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W.A.No.2108 of 2025 etc.

IN THE HIGH COURT OF JUDICATURE AT MADRAS

RESERVED ON : 22.06.2026

DELIVERED ON : 25.06.2026

CORAM :

THE HONOURABLE MR. SUSHRUT ARVIND DHARMADHIKARI,
CHIEF JUSTICE

AND

THE HONOURABLE MR.JUSTICE G.ARUL MURUGAN

WA Nos.2108, 2448, 3823 and 3825 of 2025
and CMP Nos.15985, 18846, 31413, 31422 of 2025 and 789 of 2026

WA No. 2108 of 2025:

The Tamil Nadu Civil Supplies Corporation,
(TNCSC), rep. by the Managing Director,
Having head office at
Poonamalee High Road,
Chennai Metro Rail Limited (CMRL)
Admin Building, Koyambedu,
Chennai - 600 107.

Appellant(s)

Vs

Hyderabad Agricultural Co-operative
Association Ltd
Rep by its Authorized Representative,
Gujjete Narsing Rao, A Registered Society
under the Multi State Cooperative Office
At No.5-10-193, 2nd Floor, HACA Bhavan,
(Opp Public Gardens), Hyderabad,
Telangana - 500 004.

Respondent(s)



W.A.No.2108 of 2025 etc.

WA No.2448 of 2025:

Hyderabad Agricultural Co-operative
Association Ltd
Rep by its Authorized Representative,
Gujjete Narsing Rao, A Registered Society
under the Multi State Cooperative Office
At No.5-10-193, 2nd Floor, HACA Bhavan,
(Opp Public Gardens), Hyderabad,
Telangana - 500 004.

Appellant(s)

Vs

The Tamil Nadu Civil Supplies Corporation,
(TNCSC), rep. by the Managing Director,
Having head office at
Poonamalee High Road,
Chennai Metro Rail Limited (CMRL)
Admin Building, Koyambedu,
Chennai - 600 107.

Respondent(s)

W.A.No.3823 of 2025:

The Tamil Nadu Civil Supplies Corporation,
(TNCSC), rep. by the Managing Director,
Poonamalee High Road,
Chennai Metro Rail Limited (CMRL)
Admin Building, Koyambedu,
Chennai - 600 107.

Appellant(s)

Vs

Central Government Employees Consumer
Co-operative Society Ltd.,(KendriyaBhandar)
Rep by its Manager, J Parvathy,
Central Revenue Quarters, 15th Main Road,
Anna Nagar West, Chennai - 600 040.

Respondent(s)



W.A.No.2108 of 2025 etc.

WA No. 3825 of 2025

The Tamil Nadu Civil Supplies Corporation,
(TNCSC), rep. by the Managing Director,
Poonamalee High Road,
Chennai Metro Rail Limited (CMRL)
Admin Building, Koyambedu,
Chennai - 600 107.

Appellant(s)

Vs

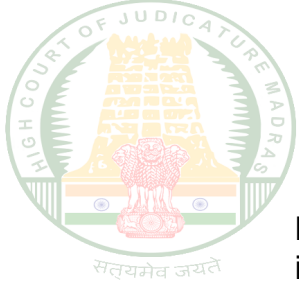
National Federation of Farmers Procurement
Processing and Retailing Cooperatives of
India Ltd (NACOF), Rep by State Manager,
N Gurusamy, Nos.5/1 and 5/2, "A" 1st Floor
Gopala Menon Road, Kodambakkam,
Chennai - 600 024.

Respondent(s)

PRAYER in W.A.Nos.2108 and 2448 of 2025: Appeals filed under Clause 15 of the Letters Patent to set aside the order dated 25.03.2025 passed by the learned Single Judge in WP.No.6223 of 2025.

PRAYER in W.A.No.3823 of 2025: Appeal filed under Clause 15 of the Letters Patent to set aside the order dated 27.6.2025 passed by the learned Single Judge in WP.No.20865 of 2025.

PRAYER in W.A.No.3825 of 2025: Appeal filed under Clause 15 of the Letters Patent to set aside the order dated 27.6.2025 passed by the learned Single Judge in WP.No.20863 of 2025.



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For Appellant
in W.A.No.2108, 3823
and 3825 of 2025
and Respondent in
W.A.No.2448 of 2025

Mr. Vijay Narayan
Advocate General
assisted by Mr.D.Ravichander,
Standing Counsel

For Appellant in
W.A.No.2448 of 2025
and Respondent in
W.A.No.2108 of 2025

Mr.Srinath Sridevan
Senior Advocate
for M/s.Chandini Pradeep Kumar

For Respondent in
W.A.Nos.3823 and
3825 of 2025

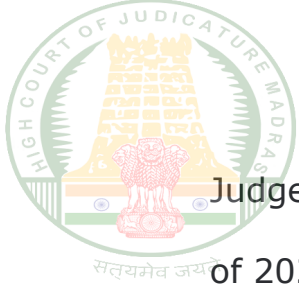
Mr.Avinash Wadhwani

COMMON JUDGMENT

THE CHIEF JUSTICE

W.A.Nos.2108 and 2448 of 2025 are filed under Clause 15 of the Letters Patent to set aside the order dated 25.03.2025 passed by the learned Single Judge in W.P.No.6223 of 2025. The former appeal was filed by the Corporation and the latter by the bidder.

2. W.A.Nos.3823 and 3825 of 2025 are filed by the Corporation under Clause 15 of the Letters Patent to set aside the order even dated 27.6.2025 passed by the learned Single Judge in W.P.Nos.20865 and 20863 of 2025, whereby the learned Single



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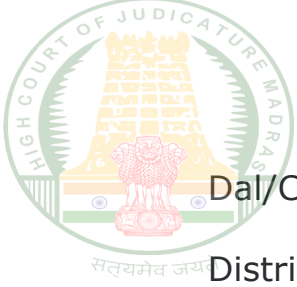
Judge followed the earlier order dated 25.03.2025 in W.P.No.6223 of 2025.

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3. For the sake of clarity and convenience, the facts in W.A.No.2108 of 2025 are narrated as a lead case to dispose of all these appeals.

4. W.A.No.2108 of 2025 arises out of the impugned order dated 25.03.2025 passed by the learned Single Judge in W.P.No.6223 of 2025. By the said order, the learned Single Judge disposed of the writ petition filed by the Hyderabad Agricultural Co-Operative Association Ltd (for brevity, '*the Association*'), directing the Tamil Nadu Civil Supplies Corporation (for brevity, '*the Corporation*') to refund a sum of Rs.4,50,00,000/- out of the total Earnest Money Deposit (EMD) of Rs.5,11,50,000/-, while permitting the Corporation to forfeit a sum of Rs.61,50,000/-.

5.1. The facts in a nutshell are that the Corporation invited short e-tenders vide Notification dated 23.08.2024 for the procurement of 60,000 Metric Tonnes of various varieties of Dal (Tur



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Dal/Canadian Yellow Lentils) for distribution under the Special Public Distribution System (Special PDS). Clause 6 of the Tender Document mandated the submission of an Earnest Money Deposit (EMD) of Rs.5,11,50,000/-. Clause 6 specifically enumerated the situations under which the EMD would be liable for forfeiture, which included a tenderer withdrawing or backing out after acceptance, or failing to sign the contract.

5.2. The Association, a co-operative society controlled by the Government of Telangana, participated in the e-tender and submitted its bid on the online portal on 09.09.2024 at 10:55 AM. The Association intended to quote a rate of Rs.1,47,000/- per metric tonne for imported Tur Dal and Rs.1,52,000/- per metric tonne for indigenous Tur Dal. However, upon the opening of financial bids on 14.09.2024, the Association discovered that its quote was reflected on the online e-procurement portal as a flat rate of Rs.66,000/- per metric tonne for both varieties. Realizing that a figure of Rs.66,000/- per metric tonne was completely unviable and dramatically detached from prevailing market realities, the Association immediately sent emails and a formal letter to the



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Corporation within minutes, namely at 12:26 PM and 12:40 PM on 14.09.2024, reporting the patent discrepancy and attributing it to a technical glitch or an inadvertent input error.

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5.3. The Corporation, treating this quick disclaimer as a default/withdrawal from the process, issued a Show Cause Notice on 23.09.2024. Despite extensive explanations and regret letters from the Association indicating a lack of *mala fide* intent, the Corporation passed an order dated 10.01.2025 forfeiting the entire EMD amount of Rs.5,11,50,000/- on the grounds that the under-quoting disrupted and delayed the tender finalization.

5.4. The Association approached the writ court. The learned Single Judge, relying on the principles laid down by the Supreme Court in *ABCI Infrastructure Pvt. Limited v. Union of India*¹, held that the price quote was a genuine mistake. However, attributing the source of the mistake to the Association's input mechanism, the learned Single Judge directed a partial forfeiture of 12.02%

¹ (2025) 6 SCC 813



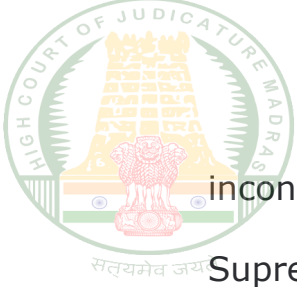
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(amounting to Rs.61,50,000/-) and ordered a refund of the remaining Rs.4,50,00,000/-.

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6.1. Learned Advocate General appearing on behalf of the Corporation submits that the writ petition ought to have been dismissed *in limine* because Clause 23 of the Tender Conditions provides an alternate and efficacious remedy through Arbitration. Disputed questions of fact regarding whether there was a technical glitch or human error cannot be resolved in writ jurisdiction under Article 226 of the Constitution of India.

6.2. He further submitted that the forfeiture was strictly carried out in accordance with Clause 6(ii) of the Tender Conditions and guided by Rule 30 of the Tamil Nadu Transparency in Tender Rules, 2000 [for brevity, 'the Rules']. The learned Single Judge erred in relying on *ABCI Infrastructure Pvt. Limited* (supra), in as much as that case pertained to an infrastructure project, whereas the present contract involves the time-sensitive procurement of food commodities for the Special PDS, impacting essential services to family cardholders where delays cause massive public



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inconvenience. He hastened to add that in the case before the Supreme Court, there was no arbitration clause and the said contract was not governed by statutory rules.

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7.1. Learned Senior Counsel appearing on behalf of the Association submitted that a price quote of Rs.66,000/- per metric tonne, when market prices were double that value, cannot be classified as a conscious "offer" or "bid". Since there was no real meeting of minds or intentional offer, the question of "withdrawing" or "backing out" under Clause 6(ii)(a) does not arise.

7.2. It is further submitted that immediately upon noticing the error, the Association informed the Corporation within minutes. The Corporation seamlessly awarded the tender to the second lowest bidder (L2) as early as 16.09.2024 and there was no disruption in supply, financial loss or delay.

7.3. It is also submitted that while *ABCI Infrastructure Pvt. Limited* (supra) contemplated a nominal/rough deduction of around 6% in equity, the learned Single Judge doubled that ratio to 12.02%



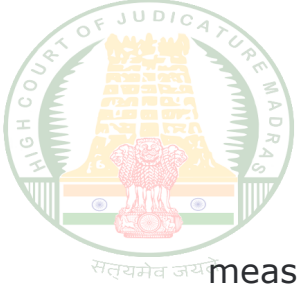
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without any rational mathematical basis or finding of damages, which is highly punitive against a State-controlled co-operative society.

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8. We have heard the learned counsel appearing on both sides, scrutinized the documents on record and evaluated the governing rules alongside relevant Supreme Court precedents.

9. The Corporation strongly urged that the presence of an arbitration clause under Clause 23 of the tender document acts as an absolute bar to writ jurisdiction. We cannot subscribe to this rigid view. It is a well-settled constitutional canon that the existence of an alternate remedy or an arbitration clause does not divest the High Court of its discretionary powers under Article 226 of the Constitution of India, especially when the action of a State instrumentality is under challenge for patent arbitrariness, unreasonableness, or violation of Article 14 of the Constitution of India.



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10. The issue here is not a complex assessment of work measurements or breaches arising during the lifetime of a running contract, but rather the constitutional validity of a pre-contractual administrative order forfeiting a massive sum, for a genuine mistake, which was brought to the notice of the Corporation within minutes. Hence, the learned Single Judge was perfectly justified in entertaining the writ petition.

11. A careful analysis of Clause 6 of the Tender Document reveals that forfeiture of EMD is intended to act as a safeguard against speculative bidding, strategic defaults, or malicious walkouts that sabotage public procurement. In the present case, the Association intended to bid around Rs.1.47 Lakhs and Rs.1.52 Lakhs per MT, but the portal recorded Rs.66,000/- per MT. Both sides effectively agree that no rational supplier would ever intentionally offer to supply premium split-husked Tur Dal at Rs.66,000/- per MT in 2024. It was a visual and operational absurdity. The Association disclaimed the error within minutes of the bid opening, showing utmost transparency and *bona fides*.

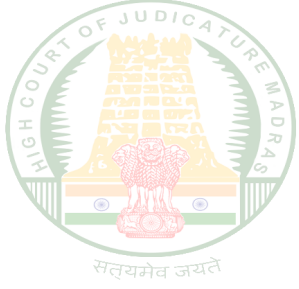


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12. The Corporation relied heavily on Rule 30 of the Tamil Nadu Transparency in Tenders Rules, 2000, arguing that the framework mandates strict compliance and limits administrative leniency. However, statutory tender rules must be read in alignment with the overarching principles of equity and proportionality. The Supreme Court in *ABCI Infrastructure Pvt. Limited (supra)* dealt with bona fide administrative slips. The Supreme Court emphasized that while public authorities must be protected from unreliable bidders, they cannot enrich themselves unjustly by converting an EMD mechanism into a windfall enforcement tool when an error is genuinely clerical and immediately corrected without causing any loss.

13. The facts show that the Corporation suffered zero delay or disruption, it moved swiftly to the next valid bidder within 48 hours (by 16.09.2024). Total forfeiture of Rs.5.11 Crores in the absence of any financial loss would be unconscionable, shockingly disproportionate, and violative of Article 14 of the Constitution of India. Therefore, the Corporation's appeal W.A.No.2108 of 2025 seeking absolute forfeiture must fail.



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14. Now, coming to the Association's appeal (W.A.No.2448 of 2025) against the deduction of Rs.61,50,000/-, the Association argued that since the mistake was genuine, even a 12.02% deduction is completely arbitrary.

15. We must emphasize that public e-governance systems depend entirely on the precision of the data inputs configured by participants. When a bidder hits "submit" on an e-procurement platform, it triggers an official administrative machinery, requiring technical evaluation, scrutiny committees to assemble, and institutional resources to be deployed. Unilateral clerical slips, even when corrected instantly, force the public exchequer to expend additional administrative hours resetting the tender parameters.

16. The learned Single Judge exercised a sound equitable balancing act. While a full forfeiture would be punitively excessive, a total exemption would diminish the institutional sanctity and serious care required in public bidding. The withholding of Rs.61,50,000/- serves as an appropriate cost assigned to the input negligence of



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the bidder, ensuring accountability without causing financial devastation. We find no error apparent or perversity in the quantum fixed by the learned Single Judge.

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17. In view of the aforegiven reasons, we find that the learned Single Judge has carefully balanced the public interest responsibilities of the Corporation with the equitable rights of the Association, which committed a *bona fide* mistake. The order warrants no interference.

18. In the result, W.A.No.2108 of 2025 filed by the Corporation is dismissed. W.A.No.2448 of 2025 filed by the Association is also dismissed.

19. In W.A.Nos.3823 and 3825 of 2023 filed by the Corporation challenging similar order, which permitted forfeiture of 8% of the EMD, identical arguments were advanced by the learned Advocate General. The respondents in those appeals represented by Mr.Avinash Wadhwani, learned counsel, adopted the arguments of learned Senior Counsel appearing for the Association in



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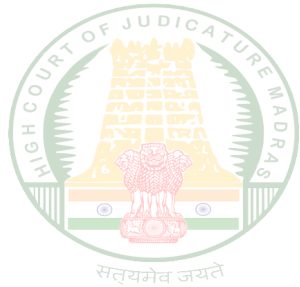
W.A.Nos.2108 and 2448 of 2025. For the reasons given herein
above, W.A.Nos.3823 and 3825 of 2023 are also dismissed.

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There shall be no order as to costs. Connected interim
applications stand closed.

(SUSHRUT ARVIND DHARMADHIKARI,CJ) (G.ARUL MURUGAN,J)
25.06.2026

Index : Yes
Neutral Citation : Yes
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THE HON'BLE CHIEF JUSTICE
AND
G.ARUL MURUGAN,J.

(sasi)

WA Nos.2108, 2448, 3823 and 3825 of 2025

25.06.2026