

(2025) 08 DEL CK 0681

In the Delhi High Court

Case No : Writ Petition (C) No. 4054 Of 2025 & Civil Miscellaneous Application
No. 18887 Of 2025

M/s Ceigall India Limited

APPELLANT

Vs

National Highway Authority Of India & Anr

RESPONDENT

Date of Decision : 13-08-2025

Acts Referred:

Constitution of India, 1950 — Article 142, 226
Contract Act, 1872 — Section 20

Citation : (2025) 08 DEL CK 0681

Hon'ble Judges : Devender Kumar Upadhyay, CJ;Tushar Rao Gedela, J

Bench : Division Bench

Advocate : Sandeep Sethi, Aparna Mahishi, Anshuman Pande, Mrigank Behl,
Sumer Dev Sethi, Manish K. Bishnoi, Khubaib Shakeel, Aditya Kumar, Ilanath

Final Decision : Disposed Of

Judgement

Tushar Rao Gedela, J.

1. Present petition has been filed under Article 226 of the Constitution of India, 1950, seeking a direction to quash or set aside any decision/actions of the respondent no.1/National Highways Authority of India (hereinafter referred to as "NHAI") of declaring the petitioner's bid as non-responsive or disqualified and/or any action for forfeiture of its bid security, including the direction dated 27.03.2025. The petitioner further seeks a direction to respondent no.2/New India Insurance Company Ltd. restraining it from taking any action in furtherance thereof, including but not limited to complying with any direction of NHAI regarding encashment of the bid security. The petitioner also seeks to reverse any wrongful action or decision taken against it pursuant to any declaration of the petitioner's bid as non-responsive or disqualified and/or any action for forfeiture of its bid security.

BRIEF FACTS:-

2. It is the case of the petitioner that the NHAI floated a Request for Proposal (hereinafter referred to as "RFP") dated 26.09.2024 for the development, operation, maintenance and construction of a new four lane Sambalpur Bypass from km 0.000 to km 35.384 under NH(O) on Hybrid Annuity Mode in the State of Odisha, through Public Private Partnership, on a Design, Build, Operate and Transfer basis with an estimated cost of Rs.1086.73 Crores. The RFP required the bidder to pay Rs.1,10,000/-towards the cost of the RFP process and to furnish a bid security of Rs.10.87 Crores, refundable to all unsuccessful bidders.

3. The petitioner states that it submitted its bid on 04.03.2025. However, due to an error in the bidding system, the bid amount was recorded as Rs.1220,00,00,000/- in figures, but in words as "One Thousand Two Hundred and Twenty only" and the word 'crore' was missed out due to a minor typographical mistake.

4. The case of the petitioner is that the financial bids were opened on 25.03.2025 and the document shared on NHAI's online portal reflected that the lowest bid quoted was Rs.880,38,00,000/-, while the petitioner's bid was Rs.1220,00,00,000/-. However, in the same document, the bid amount in words appeared as "one thousand two hundred and twenty only." On 26.03.2025, the petitioner immediately wrote a letter to the NHAI clarifying that the bid amount was Rs.1220 Crores and not Rs.1220/- and explaining that there was no provision to correct the error in the system. The petitioner requested that the bid amount be considered as Rs.1220 Crores. A further representation reiterating the same was sent on 27.03.2025.

5. The petitioner states that upon learning of NHAI's actions seeking forfeiture of its bid security on 27.03.2025 and intimating the respondent no.2 to invoke the same on 29.03.2025, the petitioner filed the present petition.

ANALYSIS & CONCLUSIONS:-

6. Having heard Mr. Sandeep Sethi, learned senior counsel for the petitioner and Mr. Bishnoi, learned counsel for the NHAI and having regard to the various clauses of the tender documents on record, what we find is that the only controversy in the present writ petition revolves around the question as to whether the mistake or error committed by the petitioner in submitting the bid amount, particularly in words, would be classified as "bonafide" or not. And as to whether on account of such "error", NHAI can invoke clause 2.20.7(a) of RFP to forfeit Rs.54,35,000/- (5%) out of the bid security amount of Rs.10.87 crores.

7. Undoubtedly, the petitioner at the time of submitting its bid, while entering the amount in figures had quoted "Rs.1220,00,00,000/-" in the first box, whereas while entering the amount in words, had quoted "Rupees One Thousand Two Hundred Twenty only" in the second box and inadvertently omitted the word "crores". This error or a mistake was committed in two documents. It is this error or mistake which is the subject matter of our consideration and the issue is as to whether it is bonafide so as to not attract any penal action by NHAI in the nature

of forfeiture of bid security apart from the proposal for initiating the procedure for debarment of the petitioner.

8. Though, on one hand Mr. Sandeep Sethi, learned senior counsel took us through the entire gamut of facts and certain clauses to impress that the error was indeed bonafide and did not attract any penal action at all, while on the other Mr. Bishnoi, learned counsel for the NHAI referred to certain clauses, particularly, clauses 1.2.6, 3.7, 3.8 read with 2.1.6 of RFP to stoutly submit that clause 2.1.5 of RFP mandated that if there is any error in figures and words of the bid amount, NHAI would only accept the one in words. The petitioner having knowledge of the same, ought to have been careful and thus, the NHAI being bound by its own terms and conditions, has no choice other than to forfeit 5% of the bid security amount as per clause 2.20.7(a) of RFP. That is what it did precisely, thus the petitioner can have no grievance. According to Mr. Bishnoi, the NHAI also has the right to initiate procedure for debarment of the petitioner, which it has not done, for the time being. He submitted that the NHAI has no room for play or any discretion in the matter other than to take the action which it did.

9. The law in regard to such bonafide errors committed by bidders in arising out of tender matters is not very ancient in the Indian context. However, the Hon'ble Supreme Court in *Omsairam Steels and Alloys Pvt. Ltd. vs. Director of Mines and Geology, BBSR & Ors.*: (2024) 9 SCC 697, and *ABCI Infrastructures Private Limited vs. Union of India & Ors.*: (2025) 6 SCC 813 has succinctly enunciated the principles which may govern such controversies. Before we advert to the facts in the present case, it would be apposite to appreciate the contours of the law laid down in the aforesaid judgements. *Omsairam* (supra) was a dispute where the appellant had participated in the online auction process and at one point in time when the auction was in full swing, the appellant, instead of submitting the figure of 104.10% actually ended up submitting a figure of 140.10%. Since no other bidder came forward to match the bid, the same was concluded as final. The appellant made frantic calls to the tendering authority therein, in vain, and thus sent an email at 08:17 pm on the same day seeking rectification of the mistake. However, NHAI by its email in response sent the next day informed that since the auction was complete, the rectification as prayed for could not be acceded to. As a follow up, NHAI therein directed *Omsairam* (supra) to deposit first instalment of the upfront payment within 15 days failing which the security deposit would stand forfeited.

10. The bidder, *Omsairam* challenged the same before the jurisdictional High Court which held that the appellant having admitted the bid at 140.10%, such bid could not at a subsequent stage be pleaded as a mistake. On a challenge before the Hon'ble Supreme Court, the question to be determined was as to whether *Omsairam* can attribute this to a bonafide mistake, and pray for re-commencement of the e-auction process. Having considered the visual step by step process involved in the online auction process in para 10, the Hon'ble

Supreme Court, after closely examining the law enunciated in *Silppi Constructions Contractors vs. Union of India & Anr.*: (2020) 16 SCC 489 and *W.B State Electricity Board vs. Patel Engineering Company Ltd. & Ors.*: (2001) 2 SCC 451 held as under in para 20 to 26:-

"29. Despite the respondents' contention to the contrary, it is evident that there was no opportunity available on the platform for the appellant to rectify the error in the bid, having once entered it. Even if any bidder like the appellant had realised that the bid amount requires to be rectified, it could not have done so because of the system not permitting such a course. It had either to suffer the effects of the error or mistake i.e. forfeiture of bid security on failure to deposit the first instalment of the upfront payment, or quit the process realising such error/mistake having been committed by it. It seems that anyone committing an error or mistake in submitting the bid and seeking to rectify it would be caught between the devil and the deep sea. Upon discovery of the error or mistake that was committed, the appellants have satisfied us on the point that they wasted no time in informing the respondents and sought an opportunity to rectify the same.

30. Applying the test laid down by this Court in *Patel Engg. Co. [W.B. SEB v. Patel Engg. Co. Ltd., (2001) 2 SCC 451]* and considering the trend of bids offered by the bidders as noticed in paras 3 to 13 supra, it is found that in the present case:

- (i) the bidders had only 8 (eight) minutes to enhance their bid;
- (ii) the appellant offered its bid of 140.10% within 4 (four) minutes of the last bid of 104.05%;
- (iii) there is sufficient material on record to suggest that the appellant did not consciously enhance its bid to 140.10% to take undue advantage, rather it can be inferred from the circumstances that the mistake in entering the bid was committed inadvertently (if an act is not inadvertent, it ceases to be a mistake);
- (iv) the appellant, on discovery of the error or mistake, acted promptly in informing the authority concerned for rectification of the bid; and
- (v) the MA Rules governing the e-auction process do neither provide any method for a bidder to withdraw the mistaken bid, nor does the e-auction method seem to provide any recourse for rectification or allow a bidder to quit the process without jeopardising its right as regards a forfeiture of the bid security.

In such a factual matrix, holding the appellant accountable to what is evidently an extravagant bid erroneously or mistakenly offered, as compared to the immediately preceding bids, would seem to us to be unconscionable, on facts.

31. We can safely conclude, having regard to the trend of rate of enhancement of bid by the appellant [i.e. the appellant enhanced the prevailing bid 47 (forty-seven) out of 137 (one hundred thirty-seven) times and its enhancement ranged between 0.05% and 2.00%] and the fact that the bidders were playing safe by

marginally increasing the prevailing bid price to test each other leading to increase of the floor price from 84.00% to a highest of 104.05% after 7 (seven) hours of bidding, the appellant did not intend to enhance the bid by 36.05%. Even otherwise, it seems to make little commercial sense for any intending bidder to outrun the other bidders by jumping from 104.05% to make an exorbitant bid of 140.10% when, till the preceding bid, each one of them had evidently been crawling.

32. In view of the clear nature of error or mistake committed by the appellant and the disproportionate punishment that awaits it, if interference is declined by us, we are of the opinion that the path of rendering justice to the parties has to be treaded carefully to ensure that the interests of both the respondents and the appellant do not suffer disproportionately.

33. It is here that we consider it appropriate to examine the applicability of the doctrine of proportionality. This doctrine has slowly but steadily found its way into this Court's jurisprudence. In *Coimbatore District Central Coop. Bank v. Employees Assn.* [Coimbatore District Central Coop. Bank v. Employees Assn., (2007) 4 SCC 669 : (2007) 2 SCC (L&S) 68] , albeit discussing the proportionality of the punishment imposed on striking workmen, this Court delineated the basis of the doctrine as follows : (SCC pp. 678-79, paras 18-19 & 21)

"18. "Proportionality" is a principle where the court is concerned with the process, method or manner in which the decision-maker has ordered his priorities, reached a conclusion or arrived at a decision. The very essence of decision-making consists in the attribution of relative importance to the factors and considerations in the case. The doctrine of proportionality thus steps in focus true nature of exercise— the elaboration of a rule of permissible priorities.

19. de Smith states that "proportionality" involves "balancing test" and "necessity test". Whereas the former (balancing test) permits scrutiny of excessive onerous penalties or infringement of rights or interests and a manifest imbalance of relevant considerations, the latter (necessity test) requires infringement of human rights to the least restrictive alternative. [Judicial Review of Administrative : Administrative Law (2005), p. 366.] 20. ***

21. The doctrine has its genesis in the field of administrative law. The Government and its departments, in administering the affairs of the country, are expected to honour their statements of policy or intention and treat the citizens with full personal consideration without abuse of discretion. There can be no "pick and choose", selective applicability of the Government norms or unfairness, arbitrariness or unreasonableness. It is not permissible to use a "sledgehammer to crack a nut". As has been said many a time, "where paring knife suffices, battle axe is precluded".

(emphasis supplied)

34. If the balancing test is applied to the factual matrix of the present case, it is as clear as daylight that the forfeiture of the entirety of the appellant's security deposit worth Rs.9,12,21,315 (Rupees nine crores twelve lakhs twenty-one thousand three hundred and fifteen only) as against evident human error, which has not been shown to even border on mala fides, or knowingly done, is punitive. The enforcement of an otherwise commercially unviable bid, with the forfeiture of the deposit hanging over the appellant's head akin to a sword of Damocles, can hardly be said to be in either party's best interests. Perhaps, the respondents could consider to provide a cross-check and affirmation, from the party, to avoid human errors and mistakes.

35. However, we would be remiss in not observing that the e-auction in question was a competitive bidding process which demanded a high degree of caution and care on the part of the appellants. As was noted by this Court in *Patel Engg. Co. [W.B. SEB v. Patel Engg. Co. Ltd., (2001) 2 SCC 451]*, the bidders being experienced corporate entities are expected to have the assistance of technical experts, and exercise a greater than ordinary degree of care, if not meticulousness, to obviate and prevent such situations, in order to maintain the sanctity and integrity of the tender process. Though there has been a human error, but the same also evinces a degree of remiss and carelessness the result of which is bound to cost the public exchequer heavily in terms of time, effort and expense.

36. Whether forfeiture of security deposit of Rs.9,12,21,315 (Rupees nine crores twelve lakhs twenty-one thousand three hundred and fifteen only), is in the form of penalty or liquidated damages is an issue which we choose not to delve into in the present matter, to give the lis a quietus. In the interest of equity and in exercise of power under Article 142 of the Constitution, we thus deem it fit to pass the following orders. We quash the impugned communication issued by the first respondent."

Ab supra, it is manifest that this Court is not precluded from examining whether the error was a bonafide mistake or not, so as to restrain NHAI from (i) forfeiting 5% of the bid security amount as per clause 2.20.7(a) of RFP and; (ii) from initiating action for debarment of the petitioner under clause 2.11.5 of RFP. As a follow up, if this Court were to conclude in the affirmative, whether NHAI can be restrained from taking any action under the tender conditions?

11. The Hon'ble Supreme Court had also examined a similar issue in *ABCI (supra)*, which is closer to home than *Omsairam (supra)*.

12. In *ABCI (supra)*, the appellant, instead of submitting a figure of Rs.1569,00,00,000/- had quoted Rs.1,569/- only as its bid amount against the estimated project cost of Rs.15,04,64,00,000/-. The bid security amount of Rs.15,04,64,000/- in the form of bank guarantee was also furnished by the appellant. It was stated that the appellant had discovered its mistake only on the date when financial bids were opened, i.e., 24.08.2023. Immediately on

25.08.2023, the appellant informed the tendering authorities that its bid ought to have been Rs.1,569/- crores instead of Rs.1,569/- and attributed the same to a typographical mistake or critical system error and urged that it was a patent error and a mistake, given the scale and nature of the work tendered. The tendering authority, i.e., the Border Roads Organisation (hereafter "the BRO"), called upon the appellant to justify the quoted amount by 31.08.2023. On 30.08.2023, the appellant reiterated their intended bid was Rs.1569 crores and by the letter dated 07.09.2023 requested that the appellant may not be considered as L-1 bidder and the bid security amount be released without encashment. Unfazed, the BRO communicated with the State Bank of India, the appellant's banker, that the appellant is a defaulter and the bid security be forfeited by encashing the Bank Guarantee furnished by the appellant.

13. The writ petition preferred by ABCI (supra) was dismissed by the jurisdictional High Court. The dismissal was assailed before the Hon'ble Supreme Court which posed itself a question as to whether the BRO, (i) was justified in accepting the bid of Rs.1,569 and; (ii) on the failure of the appellant to execute the agreement, ask for forfeiture of the bid security by encashment of bank guarantee. The law, succinctly stated in ABCI (supra), needs to be emphasised by extracting relevant paragraphs. The same read thus:

"5. On 5-6-2023, technical bids were opened and seven bidders, including the appellant, were declared technically qualified.

6. On 24-8-2023, the financial bids of seven bidders, including the appellant, were opened and the results were declared.

7. The appellant was ranked as L-1 bidder, with the bid price of Rs 1569 (Rupees one thousand five hundred and sixty-nine only). According to the appellant, they had quoted a bid price of Rs 1569 crores. However, due to what they claim was a system error, the quoted amount appeared as just Rs 1569.

8. The appellant claims that they discovered the mistake on 24-8-2023 when the financial bids were opened and announced, and therefore, on the next day, 25-8-2023, they informed the authorities that their actual bid was Rs 1569 crores, not Rs 1569. They attributed the error to a typographical mistake or a critical technical issue with the server. While we would not accept the plea of system error, the figure quoted was clearly unrealistic, a patent error and a mistake given the scale and nature of the work tendered. Though the mistake was bald-faced, what followed is incomprehensible, with BRO, insisting on accepting the bid, in spite of letters from the appellant wanting to withdraw from the tender.

9. BRO, guided by the Evaluation Committee, instead of accepting the obvious, vide letter dated 26-8-2023, called upon the appellant to justify the quoted amount of Rs 1569 by providing a detailed price analysis, including the scope of work, completion schedule, risk allocation, safety requirements, and proof of capability to complete the project, by 31-8-2023.

10. On 30-8-2023, the appellant reiterated that their intended bid was Rs 1569 crores, not Rs 1569, attributing the error to a technical or typographical mistake.

11. On 7-9-2023, the appellant sent another letter stating they should not be considered the L1 bidder, and the bank guarantee of Rs 15,04,64,000 may be returned to them without encashment.

12. On 12-9-2023, the appellant again wrote emphasising that the bid was an error and that the bid security should not be forfeited.

13. Vide letter 16-9-2023, BRO, unmoved, wrote to the appellant's bank, State Bank of India, stating that the appellant had been declared a defaulter, and their bid security was to be forfeited. The bank was asked to encash the bank guarantee and remit Rs 15,04,64,000 to BRO.

14. The appellant filed a writ petition before the High Court of Himachal Pradesh at Shimla, which stands dismissed by the impugned judgment dated 7-10-2023 [ABCI Infrastructure (P) Ltd. v. Union of India, 2023 SCC OnLine HP 1871] .

15. The short question before us is whether BRO was justified in accepting the bid of Rs 1569, and on the failure of the appellant to execute the agreement asking for forfeiture vide encashment of bank guarantee of Rs 15,04,64,000.

16. A mistake may be unilateral or mutual, but it is always unintentional. If it is intentional, it ceases to be a mistake. Mistakes or errors, though avoidable, are committed inadvertently. They have varied consequences in law. As per Section 20 of the Contract Act, 1872 (hereinafter "the Contract Act") whereby both parties to an agreement are under a mistake as to matter of fact essential to an agreement, the agreement is void. The Explanation to Section 20 says that an erroneous opinion as to the value of the thing which forms the subject-matter of an agreement is not deemed to be a mistake as a matter of fact."

Apart from concurring with the principles laid down in Omsairam (supra), the doctrine of proportionality was also applied to mitigate the hardship which the appellant would face by forfeiture of Rs.15.64 crores and directed the appellant to pay to BRO a sum of Rs.1 crore for its error.

14. Principles being clear, when we examine the facts obtaining in the present case, we find that the petitioner had to enter the bid amount in two boxes, one in "figures" and the other in "words" as per the tender condition. Though in the "figures" column, the petitioner had filled in the correct amount, i.e., Rs.1220,00,00,000/-, however, in the "words" column the petitioner entered "Rupees One Thousand Two Hundred Twenty only" and inadvertently omitted the word "crores". It also claimed that this mistake was discovered only when the financial bids were opened on 25.03.2025. Undisputedly, vide the communication dated 26.03.2025, the petitioner had informed the NHAI of the bonafide error and requested that the words "crores" may be read in the "words" column so as to align it with the bid quoted in "figures". In fact, the petitioner stood by its original bid and indicated that it was ready to execute the works in terms of the

tender. The NHA I on the other hand, while accepting the bid vide communication dated 25.03.2025 at "Rupees One Thousand Two Hundred Twenty only" did not even consider as to whether such bid amount was feasible, given the magnitude of the project. It did not even ask the petitioner for justification, as was done by BRO in ABCI (supra). Infact, unlike ABCI (supra), the case of the petitioner is at a better footing for the reason that the ABCI sought withdrawal of its bid after discovery of the error, while the petitioner is willing to go ahead and execute the contract and the project in terms thereof.

15. Ergo, applying the law enunciated in Omsairam (supra) and ABCI (supra), we are of the considered opinion that the error or mistake on the part of the petitioner is bonafide and inadvertent. A fortiori, the penal action, as envisaged by NHA I, appears to be unsustainable.

16. Mr. Bishnoi, learned counsel was at pains to express that the NHA I is bound by the tender conditions and thus, cannot have any leverage or discretion in the matter of invoking/forfeiting the bid security, as per clause 2.20.7(a) of RFP. That apart, he also contended that as per clause 2.1.5 of RFP in case of any error in the bid amount quoted in "figures" and "words", the amount in "words" alone would be deemed to be the official quoted bid. Once such an error was committed by the petitioner, the rectification ought to have been carried out within the period prescribed, before the financial bids were opened. Having failed to do so, the error cannot be ignored and would be fatal to the version of the petitioner. To appreciate the said submission, it would be apposite to extract clauses 2.20.7(a) and 2.1.5 of RFP which read thus:

2.20.7(a) of RFP

2.20.7 The Bid Security shall be forfeited as Damages without prejudice to any other right or remedy that may be available to the Authority under the Bidding Documents and/or under the Concession Agreement, or otherwise, under the following conditions:

a) If a Bidder submits a non-responsive Bid;

Subject however that in the event of encashment of Bid Security occurring due to operation of para 2.20.7 (a), the Damage so claimed by the Authority shall be restricted to 5% of the value of the Bid Security.

2.1.5 of RFP

2.1.5 The Bid shall be furnished in the format exactly as per Appendix-I i.e. Technical Bid as per Appendix IA and Financial Bid as per Appendix IB. Bid amount shall be indicated clearly in both figures and words, in Indian Rupees, in prescribed format of Financial Bid and shall be signed by the Bidder's authorised signatory. In the event of any difference between figures and words, the amount indicated in words shall be taken into account.

17. Though the clauses are specific in their mandate, yet, the law is very clear.

We, for a moment, do not doubt that every error may not be bonafide, and the Courts also have to apply the law as enunciated in Omsairam (supra) and ABCI (supra), not as Euclid's theorem, but on a case to case basis. The NHAI ought to have seen the inadvertence in the quoted bid and could have called the petitioner for clarification, which it did not. The nature and magnitude of the project itself would, perceivably, make the bid in "words" of "Rupees One Thousand Two Hundred Twenty only", seem ludicrous and unconceivable. We are also persuaded by the fact that the petitioner had in fact given the correct quote in "figures"- "Rs.1220,00,00,000".

18. Additionally, Mr. Bishnoi, also vehemently submitted that much time has elapsed from the acceptance of the bid and to now re-tender the same project would entail huge costs to the exchequer; public waste of time and resources; definite impact upon the project cost which surely would be upward; and undoubtedly not in public interest.

19. Admittedly, the NHAI too made a glaring mistake in directing forfeiture of the security bid on 27.03.2025 and encashing the security bid vide letter dated 29.03.2025, while at the same time accepting the bid of the petitioner at Rs.1220/- by invoking clause 1.2.7 of RFP. However, the same was rectified immediately on 26.03.2025. It remains a mystery as to why NHAI proceeded for such penal action inspite of having accepted the bid of the petitioner and more importantly having regard to the fact that technical bid was declared "responsive" leaving no room or scope for any penal action at all, at least on that date. Indubitably, inadvertent errors, ipso facto, yet bonafide, appear to have been committed by both parties.

20. As an upshot of the analysis above, we are of the considered opinion that the error or mistake of the petitioner is inadvertent and bonafide, thus, the proposed action of the NHAI vide the impugned letters dated 27.03.2025 and 29.03.2025 is unsustainable and hence, is quashed and set aside.

21. However, the doctrine of proportionality as applied by the Hon'ble Supreme Court in Omsairam (supra) and ABCI (supra), needs to be made applicable to the petitioner. Though, we have held that the error is inadvertent and bonafide, yet, as a measure of caution and to ensure that bidders take the entire process more seriously and are careful and strict in compliances, particularly, while quoting the bid prices, we direct the petitioner to deposit a sum of Rs.15,00,000/- with the NHAI within two weeks from date. We further direct that on account of this bonafide mistake of the petitioner while submitting the bid qua the subject tender, no further action such as debarment etc. shall precipitate.

22. Needless to state that the NHAI is at liberty to proceed with the fresh tendering process, if not already undertaken, at the earliest. The petitioner would also be at liberty to participate.

23. The writ petition is disposed of alongwith pending applications, if any, in above terms.