



NEUTRAL CITATION NO. 2025:MPHC-JBP:37431

**IN THE HIGH COURT OF MADHYA PRADESH  
AT JABALPUR  
BEFORE  
HON'BLE SHRI JUSTICE SANJEEV SACHDEVA,  
CHIEF JUSTICE  
&  
HON'BLE SHRI JUSTICE DINESH KUMAR PALIWAL  
ON THE 8<sup>th</sup> OF AUGUST, 2025**

**WRIT PETITION No. 22902 of 2025**

***RAJBAHDUR YADAV***

*Versus*

***THE STATE OF MADHYA PRADESH AND OTHERS***

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**Appearance:**

*Shri R.K. Gupta and Shri S.S. Yadav - Advocates for petitioner.*

*Dr. S.S. Chouhan - Government Advocate for respondent No.1/State.*

*Shri Gaurav Maheshwari - Advocate for respondent No.2.*

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**ORDER**

***Per: Hon'ble Shri Justice Sanjeev Sachdeva, Chief Justice***

Petitioner impugns order dated 02.04.2025 whereby the respondent No.2/Jabalpur Development Authority has decided to annul the tender and invite a fresh tender.

2. Respondent/Jabalpur Development Authority had invited public bids for auction of plot situated at Scheme number 5/14, Vijay Nagar Plot No. J-12 measuring 1500 sq feet. Petitioner had participated in the tender process along with several other bidders. The highest bidder in the said tender process withdrew his bid. Consequently, Petitioner, who was H-2 became the H-1. The



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respondent/authority instead of proceeding further with the tender process decided to cancel the tender and has once again invited bids. Petitioner admittedly did not participate in the second tender process.

3. Contention of learned counsel for the petitioner is that since the highest bidder was disqualified and had withdrawn his bid, petitioner whose bid was the second highest should have been declared the highest bidder and the plot allotted to the petitioner.

4. *Per contra* learned counsel for respondents submits that the Tender Inviting Authority had reserved the right to accept or cancel any bid and to revoke the tender process without assigning any reason and the authorities were of the view that the tender process was not fair since the first bidder had withdrawn his bid and consequently, the tender was canceled and a fresh tender invited.

5. Learned counsel for respondent/Jabalpur Development Authority submits that in the second tender process, petitioner failed to participate and the bid now received is higher than the bid of the petitioner submitted in the first tender process.

6. Reference may be had to the advertisement dated 17.01.2025 which in clause 11 categorically stipulates that the authority reserves the right to accept or reject any bid and also revoke the tender process without assigning any reason.

7. In the instant case, the highest bidder who had submitted the bid pursuant to the said bid advertisement was disqualified as having withdrawn his bid on the ground that there was a typographical error in his bid documents.



Petitioner was the second highest bidder, however, the authorities by the order dated 02.04.2025 decided to cancel the bid and invite fresh bids.

8. Clause 11 of the bid document conferred an unfettered right on the authority to cancel the tender process without assigning any reason. The authorities issued a fresh advertisement inviting fresh bids and admittedly, the bid now received is higher than the price offered by the petitioner. Petitioner also failed to participate in the said process. Consequently, the decision of the authority in canceling the bid appears to be reasonable as the authority has now got an offer higher than the offer given by the petitioner pursuant to the 1st advertisement.

9. Reference may also be had to the judgment of the Supreme Court in ***Haryana Urban Development Authority and others vs. Orchid Infrastructure Developers Private Limited***, (2017) 4 SCC 243 wherein the Supreme Court considering the cancellation of a bid of the higher bidder has *inter alia* held as under:

"13. It is a settled law that the highest bidder has no vested right to have the auction concluded in his favour. The Government or its authority could validly retain power to accept or reject the highest bid in the interest of public revenue. We are of the considered opinion that there was no right acquired and no vested right accrued in favour of the plaintiff merely because his bid amount was highest and had deposited 10% of the bid amount. As per Regulation 6(2) of the 1978 Regulations, allotment letter has to be issued on acceptance of the bid by the Chief Administrator and within 30 days thereof, the successful bidder has to deposit another 15% of the bid amount. In the instant case, allotment letter has never been issued to the petitioner as per Regulation 6(2) in view of non-acceptance of the bid. Thus, there was no concluded contract. Regulation 6 of the 1978 Regulations is extracted hereunder:

***"6. Sale of lease of land or building by auction.—(1) In the case of sale or lease by auction, the price/premium to be charged shall be such reserve price/premium as may be determined taking***



*into consideration the various factors as indicated in sub-regulation (1) of Regulation 4 or any higher amount determined as a result of bidding in open auction.*

*(2) 10 per cent of the highest bid shall be paid on the spot by the highest bidder in cash or by means of a demand draft in the manner specified in sub-regulation (2) of Regulation 5. The successful bidder shall be issued allotment letter in Form CC or C-II by registered post and another 15 per cent of the bid accepted shall be payable by the successful bidder, in the manner indicated, within thirty days of the date of allotment letter conveying acceptance of the bid by the Chief Administrator; failing which the 10 per cent amount already deposited shall stand forfeited to the authority and the successful bidder shall have no claim to the land or building auctioned.*

*(3) The payment of balance of the price/premium, rate of interest chargeable and the recovery of interest shall be in the same manner as provided in sub-regulations (6) and (7) of Regulation 5.*

*(4) The general terms and conditions of the auction shall be such as may be framed by the Chief Administrator from time to time and announced to the public before auction on the spot.”*

*(emphasis supplied)*

**14.** *We are fortified in our view by a decision of this Court in U.P. Avas Evam Vikas Parishad v. Om Prakash Sharma [U.P. Avas Evam Vikas Parishad v. Om Prakash Sharma, (2013) 5 SCC 182 : (2013) 2 SCC (Civ) 737], wherein the questions arose for its consideration that : whether there is any vested right upon the plaintiff bidder until the bid is accepted by the competent authority in relation to the property in question? Merely because the plaintiff is the highest bidder by depositing 20% of the bid amount without there being approval of the same by the competent authority and it amounts to a concluded contract in relation to the plot in question; and whether the plaintiff could have maintained the suit in the absence of a concluded contract? Considering the aforesaid questions, this Court has discussed the matter thus : (SCC pp. 195-97, paras 30-31)*

*“30. In support of the said proposition, the learned Senior Counsel for the defendant, Mr Rakesh Dwivedi has also placed reliance upon another decision of this Court in State of*



*U.P. v. Vijay Bahadur Singh [State of U.P. v. Vijay Bahadur Singh, (1982) 2 SCC 365] . The learned Senior Counsel has rightly placed reliance upon the judgment of this Court in Rajasthan Housing Board case [Rajasthan Housing Board v. G.S. Investments, (2007) 1 SCC 477] which reads as under : (SCC p. 483, para 9)*

*'9. This being the settled legal position, the respondent acquired no right to claim that the auction be concluded in its favour and the High Court clearly erred in entertaining the writ petition and in not only issuing a direction for consideration of the representation but also issuing a further direction to the appellant to issue a demand note of the balance amount. The direction relating to issuance of the demand note for balance amount virtually amounted to confirmation of the auction in favour of the respondent which was not the function of the High Court.'*

*In State of Orissa v. Harinarayan Jaiswal [State of Orissa v. Harinarayan Jaiswal, (1972) 2 SCC 36] case, relevant paragraph of which reads as under : (SCC pp. 44-45, para 13*

*'13. ... There is no concluded contract till the bid is accepted. Before there was a concluded contract, it was open to the bidders to withdraw their bids (see Union of India v. Bhim Sen Walaiti Ram [Union of India v. Bhim Sen Walaiti Ram, (1969) 3 SCC 146] ). [Ed.: The matter between two asterisks has been emphasised in Avam Evam Vikas Parishad case, (2013) 5 SCC 182.] By merely giving bids, the bidders had not acquired any vested rights [Ed.: The matter between two asterisks has been emphasised in Avam Evam Vikas Parishad case, (2013) 5 SCC 182.] '*

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*31. In view of the law laid down by this Court in the aforesaid decisions, the learned Senior Counsel Mr Rakesh Dwivedi has rightly placed reliance upon the same in support of the case of the first defendant, which would clearly go to show that the plaintiff had not acquired any right and no vested right has been accrued in his favour in respect of the plot in question merely because his bid amount is highest and*



*he had deposited 20% of the highest bid amount along with the earnest money with the Board. In the absence of acceptance of bid offered by the plaintiff to the competent authority of the first defendant, there is no concluded contract in respect of the plot in question, which is evident from letters dated 26-5-1977 and 8-7-1977 wherein the third defendant had rejected the bid amount deposited by the plaintiff and the same was refunded to him by way of demand draft, which is an undisputed fact and it is also not his case that the then Assistant Housing Commissioner who has conducted the public auction had accepted the bid of the plaintiff.”*

*(emphasis supplied)*

*15. This Court in Om Prakash Sharma case [U.P. Avas Evam Vikas Parishad v. Om Prakash Sharma, (2013) 5 SCC 182 : (2013) 2 SCC (Civ) 737] has held that in the absence of a concluded contract which takes place by issuance of allotment letter, suit could not be said to be maintainable as there is no vested right in the plaintiff without approval of the bid by the competent authority. Thus, in the wake of the aforesaid decision, in the absence of a concluded contract, the suit could not have been decreed for mandatory injunction. It amounted to enforcing of contract in the absence thereof*

*(emphasis supplied)*

*16. In the light of the aforesaid discussion, it is evident that in the absence of a concluded contract i.e. in the absence of allotment letter and acceptance of highest bid, the suit filed by the plaintiff was wholly misconceived. Even if non-acceptance of the bid was by an incompetent authority, the court had no power to accept the bid and to direct the allotment letter to be issued. Merely on granting the declaration which was sought that rejection was illegal and arbitrary and by incompetent authority, further relief of mandatory injunction could not have been granted, on the basis of findings recorded, to issue the allotment letter, as it would then become necessary to forward the bid to competent authority—Chief Administrator—for its acceptance, if at all it was required.*

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*30. In Meerut Development Authority v. Assn. of Management Studies [Meerut Development Authority v. Assn. of Management Studies, (2009) 6 SCC 171 : (2009) 2 SCC (Civ) 803] , this Court has laid down that*



*a bidder has no right in the matter of bid except of fair treatment in the matter and cannot insist for further negotiation. The authority has a right to reject the highest bid. This Court has laid down thus : (SCC p. 182, paras 27 & 29)*

*“27. The bidders participating in the tender process have no other right except the right to equality and fair treatment in the matter of evaluation of competitive bids offered by interested persons in response to notice inviting tenders in a transparent manner and free from hidden agenda. One cannot challenge the terms and conditions of the tender except on the abovestated ground, the reason being the terms of the invitation to tender are in the realm of the contract. No bidder is entitled as a matter of right to insist the authority inviting tenders to enter into further negotiations unless the terms and conditions of notice so provided for such negotiations.*

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*29. The Authority has the right not to accept the highest bid and even to prefer a tender other than the highest bidder, if there exist good and sufficient reasons, such as, the highest bid not representing the market price but there cannot be any doubt that the Authority's action in accepting or refusing the bid must be free from arbitrariness or favouritism.”*

*(emphasis supplied)*

10. The Supreme Court of India in ***Orchid Infrastructure Developers Limited (supra)*** has held that the highest bidder has no vested right to have the auction concluded in his favour. The Government or its authority could validly retain power to accept or reject the highest bid in the interest of public revenue. There is no concluded contract till the bid is accepted. The authority has a right to reject the highest bid. The bidders participating in the tender process have no other right except the right to equality and fair treatment in the matter of evaluation of competitive bids offered by interested persons in response to notice inviting tenders in a transparent manner and free from hidden agenda. The Authority has the right not to accept the highest bid and even to prefer a tender other than the highest bidder, if there exist good and sufficient reasons, such as, the highest bid not representing the market price but there cannot be any



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doubt that the Authority's action in accepting or refusing the bid must be free from arbitrariness or favouritism.

11. In the instant case, there was no concluded contract with the petitioner and as noticed above by clause 11 of the advertisement, the authority had retained the right to reject any bid and even cancel the tender process. There is also no loss to the exchequer by issuance of the fresh advertisement as the highest bid now received is higher than the bid of the petitioner.

12. Consequently, we are of the view that there is no merit in the petition. The petition is accordingly dismissed.

**(SANJEEV SACHDEVA)**  
CHIEF JUSTICE

**(DINESH KUMAR PALIWAL)**  
JUDGE

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