
**(1993) ACJ 990 : AIR 1993 SC 1692 : (1993) 41 BLJR 624 : (1993) JT 437 Supp :
(1992) 3 SCALE 491 : (1993) 3 SCC 469 Supp : (1992) 3 SCR 681 Supp**

Supreme Court of India

Case No: Civil Appeal No. 4694 of 1984

St. Joseph Textiles

APPELLANT

Vs

Union of India and
another

RESPONDENT

Date of Decision: Dec. 17, 1992

Acts Referred:

Contract Act, 1872 " Section 151, 152, 161

Citation: (1993) ACJ 990 : AIR 1993 SC 1692 : (1993) 41 BLJR 624 : (1993) JT 437 Supp :
(1992) 3 SCALE 491 : (1993) 3 SCC 469 Supp : (1992) 3 SCR 681 Supp

Hon'ble Judges: P. B. Sawant, J; Kuldip Singh, J

Bench: Division Bench

Advocate: V. Krishnamurthy, V. Balachandran and A.K. Sinha, for the Appellant; V.C. Mahajan, C.V. Subha Rao, V.K. Verma and Ameeka Singh, for the Respondent

Final Decision: Dismissed

Judgement

@JUDGMENTTAG-ORDER

P.B. Sawant, J.

The appellant is a firm carrying on business in textiles at Karur. One Ganesh Chander Das of Azim Ganj, West Bengal

had visited Karur and selected handloom cloth worth Rs. 53441.93 to be booked by the appellant firm to Azim Ganj City Railway Station. He

sent the Parcel Way Bill along with bank demand draft for a sum of Rs. 52,672.93 being the price of the goods supplied less railway freight of Rs.

769/- to the State Bank of India at Jiaganj. He undertook to clear the demand draft by payment to the Bank and take the Parcel Way Bill from the

Bank. The appellant booked the cloth at Karur Railway Station for carriage by railway to Azim Ganj on 11.6.1973 under Parcel Way Bill No.

835434 of the same date. The appellant then sent the said Parcel Way Bill and the demand draft to the State Bank of India, Jiaganj. The normal

time for the goods to reach the destination was less than 30 days. The State Bank of India sent back the demand draft and the Parcel Way Bill to

the appellant on 12.9.1973 for the reason that the payment was not forthcoming. Therefore, on 12.9.1973, the appellant addressed a letter to the

Station Master, Azim Ganj requesting him to rebook the goods to Karur. Along with the request, the appellant enclosed the original Parcel Way

Bill endorsed in his favour and the General Forwarding Note duly signed, to enable the Station Master to rebook the goods to Karur. This letter

was acknowledged by the Station Master, Azim Ganj on 18.9.1973. However, he did not reply to the appellant. Thereafter, the appellant sent an

Express telegram on 4.10.1973 which was followed by a letter of even date sent by registered post. It appears that in reply, the Station Master,

Azim Ganj City Railway Station communicated to the appellant on 15.10.1973 that he had already sent a letter dated 27.9.1973 to the appellant in

which he had stated that the appellant's letter had been forwarded to the Divisional Commercial Superintendent, Eastern Railway, Howrah and

Chief Commercial Superintendent, Eastern Railway, Calcutta and that he had not received any reply from the said officers. The communication

also stated that the matter would be disposed of as soon as orders were received from the said officers. The appellants then sent telegrams to the

Chief Commercial Superintendent and the General Manager, Eastern Railways on 6.10.1973. On 8.10.1973, the appellant addressed further letter

to Station Master, Azim Ganj, to the General Manager, Eastern Railway, and the Chief Commercial Superintendent, Eastern Railway by way of

reminder. On 9.10.1973, he also gave notice of claim for Rs. 53,441.93 u/s 78 of the Indian Railways Act (hereinafter referred to as the "Act") to

the General Manager (Claims), Eastern Railway, Calcutta and to the General Manager (Claims), Southern Railway, Madras. In the notice, it was

alleged that the Railway Administration was grossly negligent and misconducted itself and was careless in handling the goods and in not rebooking

and delivering the goods back to the appellant. The Chief Commercial Superintendent acknowledged the notice on 7.11.1973. In the meanwhile,

the appellant again sent another letter on 31.10.1973 to the Divisional Superintendent, Eastern Railway, Howrah to return the Parcel Way Bill

which had been sent by it to the Station Master, Azim Ganj and which the Station Master had forwarded to the said officer for action. To this letter

also, there was no reply from the said officer. The appellant thereafter filed the present suit claiming from the Railways Rs. 53,441.93 by way of

damages.

2. The suit was defended by contending that the parcels and the Parcel Way Bill were carried by the Railways with due care and caution, and they

reached Azim Ganj City Railway Station on 1.7.1973 in good condition and were made available for delivery for more than seven days. No one

turned up for taking delivery of the goods till 20.7.1973. On 21.7.1973, the parcels were taken delivery of by one Sunil Dutta against the Parcel

Way Bill produced by him, and against payment of all charges due to the Railways. The appellant's request for rebooking of the parcels to Karur

was received on 12.9.1973, i.e., about two months after the termination of transit of the goods. The defendants were, therefore, not liable in law

for the alleged non-delivery of the parcels that occurred after seven days after the termination of the transit, since the Railways were protected

against such non-delivery by the provisions of Section 77(2) of the Act. It was also contended that there was no negligence, misconduct or

carelessness on the part of any of its servants. The defendants were also not liable for the fraud practised by the consignor or the consignee or their

agents. It was further contended that even assuming that the Railways receipt on which the delivery was effected to the said Sunil Dutta was not a

genuine one, the Railways were not liable for the loss which occurred after seven days of the termination of the transit of the goods at its destination.

The Trial Court decreed the suit. In appeal by the Railways, the High Court relied upon the provisions of Section 77(2) of the Act which

exonerated the Railways of any liability for loss etc. beyond the period of seven days after the termination of the transit, and allowed the appeal

and dismissed the suit.

3. In this appeal against the decision of the High Court, the only question to be answered is whether the respondent-Railways can claim the

protection of Section 77(2) of the Act for the delivery of goods to a wrong person against a non-genuine railway receipt since the delivery of

goods was not taken of for more than seven days after the termination of the transit and the wrong delivery of the goods occurred after the expiry

of the said period. Section 77 of the Act reads as follows:

77. Responsibility of a railway administration after termination of transit - (1) A railway administration shall be responsible as a bailee under

Sections 151, 152 and 161 of the Indian Contract Act, 1872, for the loss, destruction, damage deterioration or non-delivery of goods carried by

railway within a period of seven days after the termination of transit:

Provided that where the goods are carried at owner"s risk rate, the railway administration shall not be responsible for such loss, destruction,

damage, deterioration or non-delivery except on proof of negligence or misconduct on the part of the railway administration or of any of its

servants.

(2) The railway administration shall not be responsible in any case for the loss, destruction, damage, deterioration or non-delivery of goods carried

by railway, arising after the expiry of the period of (seven days) after the termination of transit,

(3) Notwithstanding anything contained in the foregoing provisions of this section, a railway administration shall not be responsible for the loss,

destruction, damage, deterioration or non-delivery of the goods mentioned in the Second Schedule, animals and explosives and other dangerous

goods carried by railway after the termination of transit.

(4) Nothing in the foregoing provisions of this section shall relieve the owner of animals or goods from liability to any demurrage or wharfage for so

long as the animals or goods are not unloaded from the railway wagons or removed from the railway premises.

(5) For the purposes of this Chapter-

(a) Unless otherwise previously determined, transit terminates on the expiry of the free time allowed (after the arrival of animals or goods at

destination) for their unloading from railway wagons without payment of demurrage, and where such unloading has been completed within the free

time so allowed, transit terminates on the expiry of the free time allowed for the removal of the animals or goods from railway premises without

payment of wharfage;

(b) "demurrage" and "wharfage" have the meanings respectively assigned to them in Clause (d) and Clause (h) of Section 46-C.

4. It is clear from the provisions of Section 77(2), that the period of seven days starts on the expiry of the free time allowed for removal of the

goods from the railway premises without payment of wharfage. In the present case, under the Rules for Warehousing and Retaining of Goods

made under the Act, the said free time was of three days including the day of arrival of the goods. The goods reached the Azim Ganj Railway

Station on 1.7.1973. The alleged wrong delivery was effected on 21.7.1973, i.e., 20 days after the goods reached the destination and 11 days

from the expiry of seven days after the termination of the transit of the goods. Since the goods were admittedly lost to the appellant on account of

the wrong delivery by the Railways when they were in the premises of the Railways, the liability of the Railways would admittedly be as that of a

bailee. That is why Section 77 makes a provision for limiting the period of the said liability as a bailee.

5. Sub-section (1) of Section 77 of the Act states that the Railway Administration shall be responsible as a bailee under Sections 151, 152 and

161 of the Indian Contract Act, 1872 ("Contract Act") for the loss, destruction, damage, deterioration or non-delivery of goods carried by

Railways if such loss etc. has occurred within a period of seven days after the termination of the transit of goods. According to this provision,

therefore, to entitle a claimant to make claim the liability on account of loss etc. should have arisen within the specified period of seven days after

the transit is terminated. However, even this entitlement is qualified by the proviso to the said section which states that if the goods are carried at

owner's risk rate, the Railway Administration is not responsible even for such loss except on proof of negligence or misconduct on the part of the

Railway Administration or any of its servants.

Sub-section (2) of Section 77, however, states that where the goods are carried at owner's risk rate or otherwise, in no case the Railway

Administration shall be responsible for the loss etc. after the expiry of seven days from the termination of the transit of the goods.

Section 151 of the Contract Act states that in all cases of bailment, the bailee is bound to take as much care of the goods bailed to him as a man of

ordinary prudence would in similar circumstances take of his own goods of the same bulk and quality and value as the goods bailed. Section 152

provides that the bailee in the absence of any special contract, is not responsible for the loss, destruction or deterioration of the thing bailed, if he

has taken the amount of care described in Section 151. Section 161 of the Act provides that, if by the default of the bailee, the goods are not

returned, delivered or tendered at the proper time, he is responsible to the bailor for any loss, destruction, or deterioration of the goods from that

time. It is for this reason that the legislature has taken care to limit the period of the liability of the Railways by providing specifically that

notwithstanding what is contained in Sections 151, 152 and 161 of the Contract Act, the liability of the Railways as a bailee does not extend

beyond the period of seven days after the termination of the transit.

6. We have already pointed out above that taking into consideration the period of free time allowed for the removal of the goods in question, the

liability of the Railways extended only upto 10th July, 1973. Since admittedly the goods were wrongly delivered or delivered against a non-genuine

receipt on 21.7.1973, the absolute bar created by Section 77(2) for claiming damages against the Railways had come into operation at the end of

the 10th July, 1973.

7. In the present case, the appellant had retained the ownership in goods with it since the goods were not to be parted except on the presentation

of the Parcel Way Bill and the payment of the bank demand draft. It was expected to know when the goods would reach the destination Railway

Station, viz., Azim Ganj Railway Station. In any case, it was expected to keep itself informed about the arrival time of the goods at the said

destination. As stated earlier, the goods arrived at the destination railway station on 1.7.1973. It ought to have, therefore, taken precaution to see

that the goods were lifted by it or its agents or its consignees during the said period. In any case, after the expiry of the said period when the

appellant could have learnt that the goods were not lifted by the consignee, it was its duty to take prompt steps to remove the goods itself or

through its agents. As pointed out above, the appellant-firm moved into the matter only on 12.9.1973, i.e., about two months after the expiry of the

period of liability of the Railways.

8. Since, admittedly a wrong delivery or loss of the goods in the present case was not during the transit of the goods, provisions of Sections 72 and

73 of the Act would not be applicable to the facts of the present case. Hence the decision of this Court in 282632 would be inapplicable. It may,

however, be pointed out that in that case the responsibility of the Railways u/s 72 of the Act was under consideration and it was held that that

responsibility cannot be cut down by any rule. As has been pointed out above, the present case falls u/s 77(2) which itself provides for the limited

period of liability as a bailee.

9. In the circumstances, we agree with the conclusions of the High Court and confirm the order dismissing the appellant's suit. The appeal is,

therefore, dismissed. In the circumstances of the case, however, there will be no order as to costs.