

Sankalp Recreation Private Limited v. Union of India and Others

Civil Appeal No. 7438 of 2019

[2019] 12 SCR 661 | 2019-09-19

Judicial review of cancellation and re-auction of property acquired under section 269UD(1)

Income-tax Act, 1961: section 269UD(1)

Two-judge bench; judgment delivered by R. F. Nariman, J. | R. F. Nariman, J. | Surya Kant, J.

Assessment years: See the source-scope notes; no year inferred.

Related auction decision under historical Chapter XX-C

Section 269UD(1) explains how the Union obtained the property, but the decided issue was arbitrariness in cancelling one auction and holding another. No present Chapter XX-C or tax-liability rule is asserted.

01 FACTS OF THE CASE

The Union acquired a Mumbai property in 1994 under section 269UD(1). After failed auctions, the appellant's private offer of ₹32.11 crore was not accepted; it later bid ₹30.21 crore against a ₹30 crore reserve. The department kept that process in abeyance, obtained a fresh valuation, cancelled the auction and conducted another auction in which respondent no. 4 was the sole bidder at ₹31.10 crore (SCR pp.661-667; PDF pp.1-7).

Source: [Primary judgment: acquisition and auction history](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court held that the record supplied a non-arbitrary reason: the ₹30.21 crore bid was below the appellant's own earlier offer, fresh valuations had been obtained, public interest favoured securing the highest possible price, and the appellant declined repeated opportunities to participate in the fresh auction. The disclosed report and Finance Ministry letter supported the administrative decision (SCR pp.667-668; PDF pp.7-8).

Source: [Primary judgment: auction-review reasoning](#)

03 JUDICIAL DECISION

The Court dismissed the appeal and held respondent no. 4 to its enhanced ₹35 crore offer. After deducting 9% interest on ₹7.78 crore already lying with the Union, the net amount was to be paid directly to the Union treasury within twelve weeks.

Source: [Primary judgment: operative order](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the Union and respondent no. 4; the fresh auction remained undisturbed and the enhanced offer was accepted.

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: for a challenge to disposal of tax-acquired property, preserve the tender conditions, valuation sequence, contemporaneous reports, later explanatory material and bidder participation history. The decision supports record-based judicial restraint; it does not make every reserve-price bid automatically rejectable or confer current Chapter XX-C authority.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete eight-page SCR report read in page-preserving text and every page image inspected.

[Open cited source rendition](#)

Exact catalogue SHA-256 and eight-page count verified; all pages were read and visually inspected.

Identity, bench, statutory issue, reasoning and operative result were checked against the complete report.

STATUTORY SCOPE

The property had been acquired under the former Chapter XX-C regime. The operative ruling concerns judicial review of the later government auction; it does not decide an assessee's tax liability or validate present acquisition powers.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive current-law or later-treatment clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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