



2026 INSC 22

REPORTABLE

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS. OF 2026

(Arising out of Special Leave Petition (Civil) Nos.18095-18096 of 2024)

GOLDEN FOOD PRODUCTS INDIA

...APPELLANT

VERSUS

STATE OF UTTAR PRADESH & OTHERS

...RESPONDENTS

JUDGMENT

NAGARATHNA, J.

Leave granted.

2. The present appeals have been filed against the following impugned final orders passed by the Allahabad High Court:

- a) Final order dated 24.05.2024 passed in Writ C No.17883/2024 (for short, “Impugned Order No.1”); and
- b) Final order dated 15.07.2024 passed in Writ C No.20059/2024 (for short, “Impugned Order No.2”),

whereby the High Court dismissed the aforesaid writ petitions.

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Reason:

3. In brief, the facts of the case are that the Ghaziabad Development Authority (“GDA”) – respondent No.2 herein had advertised the allotment of various plots through an auction dated 25.08.2023, including an industrial plot bearing Plot No.26, Madhuban Bapudham Yojana, Ghaziabad, measuring an area of 3150 square metres (“the plot”, in question). The auction was conducted through a two-bid system – a ‘technical bid’ and a ‘financial bid’.

4. On 02.02.2024, the appellant submitted separate technical and financial bids. In the financial bid, the appellant submitted an offer of Rs.25,920/- per square metre, and deposited a demand draft of Rs.80,64,000/- as earnest money. On 14.03.2024, the GDA - respondent No.2 notified the appellant that their technical bid had been approved. Subsequently, on 15.03.2024, an open auction was conducted in which the reserve price of the plot was fixed at Rs.25,600/- per square metre. There were only two bidders in the auction, including the appellant. The appellant submitted a bid of Rs.29,500/- per square metre, which was the highest, and was thus declared the highest bidder.

5. Thereafter, on 25.04.2024, the appellant preferred a representation addressed to the Vice-Chairman of the GDA - respondent No.2, requesting issuance of an allotment letter for the said plot. On not receiving any reply, the appellant filed an RTI Application bearing Diary No.33697/RTI/2024, asking GDA - respondent No.2 to furnish internal note sheets and memos of the appellant's bid. However, upon going to the office of GDA - respondent No.2 to inspect the same, they found that the GDA - respondent No.2 had cancelled the allotment. Thereafter, on 22.05.2024, the GDA - respondent No.2 officially notified the appellant that they had cancelled their financial bid and announced that a fresh auction would take place for the plot.

6. According to the GDA - respondent No.2, upon comparing the price received for the plot in question with the prices received for "similar properties" under the Madhuban Bapudham Yojana in the financial year 2023-24, it found that the following prices were received:

Type of Property	Area (in square metre)	Reserve Price (per square metre)	Date of Sale	Selling Price (per square metre)
Industrial Plot	131.90	Rs.25,600/-	25.08.2023	Rs.83,500/-
Industrial Plot	123.83	Rs.25,600/-	25.08.2023	Rs.82,000/-
Industrial Plot	123.92	Rs.25,600/-	25.08.2023	Rs.82,000/-
Industrial Plot	132.20	Rs.25,600/-	25.08.2023	Rs.1,21,000 /-

7. Therefore, since it noticed that “similar properties” in the same scheme had received substantially higher prices than offered by the appellant in its bid, the auction committee recommended cancelling the appellant’s bid in order to conduct a fresh auction. This decision was approved by the Vice-Chairman of GDA - respondent No.2. Following this, the appellant was notified of the decision and its earnest money deposit was refunded.

8. Aggrieved, the appellant approached the Allahabad High Court through Writ C No.17883/2024, seeking a writ of mandamus directing the GDA - respondent No.2 to issue an allotment letter in favour of the appellant and also execute a sale deed with respect to the plot. By Impugned Order No.1 dated 24.05.2024, the High Court dismissed the Writ Petition, taking on record the submission of the

GDA - respondent No.2 that the appellant's financial bid was lower than the bids for other plots in the same scheme and holding that the appellant cannot claim an "indefeasible right" to insist upon the execution of a sale deed in its favour.

9. The appellant again approached the High Court through Writ C No.20059/2024, seeking that the letter dated 22.05.2024, by which the GDA - respondent No.2 informed them of the non-acceptance of their financial bid, be quashed. In addition, the appellant sought directions to issue an allotment letter in its favour, as well as execute a sale deed in respect of the plot. By Impugned Order No.2 dated 15.07.2024, the High Court held that in the absence of a challenge to its order dated 24.05.2024, the same had attained finality as the appellant had not preferred any modification or review of the same. In addition, letter dated 22.05.2024 was sent prior to the order dated 24.05.2024 and leave was granted to the appellant to participate in a fresh auction conducted by the GDA - respondent No.2. Therefore, the said Writ Petition was deemed to be misconceived and hence dismissed. Aggrieved, the appellant preferred SLP (C) Nos.18095-18096 of 2024, before this Court, challenging Impugned Order Nos.1

and 2, which have been converted into the Civil Appeals that arise for our consideration.

Submissions:

10. We have heard learned senior counsel Sri Sanghi for the appellant and learned counsel for the respondents. We have perused the material on record.

11. Learned senior counsel for the appellant Sri Sanghi submitted that the respondents arbitrarily cancelled the appellant's bid on the ground that the quoted rate was allegedly lower than the rates fetched for smaller plots of different dimensions in the same scheme. However, this ground was not mentioned in the auction brochure and was only disclosed after the appellant filed multiple RTI applications. The RTI replies reveal that the appellant's technical bid was valid and that his price bid was the highest. The decision to cancel the bid for "low rates compared to smaller plots" was an extraneous and arbitrary consideration.

12. The appellant also submitted that the replies to his RTI applications establish that he had complied with all tender conditions

and had validly deposited the required earnest money. The cancellation of the appellant's bid amounts to rewriting the tender after the bids were opened, which is not permitted in law. It is contrary to Article 14 of the Constitution of India as it is arbitrary, for a statutory authority to cancel a valid bid on grounds that were not mentioned in the auction brochure. That comparing the appellant's bid with dissimilar plots (which were smaller) amounts to imposing new tender conditions after the auction. Our attention was drawn to the decision of this Court in ***Eva Agro Feeds (P) Ltd. vs. Punjab National Bank, (2023) 10 SCC 189 (“Eva Agro Feeds”)*** in which a two-judge bench of this Court (B.V. Nagarathna and Ujjal Bhuyan, JJ.) held that “...*mere expectation of the Liquidator that a still higher price may be obtained can be no good ground to cancel an otherwise valid auction and go for another round of auction. Such a cause of action would not only lead to incurring of avoidable expenses but also erode the credibility of the auction process itself*”. The appellant submitted that this principle applies in the present case, where the auction was cancelled arbitrarily because of a ground that was not provided in the brochure.

13. The RTI responses show that an adjacent plot of the same scheme was allotted without any benchmarking against smaller plots. Further, they show that the GDA - respondent No.2 allotted several plots above 2000 square metres at prices only marginally above the reserve price. In contrast, the appellant's bid was a full 15.23% above the reserve price (Rs.29,500/- as against Rs.25,600/-). Therefore, the respondent's treatment of the appellant was inconsistent, selective and arbitrary.

14. The appellant further submitted that the High Court, in its impugned orders, failed to appreciate the difference between an 'indefeasible right to allotment', and the 'right to fair and non-arbitrary treatment'. In the present case, the respondents cancelled the allotment without a show-cause notice or hearing, which violates the principles of natural justice. It was contended that simply returning the earnest money deposited cannot legitimise an arbitrary cancellation.

15. *Per contra*, learned counsel for the respondents submitted that participation in a tender or auction does not confer any vested/

enforceable right to obtain the bid. Unless the auctioning authority accepts the bid and communicates the same, the highest bid is only an offer, which is revocable at the authority's discretion. In this case, no letter of acceptance or allotment was ever issued to the appellant. On the contrary, the earnest money deposit was returned, thereby extinguishing any semblance of a contractual relationship. The appellant cannot compel the execution of a sale deed. The reasons for cancellation were also communicated, which means that the decision was not arbitrary.

16. Further, the respondents also submitted that judicial review in matters pertaining to tender processes is limited. In this regard, our attention was drawn to the decision of a three-Judge Bench of this Court in **Tata Motors Ltd. vs. Brihan Mumbai Electric Supply & Transport Undertaking, (2023) 19 SCC 1**, wherein it was observed that "*courts should not use a magnifying glass while scanning the tenders and make every small mistake appear like a big blunder. In fact, the courts must give "fair play in the joints" to the government and public sector undertakings in matters of contract*".

17. It was submitted that following from this principle, the respondent's decision to cancel the action was based on objective considerations (the prevailing market rates and the need for safeguarding public revenue). Comparable plots in subsequent auctions had obtained significantly higher prices and therefore the decision to re-auction the plot in question was a measure intended to maximise public benefit.

18. It was further submitted that the tender document expressly stated that the decision of the Vice-Chairman/Authority in matters of allotment are final and binding. Therefore, the cancellation in the present case was not without authority and was within the scope of the tender conditions made available to the appellant.

Points for Consideration:

- a) Whether the High Court was right in dismissing the writ petitions filed by the appellant herein?
- b) What Order?

19. The undisputed facts of the case are that the GDA - respondent No.2 had advertised the allotment of various plots through an auction dated 25.08.2023. The appellant's technical bid as well as the financial bid were accepted on 14.03.2024 and on 15.03.2024, respectively. The reserve price fixed for the subject plot measuring 3150 square metres was Rs.25,600/- per square metre and the appellant had bid Rs.29,500/- per square metre which was the highest bid and therefore the appellant was declared the highest bidder. In fact, there were only two bidders in the auction including the appellant. Since no further steps were taken by the GDA - respondent No.2 in the matter of issuance of allotment letter to the appellant herein, steps were taken to ascertain about the same. The appellant became aware that the GDA - respondent No.2 had cancelled the allotment and had notified the appellant about the cancellation only on 22.05.2024. This was done without any prior intimation to the appellant. The reason for cancellation according to GDA - respondent No.2 was owing to the low bid which was made by the appellant herein although it was higher than the reserve price.

The High Court has accepted the said contention of GDA - respondent No.2 and has accordingly dismissed the writ petitions filed by the appellant herein.

20. We have considered the arguments advanced at the Bar, in light of the facts of this case and the judgments of this Court relied upon by the learned counsel for the respective parties.

21. In ***K. Kumara Gupta vs. Sri Markendaya & Sri Omkareswara Swamy Temple, (2022) 5 SCC 710***, it was observed by this Court that unless and until it was found that there was any material irregularity and/or illegality in holding the public auction and/or the auction was vitiated by any fraud or collusion, it is not open to set aside the auction or sale in favour of the highest bidder on the basis of some representation made by a third party who did not even participate even in the auction proceedings and did not make any offer. If there is repeated interference in the auction process, the object and purpose of holding public auction and its sanctity would be frustrated. That unless there are allegations of fraud, collusion, etc., the highest offer received in the public offer

should be accepted as a fair value. Otherwise, there shall not be any sanctity of any public auction.

22. In ***Eva Agro Feeds***, it was observed that the mere expectation of the liquidator (in the said case) which could also mean the auction seller that, a still higher price may be obtained can be no good ground to cancel an otherwise valid auction and go in for another round of auction. Such a course of action would not only lead to incurring of avoidable expenses but also erode credibility of the auction process itself. Thus, the auctioning authority must adhere to the rule of law and an auction cannot be cancelled arbitrarily.

23. In the present case, the main contention of learned senior counsel for the appellant was that in an arbitrary manner, GDA - respondent No.2 cancelled the appellant's bid on the ground that it was lower than the rates fetched for smaller plots of different dimensions of the same Scheme. That the technical bid of the appellant was accepted and the price quoted by the appellant was Rs.29,500/- per square metre which was higher than Rs.25,600/- per square metre which was the reserve price. The appellant's

financial bid was also accepted. Therefore, the decision to subsequently cancel the financial bid of the appellant owing to “a low rate” quoted by the appellant as compared to the “other smaller plots” is an arbitrary and extraneous reason. That once the auction has been held in accordance with law and there had been no fraud, collusion or any other infirmity in the holding of the auction and the earnest money has been validly deposited, there could not have been any subsequent cancellation of the bid. In the instant case, merely because a higher rate could have been achieved than what was accepted and declared by the auctioning authority could not be the reason for setting aside the auction itself. That the price quoted by the appellant herein was 15.23% above the reserve price. Further, without any issuance of the notice to the appellant herein, the financial bid had been cancelled. Returning of the earnest money deposited by the appellant herein would not legitimize an arbitrary cancellation. Hence, it was contended that the impugned orders of the High Court may be set aside and a direction may be issued to the respondents herein to issue a letter of allotment of the subject plot in the name of the appellant herein.

24. In order to justify the cancellation, learned counsel for GDA - respondent No.2 contended that the bid made by the appellant was low as compared to bids received in respect of “smaller plots” on the very same date. Therefore, the discretion was rightly exercised by GDA - respondent No.2 to cancel the financial bid of the appellant and return the earnest money.

25. As already noted, Rs.25,600/- per square metre was the reserve price fixed for the subject plot measuring 3150 square metres which is a larger area compared to other smaller plots which also carried the same reserve price. Ordinarily when large areas of industrial land are auctioned, the overall price would be separately assessed as compared to the smaller plots. This is because insofar as the industrial plots are concerned, most of the applicants seek allotment of smaller plots and the demand for larger plots would be scarce. Since the GDA- respondent No.2 intended to auction an area of 3150 square metres as one plot which is a large plot, the reserve price was also fixed at Rs.25,600/- per square metre. As noted above, that can be compared to the reserve price fixed for the smaller plots of land which was also Rs.25,600/-. Intentionally, an identical reserve price

was fixed owing to a lower demand for a larger plot. Otherwise, a higher reserve price could have been fixed by the GDA – respondent No.2 for the subject plot. Merely because the area of plot in the instant case was 3150 square metres and it was a larger plot, the reserve price could not have been higher. Therefore, the reserve price fixed for the smaller plot as well as what has been fixed for the subject plot was uniform i.e. Rs.25,600/- per square metre. Therefore, there has been a uniformity in the fixing of the reserve price insofar as the subject plot as well as the smaller plot is concerned, as is evident from the table extracted above which are all under the very same Madhuban Bapudham Yojna in the financial year 2023-24.

26. In the instant case, the date of auction of the subject plot was 25.08.2023 which was the very same date on which the other smaller plots were auctioned. Merely because the selling price or the financial bids made by the parties *vis-à-vis* the smaller plots were concerned was higher per square metre cannot be a reason to also expect a very high price or a similar price insofar as the subject plot measuring 3150 square metres is concerned. After all, from the table reproduced above, it is evident that the smaller plots were measuring between

123.83 square metres to 132.20 square metres only whereas in the instant case the subject plot is a large area of 3150 square metres. The subject plot cannot be compared with the smaller plots auctioned on that very day. There were only two parties who made their bids in respect of the subject plot and the appellant herein was the highest bidder. This fact also demonstrates that there were no bidders for the said extent of plot as there was no demand for the same unlike a demand for smaller plots. GDA - respondent No.2 could not have therefore expected to receive a similar rate of bid per square metre *vis-à-vis* a smaller plot insofar as the subject plot is concerned. As already noted, the reserve price in respect of the smaller plot as well as the subject plot was fixed at the same rate. However, as noted above there were only two bidders who bid for the subject plot measuring 3150 square metres. The demand for smaller plots being more as compared to larger plots, naturally the bid amounts were higher for smaller plots. There being lesser demand for the subject plot being 3150 square metres, only two bidders submitted their financial bid and the appellant was declared to be the higher bidder.

27. Further, the amount of Rs.29,500/- per square metre which was bid by the appellant herein was above Rs.25,600/- per square metre being the reserve price. Naturally, the appellant was declared to be the highest bidder. This is in fact a crystallization of the future rights and obligation of the parties. The appellant had a right to receive the allotment letter and GDA - respondent No.2 had a duty to issue the same, particularly in the absence of fraud, collusion or any other reason which could have led to the cancellation of the auction. Thereafter, GDA- respondent No.2 could not have compared the selling price of the smaller plots with the financial bid made by the appellant herein so as to cancel the auction itself. The same was done on an irrelevant consideration. Therefore, it was arbitrary, whimsical and irrational. Hence, the appellant was justified in seeking the reliefs before the High Court. The High Court ought to have considered the case of the appellant in the above perspective and granted relief to the appellant herein by directing GDA - respondent No.2 to pass an order of allotment to the appellant herein. Instead, the High Court has been swayed by the argument of GDA - respondent No.2 to the effect that the bid offered by the appellant

herein was on the lower side. The learned senior counsel for the appellant contended that the adjacent plot and the plots above 2000 square metres have been allotted by the GDA - respondent No.2 at prices only marginally above the reserve price whereas in the instant case the appellant had bid a price which was 15.23% above the reserve price. The High Court has also been impressed by the argument that the appellant had no vested right as no letter of acceptance of bid was issued to it and the earnest money of Rs.80,64,000/- was returned to the appellant and therefore, there was no right in the appellant to insist upon the allotment of the subject plot. This reasoning is also incorrect and flawed. Having regard to the facts of the present case and the discussion made above, the High Court was not right in dismissing the writ petitions.

28. In our view, there cannot be any imprimatur of the Court to such arbitrary cancellation of auction by an instrumentality or agency of the State in the absence of there being any fraud, collusion, suppression etc. Merely because the smaller plots measuring 123 to 132 square metres were auctioned and sold at a higher price as compared to the subject plot measuring 3150 square metres which is

a large sized plot, could not have been the basis for cancelling the auction insofar as the subject plot is concerned. The demand for smaller plots being higher was sold at a higher price per square metre than the subject plot, where there was no demand for the subject plot as only two bidders participated in the auction. The bid of the appellant was above the reserve price. There was no other reason to cancel the auction sale of the subject plot. Therefore, GDA - respondent No.2 was under an obligation in law having accepted the bid offered by the appellant to issue the allotment letter instead of cancelling the auction on the basis of irrelevant considerations that too behind the back of the appellant. Expectation of a higher bid in a subsequent auction cannot be a reason to cancel an auction held in accordance with law.

29. The appellant herein as also all bidders would had made all financial arrangements before making technical and financial bids in an auction. The technical bid of the appellant herein was accepted. There was no reason to decline the financial bid made by the appellant which was the highest bid. The financial bid was also over and above the reserve price. There was no reason attributed to the

appellant for cancellation of the auction sale. In the circumstances, the appellant had a legitimate expectation to receive an allotment letter *vis-à-vis* the subject plot as it was the highest bidder. Instead, without any prior notice to the appellant the auction itself was cancelled which constrained the appellant to approach the High Court. The High Court has lost sight of these facts of the matter and has simply dismissed the writ petitions filed by the appellant herein which is not correct.

30. We could consider the judgments cited at the Bar as under:

- a) In ***Haryana Urban Development Authority vs. Orchid Infrastructure Developers (P) Ltd., (2017) 4 SCC 243***, the contract contained an express clause stating that the presiding officer had the right to reject a bid without offering any reasons. Although twenty-seven bidders participated in the said auction and the reserve price was Rs.106.65 crores and the highest bid was Rs.111.75 crores for 9.527 acres of land in Gurgaon, the bid was cancelled. However, such a clause is conspicuous by its absence in the present case.

b) In ***Rajasthan Housing Board vs. G.S. Investments, (2007) 1 SCC 477***, owing to a news item published in a newspaper that large scale bungling had taken place in the auction due to which the price fetched for the plots was much below the market rate, a direction was issued by this Court to hold a fresh auction. Such a situation did not arise in the instant case.

c) In ***State of Orissa vs. Harinarayan Jaiswal, (1972) 2 SCC 36***, there was a direction to hold a re-auction as the power to accept or reject the bid was given to the highest authority in the State and the State Government was of the opinion that the price was inadequate. Possibly, in the facts of the said case, the said direction was issued by this Court.

d) In ***Uttar Pradesh Avas Evam Vikas Parishad vs. Om Prakash Sharma, (2013) 5 SCC 182***, the reserve price was fixed at Rs.1,80,200/- and the respondent therein offered Rs.1,31,500/- which was much less than the reserve price. Hence, the bid was rightly rejected.

- e) In ***Meerut Development Authority vs. Association of Management Studies, (2009) 6 SCC 171***, the request of the respondent therein for allotment of remaining 20,000 square metres to them as they had acquired 37,000 square metres of land as per the reserve price, was rejected as the price quoted had been lower than the reserve price for the said remaining land and rightly so.
- f) In ***Indore Vikas Praadhikaran (IDA) vs. Shri Humud Jain Samaj Trust, 2024 SCC OnLine SC 3511***, this Court distinguished ***Eva Agro Feeds*** and found that the bid could not be accepted as the tender committee while finalizing the bids noticed that property tax of Rs.1.25 crore in respect of the subject land therein was outstanding. On noticing this error, the Board decided to cancel the bid of the respondent therein and decided to issue a fresh notice inviting tenders.

31. The following judgments also require consideration:

- a) In ***M.P. Power Management Company Limited vs. Sky Power Southeast Solar India (Private) Limited, (2023) 2 SCC 703***, the bid of the respondent therein was accepted and it was

observed that public interest cannot always be conflated with an evaluation of the monetary gain or loss alone.

b) In ***Nagar Nigam, Meerut vs. Al Faheem Meat Exports (P) Ltd., (2006) 13 SCC 382***, an advertisement inviting applications for a fresh contract to run a slaughterhouse was sustained. In the said judgment, it was observed that the award of government contracts through public auction or public tender was to ensure transparency in the public procurement, to maximise the economy and efficiency in government procurement, to promote healthy competition among the tenderers and to eliminate irregularities, interference and corrupt practices by the authorities concerned. In rare and exceptional cases, for instance during natural calamities and emergencies declared by the Government; where the procurement is possible from a single source only; where the supplier or contractor has exclusive rights in respect of the goods or services and no reasonable alternative or substitute exists; where the auction was held on several dates but there were no bidders or the bids offered were too low, etc., this normal rule may be departed from and such contracts may

be awarded through “private negotiations”. The Government must then have freedom of contract. Some fair play in the joints is a necessary concomitant for an administrative body functioning in an administrative sphere. The plea of the respondent therein seeking permission to modernize the slaughterhouse and therefore, to refrain from issuing an advertisement was negatived.

- c) In ***Subodh Kumar Singh Rathour vs. Kolkata Metropolitan Development Authority, (2024) 15 SCC 461***, this Court observed that merely because the rates embodied in a contract with the passage of time have become less appealing, the same cannot become a determinative criterion for either terminating the contract or for the courts to decline interference in such contractual disputes. Public interest cannot be used as a pretext to arbitrarily terminate contracts. Merely because the financial terms of a contract are less favourable over a period of time does not justify its termination. It was observed that the mere possibility of fetching a higher license fee was no ground to cancel the tender issued to the appellant therein.

32. An auction process has a sanctity attached to it and only for valid reasons that the highest bid can be discarded in an auction which is otherwise held in accordance with law. If a valid bid has been made which is above the reserve price, there should be a rationale or reason for not accepting it. Therefore, the decision to discard the highest bid must have a nexus to the rationale or the reason. Merely because the authority conducting the auction expected a higher bid than what the highest bidder had bid cannot be a reason to discard the highest bid. In the instant case, no other party had placed a bid higher than the appellant herein. There was no infirmity in the conduct of the auction. No other party had complained about the process of auction conducted by the GDA - respondent No.2. The bid offered by the appellant herein was the highest and above the reserve price. In the circumstances, the said bid ought to have been accepted by GDA - respondent No.2 rather than cancelling the same without notice to the appellant herein. Hence, the cancellation of the bid submitted by the appellant herein is quashed.

33. For the aforesaid reasons, the impugned orders of the High Court dated 24.05.2024 and 15.07.2024 passed in the respective writ petitions are set-aside. The appellant is directed to re-deposit the earnest money preferably within four weeks from today. Within two weeks from the date of the re-deposit of the earnest money, the GDA - respondent No.2 shall make an order of allotment of the subject plot in favour of the appellant herein and take all consequential steps for concluding the auction process in favour of the appellant herein. These appeals are allowed in the aforesaid terms.

Parties to bear their own costs

.....J.
(B.V. NAGARATHNA)

.....J.
(R. MAHADEVAN)

NEW DELHI;
JANUARY 06, 2026.