mentioned in Column 'E'; the difference in tariff is arrived at in Column 'E-D'; the percentage change in tariff is calculated in Column 'F'; and, accordingly, the percentage change in license fee, taking into account the percentage change in tariff and the percentage share in the total sale, is arrived at in Column 'G'. Accordingly, the license fee is directed to be calculated afresh.

7. The petitioner, stated to be a partnership firm, which was the successful bidder and was thereafter granted a license to operate five static units at Erode, Chennai–Egmore, Salem, Thrissur and Tirunelveli, has challenged the aforesaid Commercial Circular and the order by way of the present Writ Petition.

**B. The Petitioner's Contentions:**

8. The case of the petitioner is that, pursuant to the tender floated on 06.09.2019, the petitioner submitted his bid and was granted a license to operate, maintain and provide catering services through refreshment rooms at the five places mentioned above. As per the bid, the petitioner quoted the following license fee for each of the five units:

| Date of Award of Incense | Units | License Fee |
|---|---|---|
| 20.09.2019 | Integrated at Erode (ED). | Rs.45,11,800/- |
| 20.09.2019 | Integrated at Chennai Egmore (MS). | Rs.105,10,800/- |
| 20.09.2019 | Integrated at Salem (SA). | Rs.45,11,800/- |
| 20.09.2019 | Integrated at Thrissur (TCR). | Rs.49,49,800/- |
| 20.09.2019 | Vegetarian at Tirunelveli (TEN) | Rs.40,11,800/- |

9. It is the further case of the petitioner that after the impugned Commercial Circular, issued on 12.12.2019, based on the increase in the tariff by communications dated 14.02.2020 and 09.02.2021, the calculation for the license was made, and the enhanced license fee was demanded from the petitioner as follows:

| Letter dated | Railway Station | Increased License Fee |
|---|---|---|
| 09.02.2021 | Chennai-Egmore (MS) | Rs.1,29,181.00/- |
| 14.02.2020 | Erode (ED) | Rs.27,20,282.00/- |
| 14.02.2020 | Salem (SA) | Rs.6,06,740.00/- |
| 14.02.2020 | Thrissur (TCR) | Rs.12,46,556.00/- |
| 14.02.2020 | Tirunelveli (TEN) | Rs.11,21,141.00/- |

10. While so, the second impugned order prescribed a particular method by adopting the formula stipulated therein. By another letter dated 19.07.2023, a further sum of Rs.29,40,094/- was demanded as the outstanding balance from the petitioner. Similarly, a revised license fee was also demanded for the fourth business year, from 29.10.2023 to 27.10.2024. The petitioner made a detailed representation on 13.09.2023, complaining against the arbitrary formula prescribed for calculation. There was no response; on the other hand, the respondent made a demand by a letter dated 07.11.2023. Under the said circumstances, the petitioner has filed the above Writ Petition.

11. The Writ Petition challenges the Commercial Circular dated 12.12.2019 on the ground that it violates and deviates from the respondent's catering policy for the year 2017. The Writ Petition further challenges the second impugned order dated 12.09.2022, on the ground that the formula prescribed therein is completely without application of mind, absurd, and lacks any rational basis, and that it is violative of the license conditions/tender conditions, whereby there is an upper cap on fixing the license fee at the rate of 12% of the sales turnover or the license fee actually quoted by the petitioner, whichever is higher. The ultimate effect of the impugned orders is that they are much higher than the license fee quoted and 12% of sales turnover, and thus are against the terms and conditions of the contract.

**C. The Respondents' Version:**

12. The Writ Petition is resisted by the IRCTC. Paragraph No. 4 states that the tariff increase was implemented across India for all static units. The Catering Policy, 2017 envisages sales assessment only for fixing the minimum license fee, and as far as the hike in the license fee is concerned, it is pleaded that IRCTC has powers under Clause 2.1.9 of the Tender document.

13. With reference to the prescribed method, it is stated that the method is not arbitrary but a scientific formula. The tariff for the standard items was increased by 61.29%, whereas the tariff for the other items was not increased. It is further pleaded that the calculation was made by giving 10% weightage to the 61.29% tariff hike, and that the amount collected on account of the interim tariff hike of 25.12% was duly refunded. Thus, it is pleaded that the formula adopted in the impugned order is neither arbitrary nor incorrect.

14. It is further pleaded that when the petitioner had a licence for five outlets, the licensees were directed to sell food/meal items at revised rates with effect from 08. 01. 2020. They were intimated that the revised license fee would be advised later. Subsequently, on 04. 12. 04.12.2020, the policy letter was issued by the IRCTC, whereby the interim license fee of 25.12% was sought to be levied for the revision of the tariff of standard meals/food items. This was arrived taking into account that 40% of the sale was from the standard items. As

the total sale included other items such as the sale of tea, coffee, rail neer, a- la-carte menu items, snacks, dishes, etc., the interim percentage was arrived at by multiplying the 40 % weightage of the standard items in the overall sale into 61.29% of the tariff increase, which was made only till the sales assessment is conducted. Even at that point, the circular categorically gave liberty to any licensee who does not agree to the revised fee structure, and such licensee will be allowed an honourable exit, that is, without forfeiture of the security deposit and any other penal action.

15. Pursuant thereto, communications were also issued to the petitioner on 16.11.2021, offering an honourable exit by giving six months' notice. The petitioner did not opt for exit from the contract. During the interregnum, i.e., the COVID-19 pandemic, the licence fee was reduced, and the sale assessment exercise was kept in abeyance. At that time, the petitioner paid 24.52% of the interim additional licence fee and did not choose to exit. Only under these circumstances was the second impugned order issued on 12.09.2022.

16. At this juncture, the petitioner submitted an exit request as per Clauses 3.3 and 3.4 of the Tender document, by giving six months' notice. Thereafter, after the menu hike of 6.13% and after refunding the interim license fee collected at 25.12%, the calculations were made. Refund letters were issued to the licensee on 08.07.2023 and 19.07.2023, and it is stated that, with

reference to the units at Egmore - Chennai, Thrissur and Erode, a further amount is due. It is submitted that the following amount is due: -

| Name of Unit | From | To | Licence Fee and GST Claim | Realised | License Fee outstanding |
|---|---|---|---|---|---|
| RR/MS | 28.10.2023 | 27.10.2024 | 1,31,62,908 | 63,95,314 | 62,09,844 |
| RR/TCR | 13.11.2023 | 12.11.2024 | 61,98,747 | 34,10,998 | 27,87,749 |
| RR/ED | 13.02.2023 | 12.02.2024 | 29,26,418 | 21,02,418 | 8,24,000 |
| | | | | Total | 98,21,593.00 |

17. The IRCTC also contends that the Writ Petition is not maintainable, in view of the arbitration Clause.

**D. The Arguments:**

18. Heard the arguments of *Mr.Anirudh Krishnan*, the learned counsel appearing on behalf of the petitioner and *Mr.V.G.Suresh Kumar*, the learned counsel appearing on behalf of the respondent.

19. *Mr.Anirudh Krishnan*, the learned counsel appearing on behalf of the petitioner, during the course of arguments, would submit that the challenge to the impugned Commercial Circular dated 12.12.2019 is abandoned and that the arguments are confined to the impugned order dated 12.09.2022.

20. He would submit that since the order is general in nature across various contracts, the contention that the parties be relegated to arbitration

proceedings is incorrect. The challenge is made with reference to the methodology prescribed in the impugned order. While the original tender conditions, though, gave powers for a hike in the licence fee at Clause 2.1.9, Clause 2.3.2 of the general conditions provides for a sales assessment and prescribes an upper cap on the licence fee to be fixed at the rate of 12% of the assessed sales turnover or the annual guaranteed licence fee quoted by the bidder, whichever is higher. Therefore, by adopting this method, the respondent cannot charge more than that.

21. *Mr.Anirudh Krishnan* would contend that the impugned formula is arbitrary because it assumes a linear relationship between an increase in the catering tariff and a corresponding increase in sales turnover. Such an assumption is fundamentally unsustainable. The relationship between tariff and turnover is affected by several independent variables, including passenger footfall, purchasing power, price elasticity of demand, availability of competing food options, consumer preferences and seasonal fluctuations. An increase in the tariff of a particular item may reduce the volume of sales. Thus, the impugned methodology, which rests on an assumption and an irrational mathematical calculation, is liable to be declared arbitrary by this Court.

22. The learned counsel would rely upon the Judgment of the Hon'ble Supreme Court of India in ***Sanjay Singh Vs. UP Public Service Commission***[1] to contend that a formula which has no nexus or relevance to the problem, treats irrelevant considerations as relevant, and ignores relevant considerations is arbitrary and irrational. Unless the underlying assumptions are satisfied, the mathematical/scaling methodology cannot operate reliably. Thus, the IRCTC weighted average formula, which proceeds on the assumption of an increase in sales turnover with an increase in tariff, would not stand the test of Article 14 of the Constitution of India, and, as such, the impugned letter dated 12.09.2022 is liable to be quashed.

23. *Per contra, Mr.V. G. Suresh Kumar,* the learned counsel appearing on behalf of the respondent/IRCTC, would submit that the contract between the petitioner and IRCTC has been determined and the period has expired. If the petitioner has any grievance regarding the quantum of licence fee assessed and demanded, the contract contains an arbitration clause, and the Writ Petition cannot be entertained to determine the same.

24. With reference to the impugned order, the learned counsel, by relying upon paragraph No. 4 of the counter, would submit that the calculation is made as permitted under Clause 2.1.9. Clause 2.3.2 does not restrict that power, as it

[1](2007) 3 SCC 720

operates on a different aspect.



25. The methodology adopted has a reasonable nexus, as the sales figures of the standard items and the other items have been considered, and ultimately only a minimum hike of 6.13% was made. Further, the said hike shall be considered in the background that, during the COVID-19 pandemic, special concessions were given to all licensees, including the petitioner. The interim hike was also refunded. Over and above the same, the option of honourable exit was also given. Therefore, when the entire exercise is done considering the overall interest of consumers pan-India, and the rates are applied standardly across the board, it cannot be deemed arbitrary.

**E. Analysis & Answers:**

26. I have considered the rival submissions made on either side and perused the material records of the case.

27. Firstly, with reference to the challenge to the Commercial Circular No. 64 of 2019, the same cannot be gone into in the absence of the Railway Board, which is not a party to the Writ Petition. During arguments, the learned counsel for the petitioner abandoned the challenge to the circular. As such, only the prayer with reference to the impugned order dated 12.09.2022 now needs to be considered.

28. With reference to the maintainability of the Writ Petition, it is true that, as per the terms of the licence, General Condition No. 22 contains an arbitration clause for referring disputes to arbitration. However, the impugned order dated 12.09.2022 is not pure and simple and is in exercise of power with reference to the contract between the petitioner and the respondent. The exercise stems from the Catering Policy 2017 and the Commercial Circular Nos. 60 of 2019 and 64 of 2019, and when the order is issued in general by the IRCTC, a Public Sector Undertaking, the *lis* that is projected is not strictly within the contractual realm. The parties need not be relegated to arbitration. Further, it must be seen that the Writ Petition is of the year 2023 and has been entertained, and both sides have contested the matter on merits also. For all the above reasons, the submission of the learned counsel for the respondent that the petitioner should be relegated to arbitration stands rejected.

29. With reference to the impugned order dated 12.09.202, the first argument is that it is against the Catering Policy, 2017. In this regard, it is contended that the license fee should be fixed only at 12% of the annual sales turnover. Clause 12.1 of the Catering Policy is extracted hereunder for ready reference:

> "Minimum license fees / minimum reserve price shall be fixed as 12% of the annual sales turnover for static units. Annual sales turnover shall be based on the following factors (i) category of station, (ii) type of licence, (iii) number of originating passengers, (iv) number of trains stopping (day & night), (v) duration of stoppages (vi) location of the unit at the

station, (vii) approximate licence fees of a similar type of unit at a similar category of station in proximity. In case of Static Units on Category 'A1' and 'A' stations of Metro cities, and 'C' Category stations having high purchasing power, **the fixation of minimum licence fee will apart from all other factors take into account the Circle rates notified by the competent authority of the State Government as fixed from time to time. The zonal railways shall evolve a formula based on the above parameters for fixing the licence fees for the units falling within their jurisdiction. A Committee comprising three SA Grade officers from Commercial, Finance and Civil Engineering shall be nominated by the General Manager which shall fix the formula for each category of stations. The formula so fixed by the zonal railway shall be applicable to the entire zonal railway.** Apart from the above zonal railways may include and consider any other factor/s unique to the unit/units. General Managers shall have full discretionary powers on recommendation of CCM and concurrence by FA&CAO of the zonal railways to revise/modify the minimum licence fee calculated as per the SAG formula also keeping in view the Last Accepted Rate (LAR) of the completed contract."

(Emphasis supplied)

30. A careful perusal of the policy indicates that it gives directions for fixing the minimum license fee at 12%. However, Zonal Railways is required to evolve a formula for fixing the license fee for the units under their jurisdiction. Thus, the formula can be evolved for fixing the license fee, and it cannot be contended that it should be based solely on 12% of sales turnover as per the policy.

31. The second contention is that the calculation is arbitrary and absurd. The relevant clause in the impugned order was extracted supra. Thus, the sales assessment is ordered to include the sale of standard meal items, PAD items and other items. Based on the sales assessment, the order directs levy of average

daily sales, along with segment-wise sales of items. The prescribed format with illustration is enclosed as annexure 'A'. Thus, on a perusal of the annexure to the impugned order, the difference in tariff between old and new is calculated, and the percentage of change in tariff is further calculated in Column 'F'. The percentage is then multiplied by the percentage share in total sales to arrive at the percentage change in license fee. Thus, when a uniform method of calculation is arrived at and applied for all licenses across the board, it cannot be termed arbitrary.

32. When licences are granted pursuant to the Catering Policy and Commercial Circulars relating to the tariff hike, and taking into account the overall field impact, especially the abnormal COVID-19 pandemic and its aftermath, I am unable to conclude that the methodology adopted is unscientific or absurd. The Court cannot assume the role of a super licensing authority or super expert to sit on an appeal against the criteria adopted or to suggest alternative methods of calculation.

33. The further argument is that, in a given situation, for example, if 100 customers were having the standard vegetarian breakfast, which they considered good and reasonable, prior to the tariff hike, not all 100 will opt for the same vegetarian breakfast after the tariff hike, as they may consider some other option available in the market to be more affordable or more reasonable after

the price hike. Therefore, the linear assumption may turn out to be incorrect and may even result in lower turnover. In any event, it will not be in the same percentage as before the tariff hike.

34. Firstly, such contention is made based on tentative averment, and when the actual figures are available with the petitioner, no such figures were put up for consideration. Secondly, only considering the said prejudice, two options (a) refunding the sum collected by way of interim hike was also provided and (b) an option of honourable exit in cases where the parties felt that the formula would affect them was also given. Therefore, when the prejudice of the parties has sufficiently been taken care of by the respondent themselves, I am not able to hold that the formula requires interference as arbitrary.

35. When calculations are made across the board Pan India, any type of calculation will cause prejudice or heartburn to a particular category of licensees operating in a particular area, depending on their customers and their preferences. Only to redress the said situation, the option of an honourable exit is granted. Therefore, the contention that the impugned methodology is arbitrary stands rejected.

36. The third contention is that the impugned methodology contravenes the general conditions of contract. In this regard, it is essential to extract Clause

2.1.9, which reads as follows:

> "2.1.9. Changes in Menu, Tariff: The existing / applicable menu and tariff for Refreshment Rooms is enclosed as Annexures A & B. Railway/IRCTC reserves the right to modify / alter the catering tariff and menu and such changes in catering charges and menu shall be informed to the Licensee. In such cases, the license fee will be received on a pro-rata basis from the date of such revision of catering tariff/menu by IRCTC with due intimation to the licensee.
> **If there is any increase/decrease in A-la-carte menu items in future, there shall be no change in license fees. The license fee shall be changed when the tariff of standard items will be changed.**
> In the event of any changes in the menu & tariff thereof, the licensee shall maintain the same quality and hygiene standards or supply and service of food/meals to passenger as it were prior to such changes."

37. Clauses 2.3.1 and 2.3.2, relating to the payment of the licence fee and the assessment of sales turnover, are extracted hereunder for ready reference:

> "2.3.1. Payment of LF: The quoted License fee for the Refreshment Room awarded to the Licensee shall be payable within 15 days from the date of issuance of LoA. Thereafter, the License fee due shall be paid one month prior to the completion of the first year and likewise in subsequent years. In case of delayed payment of license fees, notice will be issued and an interest of 12 % shall be charge up to the date of payment. Termination proceedings shall be initiated treating it as event of default, if the payment is not made within notice period.
> 2.3.2. Assessment of Sales turnover: IRCTC reserves the right to assess the sales turnover during the period of License. During such assessment, the License fee will be calculated @ 12 % of the assessed sales turnover or the annual guaranteed License fee quoted by the successful bidder, whichever is higher."

38. It is contended by the IRCTC that the hike it made is in accordance with Clause 2.1.9. The petitioner's contention is that the power would be capped by Clause 2.3.2 and, therefore, in any event, the license fee cannot

exceed 12% of the assessed sales turnover. Thus, the question is one of construction of the license conditions/contract. If two views are possible on the construction of the contract, we have to adopt the construction that gives meaning to all the clauses. Thus, if a later Clause merely qualifies the earlier, a harmonious construction is possible and should be adopted. However, where the later Clause destroys the earlier one and cannot be read harmoniously, the rule is to follow the earlier Clause. Reference in this regard shall be made to the Judgment of the Hon'ble Supreme Court of India in ***R.Kandasamy Vs. TR Sarawathy***[2] and paragraph Nos. 26 and 27 are extracted hereunder for ready reference:

> "26. It is not an infrequent happening that two or more clauses in a contract could, in some measure, be inconsistent with each other, the inconsistency arising because the clauses cannot sensibly be read together. Lord Wrenbury in Forbes v. Git [Forbes v. Git, (1922) 1 AC 256 (PC)] applied the following principle : (SCC p. 259)
>
> > "The principle of law to be applied may be stated in a few words. If in a deed an earlier clause is followed by a later clause which destroys altogether the obligation created by the earlier clause, the later clause is to be rejected as repugnant and the earlier clause prevails. In this case the two clauses cannot be reconciled and the earlier provision in the deed prevails over the later. Thus if A covenants to pay … 100 and the deed subsequently provides that he shall not be liable under this covenant, that later provision is to be rejected as repugnant and void, for it altogether destroys the covenant. But if the later clause does not destroy but only qualifies the earlier, then the two are to be read together, and effect is to be given to the intention of the parties as disclosed by the deed as a whole. Thus if A covenants to pay … 100 and the deed subsequently provides that he shall be liable to

[2](2025) 3 SCC 513

> pay only at a future named date or in a future defined event or if at the due date of payment he holds a defined office, then the absolute covenant to pay is controlled by the words qualifying the obligation in manner described."

> 27. The aforesaid principle of law was approved by this Court in Radha Sundar Dutta v. Mohd. Jahadur Rahim [Radha Sundar Dutta v. Mohd. Jahadur Rahim, 1958 SCC OnLine SC 38: AIR 1959 SC 24] , where a Bench of three Judges held that it is a settled rule of interpretation that if there be admissible two constructions of a document, one of which will give effect to all the clauses therein while the other will render one or more of them nugatory, it is the former that should be adopted on the principle expressed in the maxim "ut res magis valeat quam pereat". Following it up, it was also observed that if, in fact, there is a conflict between the earlier clause and the later clauses and it is not possible to give effect to all of them, then the rule of construction is well established that it is the earlier clause that must override the later clauses and not vice versa."

39. In this background, on a careful perusal of the Clauses extracted above, it can be seen that Clause 2.1.9 relates to changes in the menu and tariff and enables the IRCTC to revise the license fee on a pro-rata basis from the date of such revision of the catering tariff/menu, with due intimation to the licensee. Therefore, when the impugned calculation is made on a pro-rata basis and the license fee is revised, it can be seen that the same would fall within the ambit of Clause 2.1.9.

40. Clause 2.3.1 prescribes the method of payment of the license fee, the time within which it is payable, and the charging of interest on the balance payment. Clause 2.3.2 prescribes that IRCTC reserves the right to assess sales turnover during the period of the licence, and during such assessment, the

licence fee will be calculated at 12% of the assessed sales turnover. If the assessed sales turnover is higher, or if the licence fee quoted by the bidder is higher, the higher amount will be adopted. Thus, it can be seen that Clause 2.3 does not prescribe that the licence fee shall be payable only through assessment of sales turnover, and neither Clause 2.3.2 considers the situation with reference to a hike in tariff.

41. Clauses 2.3.1 and 2.3.2 deal with a situation where the license fee is fixed based on the assessment turnover, whereas Clause 2.1.9 relates to the fixation of the license fee on the basis of the revision of the menu or tariff. In this regard, if the entire contract between the parties is read as a whole, it must be seen that:

- the premises are provided by the IRCTC;
- The licensee must sell the menu as determined by IRCTC;
- the rate is also fixed by IRCTC; and the respective obligations and rights are provided;
- The standard menu, including the quantity, cost, and its details, is also provided.;
- The specifications with reference to the uniforms for the Managers and Waiters were given, and thus it can be seen that the prospective licensee considers the traffic volume and tariff, quotes the license fee, and the license fee quoted is initially accepted, and at the end of the year, based on the annual

turnover, the calculation is made.

42. Thus, it can be seen that Clause 2.3 has nothing to do with the eventuality of a tariff hike or the introduction of new menus, etc. The situation with reference to a tariff hike is dealt with under Clause 2.1.9, and I cannot agree with the learned counsel for the petitioner that Clause 2.3.2 prescribes an upper cap even in that regard. Therefore, the contention that it violates the general conditions of the license/contract stands rejected.

43. Even taking an extreme view that Clause 2.3.2 still prevails, even with reference to a menu/price hike, in that scenario, it can be seen that the said later Clause does not consider the situation and provide an upper cap, and therefore cannot be deemed to qualify the earlier Clause, but would only run counter to the earlier Clause. Even in such a scenario, the petitioner cannot succeed, as the earlier Clause will prevail. Thus, in any view of the matter, the contention of the petitioner cannot be countenanced.

**F. The Result:**

44. Accordingly, finding no merits, this Writ Petition stands dismissed. No costs. Consequently, the connected miscellaneous petitions are closed.

16.09.2026

Neutral Citation: Yes/No
JER

**D.BHARATHA CHAKRAVARTHY, J.**

**JER**

To
The Chairman Cum Managing Director
Indian Railway Catering And Tourism Corporation Ltd.,
B-138, 12th Floor, Statesman House, Barakhmaba Road, New Delhi-110 001.

**WP No. 33623 of 2023**

**16.09.2026**