
(2026) 01 SC CK 1915
In the Supreme Court Of India
Case No : Civil Appeal No.929 Of 2020

Bihar Industrial Area Development Authority & Ors.	APPELLANT
Vs	
M/S Scope Sales Pvt. Ltd. & Anr	RESPONDENT

Date of Decision : 23-01-2026

Acts Referred:

Constitution of India, 1950 — Article 226, 300A
Bihar Industrial Area Development Authority Act, 1974 — Section 6, 6(2), 6(2a), 6(2b), 9(3)

Citation : (2026) 01 SC CK 1915

Hon'ble Judges : Dipankar Datta, J; Augustine George Masih, J

Bench : Division Bench

Advocate : Abhay Kumar, Shagun Ruhil, Kusum Pandey, Shreenivash, Rakesh Kumar, Karan Chopra, Azmat Hayat Amanullah, Rebecca Mishra, Vanshita Gupta, Arun K. Sinha, Manish Kumar, Abhay Kumar

Final Decision : Allowed

Judgement

Dipankar Datta, J

1. Bihar Industrial Area Development Authority 'BIADA' and the State of Bihar are in appeal, by special leave, challenging the judgment and order dated 21st October 2014 'impugned order' of a Division Bench of the High Court of Judicature at Patna 'High Court' on an intra-court appeal 'Letters Patent Appeal No. 335 of 2014' presented by the first respondent 'M/s. Scope'. The Division Bench reversed the Single Judge's judgment and order dated 24th January 2014 of dismissal of M/s. Scope's writ petition 'Civil Writ Jurisdiction Case No. 4532 of 2009' and consequently, allowed the writ petition of M/s. Scope.

2. A brief factual conspectus of the appeal is as follows:

a. Pursuant to an advertisement dated 6th June, 2007 issued by BIADA inviting offers for auction of plots, M/s. Scope applied for allotment of a plot. Upon its emergence as the highest bidder, M/s. Scope was allotted Plot No. C-34 'plot in

question', Patna Industrial Area, Patliputra, Patna, on 9th June, 2007 for a sum of Rs. 2,32,20,000/- (subsequently for a sum of Rs. 3,38,98,000/- due to increase in area). M/s. Scope wanted to construct a multiplex cum shopping mall on the plot, possession whereof was delivered on 9th October, 2007.

b. In the meanwhile, a decision was taken to set up the Indian Institute of Technology 'IIT' at Patna. The campus of a Government Polytechnic was chosen to house the IIT until the IIT developed its own campus. The plot in question is adjacent to the campus of the polytechnic.

c. Five months after delivery of possession of the plot in question in favour of M/s. Scope, BIADA, vide letter dated 29th March, 2008 directed M/s. Scope to stop construction on the plot in question till further notice.

d. Records show that the State decided to reserve the plot in question for future development of the IIT campus and, thus, had directed BIADA to initiate action for cancellation of allotment in favour of M/s. Scope.

e. Consequently, BIADA, on 10th November, 2008, issued a show cause notice to M/s. Scope proposing cancellation of the allotment (with refund and interest) followed by a second notice on 4th March, 2009. The relevant part of the notice reads as follows:

"In reference to the aforesaid subject matter, the Indian Institute of Technology has been opened in the State of Bihar also and is presently running at New Govt Polytechnic, Patliputra, Patna-13. The same is expected to remain in place for another 5 to 7 years, until IIT, Patna develops its own campus and facilities such as Administrative building and hostel etc. The land allotted to you is contiguous to the present campus of IIT, Patna and in fact has a common boundary wall. Across the land in question, two buildings are also in possession of IIT, which houses the boys and girls hostel.

IIT is a prestigious Institution and its beginning in the State of Bihar is a great contribution to the academic atmosphere of the State. It has to be allowed all facilities which are required in making of an institution of the standard of IIT and therefore, it has been decided to cancel the allotment in greater public interest.

Accordingly, this is to communicate as why not the allotment as made to you be cancelled and possession be resumed by BIADA upon refund of the payment made by you with interest for the period during which money has remained with BIADA. The land is being needed for facilitation of the IIT, Patna and under such circumstances; this greater public interest needs to be addressed. It is requested that you may give your reply to this notice within 30 days of the issuance of this letter.

Thanking you,"

f. Vide its response dated 12th March, 2009, M/s. Scope pointed out that the notice did not cite any legal provision of the Bihar Industrial Area Development

Authority Act, 1974 'BIADA Act' or the Rules framed thereunder which allowed BIADA to cancel the allotment or to take back possession of the plot in question on the ground of public interest; therefore, the proposed cancellation was without any legal authority. M/s. Scope also gave an estimate of the expenses incurred by it in course of construction activity till that date, reading as under:

S. No.

Particulars

Amount (in Rs.)

1.

Payment to BIADA @ Rs. 270.00 per sq. ft

3,38,98,000/-

2.

Amount invested in construction of staff quarter

45,00,000/-

3.

Amount incurred in construction of boundary wall

8,50,000/-

4.

Amount incurred in excavation of land

12,50,000/-

5.

Amount paid to architect fee for drawing

6,50,000/-

6.

Amount incurred in business development

5,00,000/-

7.

Interest on investment w.e.f. October, 2007 upto 30.07.2008 @ 18% per annum

74,96,640/-

Total

4,91,44,640/-

g. BIADA cancelled the allotment vide cancellation order dated 4th April, 2009 and refunded the "cost of land originally deposited by the Unit amounting to Rs.3,38,98,000/-" along with 5% interest which was equivalent to the "rate of interest charged upon dues of BIADA from the allottees".

h. Aggrieved, M/s. Scope invoked the writ jurisdiction of the High Court seeking a writ of Certiorari for quashing of the cancellation order. The alternative prayer made by M/s. Scope in the writ petition, for award of "actual compensation and not fanciful compensation", read as follows:

"Alternatively, if at all the Respondents are able to demonstrate that under the facts of the case, the impugned action is justified and legal then the Respondents should be directed to award actual compensation and not fanciful compensation which has been awarded by the Respondents and the compensation should be commensurate with the amount invested by the Petitioner in the aforesaid land/project pursuant to the allotment which interalia would should include compensation to the Petitioner in accordance with the present market rate of the land as fixed by the Respondent No.2 itself and further award compensation for the investment made in relation to the aforesaid project pursuant to the allotment in favour of the Petitioner (more specifically described in the schedule enclosed at Annexure-11) along with commercial rate of interest as notified by the Scheduled Banks from time to time;"

i. During pendency of the writ petition, and almost two years after its institution, BIADA vide letter dated 25th November, 2011 proposed allotment of alternate plots in a nearby area which M/s. Scope refused finding the same inappropriate.

j. As noted, a Single Judge of the High Court dismissed the writ petition on 24th January, 2017.

i. The Single Judge took note of the sudden development for establishment of IIT Patna which "compelled the respondent State authorities to do some out of the hat thinking to provide immediate infrastructure by way of a temporary campus, before the main campus could be developed for which identification of land and acquisition was a cumbersome and time taking process". In view of the above and after finding that the cancellation of allotment was not diseased by mala fide, the Single Judge found that there were convincing reasons arising out of larger public good to effect cancellation of the order of allotment and to take possession of the land as a natural corollary thereof. It was further noted that fact of an IIT being set up, was not "even in the horizon when the decision to auction the land with the petitioner was taken".

ii. Further, the Single Judge held that cancellation was permissible and well within the ambit of Section 9(3) "If any land so placed at the disposal of the Authority under sub-section (2) is required at any time by the State Government, the Authority shall restore it to the State Government." of the BIADA Act, which provides for the power of the State Government to seek, at any time, the restoration of land which is placed at the disposal of the Authority.

k. Crestfallen, M/s. Scope carried the order of dismissal of its writ petition in an intra-court appeal where it succeeded. Its appeal was allowed vide the impugned order. The reasons for reversal are as follows:

i. Upon a reading of Section 9(3) of the BIADA Act, the Division Bench acknowledged that the BIADA is obligated to restore the land to the State Government whenever the land is required. However, it opined that such restoration is permissible only so long as the land remains at the disposal of BIADA. Once third-party rights are created, restoration to the State Government is not possible. The expression "at any time" was held not to extend to a stage when the land is no longer at the disposal of BIADA.

ii. Section 9(3) of the BIADA Act cannot be construed as conferring upon BIADA the power to cancel an allotment for the purpose of restoring the land to the State Government.

iii. Power of cancellation under Section 6 of the BIADA Act is circumscribed by Sections 6(2-a) and 6(2-b), which contemplate cancellation as a punitive measure only where the allottee fails to take steps to establish the industry within the stipulated time frame.

iv. Allotment constitutes "property" within the meaning of Article 300A of the Constitution of India, as the allottee acquires proprietary rights in the land allotted by the authority, and deprivation of such property cannot be effected even upon payment of compensation.

v. To cancel an allotment in favour of an investor would be contrary to public interest.

l. Accordingly, the Division Bench set aside the order of the Single Judge and ordered the respondents (State authorities) to take "necessary consequential steps, which may be warranted".

SUBMISSIONS

3. Mr. Sudhir Nandrajog, learned senior counsel, appearing for BIADA submitted that the Division Bench erred in its interpretation of Section 6 by restricting BIADA's power of cancellation only to situations covered by Sections 6(2-a) and 6(2-b). BIADA, it was contended, possesses a general power of cancellation under Section 6(2) and the reasoning that Sections 6(2-a) and 6(2-b), inserted in 1997, were intended to curtail BIADA's power under Section 6(2) is untenable. Insertion of these provisions, according to him, does not dilute or override the general power of cancellation vested in BIADA, which remains unaffected. He further contended that when allotment of land is cancelled as per Section 6, the same vests in BIADA and can, thus, be restored to the State Government in accordance with Section 9(3). Supporting the view taken by the Single Judge, it was submitted that the cancellation of the plot in question was done in view of overwhelming public interest. He, therefore, prayed that the impugned order be set aside and the decision of the Single Judge restored.

4. Mr. Azmat Hayat Amanullah, learned counsel appearing for the State, being the appellant in the connected appeal, adopted the submissions of Mr. Nandrajog.

5. Opposing these submissions, Mr. Satyabir Bharti, learned senior counsel appearing for M/s. Scope, argued that the appellants failed to demonstrate any statutory power enabling BIADA to cancel an allotment in the absence of any default on the part of M/s. Scope. Reading such wide powers into Section 6, he cautioned, would discourage investors from making investments. He further argued that the decision to cancel the allotment was not in public interest, as it was inconsistent with the Industrial Incentive Policies of the State Government. He pointed out the absence of clarity regarding any concrete scheme requiring the land for the construction of additional buildings for the IIT or the Polytechnic. The cancellation order dated 4th April 2009, according to him, merely stated that the land was required "for many of its activities such as a playground etc.". In the absence of a defined scheme, he contended that equity favoured M/s. Scope. Lastly, it was argued that the BIADA Act does not contemplate the grant of compensation upon cancellation of an allotment. Upholding a practice of cancelling allotments by offering compensation, he warned, would permit misuse of such power by BIADA in future cases. He, accordingly, prayed that the appeals be dismissed.

ISSUE

6. The sole issue before us is, whether the Division Bench of the High Court was right in its interference with the order of dismissal of the writ petition of M/s. Scope passed by the Single Judge?

ANALYSIS

7. Learned senior counsel/counsel for the parties have been heard and the materials on record perused.

8. Mr. Nandrajog sought to trace the power to cancel allotment of the plot in question by referring to various provisions of the BIADA Act. He invited us to examine whether, under the statutory scheme, BIADA was indeed vested with the authority to effect such cancellation. Per contra, Mr. Bharti contended that power to cancel the allotment could not have been exercised since BIADA lacked the authority to do so.

9. We would attempt to resolve the dispute based on a true construction of the BIADA Act if, at all, a preliminary question is answered in favour of M/s. Scope.

10. In view of the peculiar facts and circumstances of the present case, the preliminary question that arises for our consideration is: whether the Division Bench ought to have interfered with the Single Judge's judgment and order of dismissal of M/s. Scope's writ petition as well as the order cancelling allotment of the plot in question, having due regard to the overarching public interest involved.

11. It is trite law that the remedy of a writ is discretionary in nature. Even where a writ petition raises a substantial point of law, the High Court may decline to entertain it for a variety of reasons. Inter alia, relief may be denied to the suitor notwithstanding the existence of a strong legal case should grant of such relief not serve or advance public interest. If interfering with an impugned order/decision etc. would result in more harm to society, the writ courts may decline to exercise its jurisdiction. The high courts, being the custodian of the Constitution, carry the responsibility to maintain social balance by its interference when justice of the case so demands and in not interfering when such an interference would affect public interest.

12. The above principle has been reiterated in a catena of precedents. For the purpose of this discussion, we may profitably refer to a few of them.

12.1 In *State of Maharashtra v. Prabhu* (1994) 2 SCC 481, a three – Judge Bench of this Court held that the High Court should refuse to interfere in its equity jurisdiction when the same would be detrimental to public interest. The relevant passage reads as follows:

4. Even assuming that the construction placed by the High Court and vehemently defended by the learned counsel for respondent is correct should the High Court have interfered with the order of Government in exercise of its equity jurisdiction. The distinction between writs issued as a matter of right such as habeas corpus and those issued in exercise of discretion such as certiorari and mandamus are well known and explained in countless decisions given by this Court and English Courts. It is not necessary to recount them. The High Courts exercise control over Government functioning and ensure obedience of rules and law by enforcing proper, fair and just performance of duty. Where the Government or any authority passes an order which is contrary to rules or law it becomes amenable to correction by the courts in exercise of writ jurisdiction. But one of the principles inherent in it is that the exercise of power should be for the sake of justice. One of the yardstick for it is if the quashing of the order results in greater harm to the society then the court may restrain from exercising the power.

5. Therefore, even if the order of the Government was vitiated either because it omitted to issue a proper show-cause notice or it could not have proceeded against the respondent for his past activities the High Court should have refused to interfere in exercise of its equity jurisdiction as the facts of the case did not warrant interference. What could be more harmful to society than appointing the respondent as member of the Board, a position of importance and responsibility, who was found responsible for mass copying at the examination centre of which he was a supervisor. It shakes the confidence and faith of the society in the system and is prone to encouraging even the honest and sincere to deviate from their path. It is the responsibility of the High Court as custodian of the Constitution to maintain the social balance by interfering where necessary for sake of justice and refusing to interfere where it is against the social interest and

public good.

(emphasis ours)

12.2 In *Ramniklal N. Bhutta v. State of Maharashtra* (1997) 1 SCC 134, this Court made similar observations while dealing with a case related to exercise of discretion in a writ petition concerning land acquisition proceedings reading thus:

10. Before parting with this case, we think it necessary to make a few observations relevant to land acquisition proceedings.Whatever may have been the practices in the past, a time has come where the courts should keep the larger public interest in mind while exercising their power of granting stay/injunction. The power under Article 226 is discretionary. It will be exercised only in furtherance of interests of justice and not merely on the making out of a legal point. And in the matter of land acquisition for public purposes, the interests of justice and the public interest coalesce. They are very often one and the same. Even in a civil suit, granting of injunction or other similar orders, more particularly of an interlocutory nature, is equally discretionary. The courts have to weigh the public interest vis-à-vis the private interest while exercising the power under Article 226 — indeed any of their discretionary powers. There are many ways of affording appropriate relief and redressing a wrong; quashing the acquisition proceedings is not the only mode of redress. To wit, it is ultimately a matter of balancing the competing interests. Beyond this, it is neither possible nor advisable to say. We hope and trust that these considerations will be duly borne in mind by the courts while dealing with challenges to acquisition proceedings.

(emphasis ours)

12.3 In *Master Marine Services (P) Ltd. v. Metcalfe & Hodgkinson (P) Ltd.* (2005) 6 SCC 138, while dealing with a case concerning a dispute as to grant of tender, this Court observed:

15. The law relating to award of contract by the State and public sector corporations was reviewed in *Air India Ltd. v. Cochin International Airport Ltd.* [(2000) 2 SCC 617] and it was held that the award of a contract, whether by a private party or by a State, is essentially a commercial transaction. It can choose its own method to arrive at a decision and it is free to grant any relaxation for bona fide reasons, if the tender conditions permit such a relaxation. It was further held that the State, its corporations, instrumentalities and agencies have the public duty to be fair to all concerned. Even when some defect is found in the decision-making process, the court must exercise its discretionary powers under Article 226 with great caution and should exercise it only in furtherance of public interest and not merely on the making out of a legal point. The court should always keep the larger public interest in mind in order to decide whether its intervention is called for or not. Only when it comes to a conclusion that overwhelming public interest requires interference, the court should interfere.

(emphasis ours)

12.4 Relevant extract from the decision of this Court in *Ritesh Tewari v. State of U.P.* (2010) 10 SCC 677, is as follows:

26. The power under Article 226 of the Constitution is discretionary and supervisory in nature. It is not issued merely because it is lawful to do so. The extraordinary power in the writ jurisdiction does not exist to set right mere errors of law which do not occasion any substantial injustice. A writ can be issued only in case of a grave miscarriage of justice or where there has been a flagrant violation of law. The writ court has not only to protect a person from being subjected to a violation of law but also to advance justice and not to thwart it. The Constitution does not place any fetter on the power of the extraordinary jurisdiction but leaves it to the discretion of the court. However, being that the power is discretionary, the court has to balance competing interests, keeping in mind that the interests of justice and public interest coalesce generally. A court of equity, when exercising its equitable jurisdiction must act so as to prevent perpetration of a legal fraud and promote good faith and equity. An order in equity is one which is equitable to all the parties concerned.

...

(emphasis ours)

13. We must also bear in mind the nature and extent of jurisdiction that an intra-court appellate Bench of a high court exercise. Such appellate jurisdiction is conferred either under the Letters Patent or by the relevant statutory provisions. It is pertinent to note that both - Single Bench and Division Bench - exercise the same jurisdiction under Article 226 of the Constitution. In our view, the exercise of intra-court appellate jurisdiction is warranted only where the judgment or order under challenge is demonstrably erroneous or suffers from perversity. Such jurisdiction ought not to be invoked merely because another view is possible on the same set of facts, particularly where the view adopted by the Single Judge is a plausible and reasonable one. In other words, an intra-court appellate Bench ought not to substitute its own view, merely because such Bench considers its view to be better than the one taken by the Single Bench; so long as the view taken by the Single Bench is a plausible one, interference should stay at a distance.

14. We find it profitable to refer to certain precedents, relevant paragraphs wherefrom are reproduced below:

14.1 In *Baddula Lakshmaiah v. Sri Anjaneya Swami Temple* (1996) 3 SCC 52, it was held:

2. Mr Ram Kumar, learned counsel for the appellants, inter alia contends that the Letters Patent Bench of the High Court could not have upset a finding of fact recorded by a learned Single Judge on fresh reconciliation of the two documents, arriving at different results than those arrived at earlier by the two courts

aforementioned. Though the argument sounds attractive, it does not bear scrutiny. Against the orders of the trial court, first appeal lay before the High Court, both on facts as well as law. It is the internal working of the High Court which splits it into different 'Benches' and yet the court remains one. A letters patent appeal, as permitted under the Letters Patent, is normally an intra-court appeal whereunder the Letters Patent Bench, sitting as a Court of Correction, corrects its own orders in exercise of the same jurisdiction as was vested in the Single Bench. Such is not an appeal against an order of a subordinate court. In such appellate jurisdiction the High Court exercises the powers of a Court of Error. So understood, the appellate power under the Letters Patent is quite distinct, in contrast to what is ordinarily understood in procedural language. That apart the construction of the aforementioned two documents involved, in the very nature of their import, a mixed question of law and fact, well within the powers of the Letters Patent Bench to decide. The Bench was not powerless in that regard.

(emphasis ours)

14.2 This Court in *Narendra & Co. (P) Ltd. v. Workmen* (2016) 3 SCC 340 noted that:

5. ... Be that as it may, in an intra-court appeal, on a finding of fact, unless the Appellate Bench reaches a conclusion that the finding of the Single Bench is perverse, it shall not disturb the same. Merely because another view or a better view is possible, there should be no interference with or disturbance of the order passed by the Single Judge, unless both sides agree for a fairer approach on relief.

14.3 On whether a remand could be ordered in exercise of intra-court appellate jurisdiction, this Court in *Roma Sonkar v. M.P. State Public Service Commission* (2018) 17 SCC 106 expressed reservations in the following words:

3. We have very serious reservations whether the Division Bench in an intra-court appeal could have remitted a writ petition in the matter of moulding the relief. It is the exercise of jurisdiction of the High Court under Article 226 of the Constitution of India. The learned Single Judge as well as the Division Bench exercised the same jurisdiction. Only to avoid inconvenience to the litigants, another tier of screening by the Division Bench is provided in terms of the power of the High Court but that does not mean that the Single Judge is subordinate to the Division Bench. Being a writ proceeding, the Division Bench was called upon, in the intra-court appeal, primarily and mostly to consider the correctness or otherwise of the view taken by the learned Single Judge. Hence, in our view, the Division Bench needs to consider the appeal(s) on merits by deciding on the correctness of the judgment of the learned Single Judge, instead of remitting the matter to the learned Single Judge.

14.4 In *AAI v. Pradip Kumar Banerjee* (2025) 4 SCC 111, while referring to its decision in *Narendra*(supra), this Court observed as follows:

41. The position is, thus, settled that in an intra-court writ appeal, the appellate court must restrain itself and the interference into the judgment passed by the learned Single Judge is permissible only if the judgment of the learned Single Judge is perverse or suffers from an error apparent in law. However, the Division Bench, in the present case, failed to record any such finding and rather, proceeded to delve into extensive reappraisal of evidence to overturn the judgment of the learned Single Judge.

(emphasis ours)

15. Bearing in mind the larger public interest that was involved coupled with the fact that the plot of land in question was sought to be reserved for establishment of an educational institution, we are of the firm opinion that dismissal of the writ petition was an available option for the Single Judge. The view taken by the Division Bench that BIADA lacked the authority to cancel the allotment though prima facie may appear to be appealing, yet, the same is debatable.

15.1 Applying the principles governing the exercise of intra-court appellate jurisdiction, as laid down in the aforesaid precedents, to the facts of the present case, we observe that judicial discipline demanded due deference to the exercise of discretion by the court of first instance, particularly when such discretion was exercised on relevant considerations. The Single Judge having refused exercise of discretion on a ground which, in our opinion, is valid, the Division Bench ought to have been loath to allow the writ petition, and that too in exercise of its intra-court appellate jurisdiction. The judgment and order of the Single Judge was far from being wholly incorrect or perverse.

15.2 Further, it is a matter of record that cancellation of allotment of the plot in question was necessitated by the requirement of the land for setting up and future expansion of an institute like IIT, a circumstance which was neither contemplated nor known at the time of the original allotment. The decision of BIADA to cancel the allotment was taken bona fide and in furtherance of a larger public purpose. BIADA, to demonstrate its bona fide, also offered to M/s. Scope an alternate piece of land, which it declined. There is no material on record which suggests that BIADA's action is infected by any malice in fact. We also note that M/s Scope, in its writ petition, sought compensation in the alternative, in the event the primary relief could not be granted. While balancing the equities in favour of the parties, this aspect assumes considerable importance.

15.3 Taking these factors cumulatively – namely, the absence of any perversity in the order of the learned Single Judge, the larger public interest involved owing to involvement of an educational institution, and the availability of an alternate prayer for compensation – interference in the exercise of writ jurisdiction in the present case would hinder a project of undeniable national importance and, in our opinion, thwart public interest.

16. Beyond doubt, institutes such as the IITs not only cater to a large number of students but also play a critical role in the development of individuals, society,

and the nation at large. Suffice it to observe, their importance cannot be measured merely in quantitative terms. For their effective functioning and sustained growth, the availability of adequate resources, including land, is indispensable.

17. It is not that we are unmindful of the rights of the individual allottee, i.e., M/s. Scope. While such rights merit due respect and consideration, it cannot be placed on a pedestal higher than the collective public interest. Where the two come into conflict, individual interest must necessarily yield to the larger public good.

CONCLUSION

18. In view of the foregoing discussion, the impugned order of the Division Bench is set aside and that of the Single Judge restored with the result that the present appeals succeed.

19. The original amount of Rs. 3,38,98,000/-, paid by M/s Scope, is ordered to be refunded to M/s Scope with interest @ 7% per annum. If the original amount has been returned to M/s. Scope, the balance amount on account of interest shall be paid within 3 (three) months from date.

20. It is also directed that the plot in question shall not be put to any commercial use whatsoever by any of the appellants and shall be utilised strictly and exclusively for educational purposes and activities incidental thereto.

21. Pending applications, if any, stand disposed of.