

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

**CIVIL APPEAL NOS. OF 2026
(ARISING OUT OF S.L.P. (C) NOS. 25184-25185 OF 2024)**

KRISHI UPAJ MANDI SAMITI DHAR **...Appellant**

VERSUS

PRESTIGE AGRO TECH LIMITED & ORS. **...Respondents**

O R D E R

1. Leave granted.

2. Aggrieved by the impugned order dated 03.01.2024 passed by the Division Bench of the High Court of Madhya Pradesh, by which the writ appeal filed by respondent No.1 was allowed and the cancellation of the license of respondent No.1 along with the consequential penalty was set aside, the appellant is before us.

3. The learned Senior counsel appearing for the appellant, while assailing the impugned judgment, submitted before us that there is no privity of contract between the appellant on the one side and the respondent Nos.5 and 6 on the other. License has been issued by the appellant only to respondent No.1. Thus, it is this respondent which has to pay the Mandi fees. The respondent No.1 had sought for exemption from payment of Mandi fees by submitting forged and fabricated

declarations that the fees had already been paid by the sellers, i.e., respondent Nos.5 and 6. When the show cause notice was issued to respondent No.1, it did not even dispute the forged documents but put onus on the appellant and raised a plea that, for the wrong committed by respondent Nos.5 and 6, it cannot be made to suffer. He further submitted that the Division Bench of the High Court, while considering the definition of "Commercial Transactions", vis-a-vis Section 19 read with Section 33 of the M.P. Krishi Upaj Mandi Adhiniyam, 1972, has wrongly reversed the order of the learned Single Judge.

4. The learned counsel appearing for respondent no.1 submitted that there is no need to interfere with the impugned judgment, particularly, when in the teeth of the definition of "Commercial Transactions", it is for the appellant to verify the record and proceed against respondent Nos.5 and 6.

5. We are not inclined to give our imprimatur to the impugned order passed by the Division Bench of the High Court. Undoubtedly, there is no privity of contract between the appellant on one side and the respondent Nos.5 and 6 on the other. In fact, it is the specific case of respondent No.1 that respondent Nos.5 and 6 are the licensees of different Mandis wherein the requisite fee had been paid and that there is no need for further

payment to the appellant.

6. Factually, there is no dispute that payment of Mandi fees has not been made to the appellant. The respondent No.1 has not challenged the finding on fact that the documents produced were forged and fabricated. It is the respondent No.1, who being a licensee, has to pay the requisite amount otherwise. The said respondent produced the fabricated documents in order to get an exemption from the payment of the Mandi fees. The view expressed by the High Court cannot be sustained in the eye of law as the definition of "Commercial Transactions" will not apply in the case at hand wherein the transactions are not between two licensees. The authority that issues the license has also got the power to cancel and revoke the same. Looking from this perspective, we are not inclined to give our imprimatur to the impugned order passed by the Division Bench of the High Court.

7. In such view of the matter, we are inclined to restore the order of the learned Single Judge. However, while restoring the order of the learned Single Judge insofar as the cancellation of license is concerned, we find that there is no clear finding on the willfulness of respondent No.1 as it is yet to be ascertained as to whether respondent No.1 was responsible for the same or respondent Nos.5 and 6. We are not on criminal liability.

Thus, the consequence of cancellation of license as against the imposition of penalty stands on a different footing which must involve the willfulness of the defaulting party.

8. Taking note of the above, we are inclined to set aside the impugned order passed by the Division Bench only insofar as the setting aside of penalty is concerned which shall be duly paid by respondent No.1, excluding the Mandi fee.

9. Accordingly, the Civil Appeals stand allowed in the above terms.

10. Pending application(s), if any, shall stand disposed of.

.....J.
(M.M. Sundresh)

.....J.
(Prasanna B. Varale)

New Delhi;
July 27, 2026.

S U P R E M E C O U R T O F I N D I A

RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s). 25184-25185/2024

[Arising out of impugned final judgment and order dated 28-05-2024 in RP No. 510/2024 03-01-2024 in WA No. 92/2007 passed by the High Court of Madhya Pradesh at Indore]

KRISHI UPAJ MANDI SAMITI DHAR

Appellant(s)

VERSUS

PRESTIGE AGRO TECH LIMITED & ORS.

Respondent(s)

(IA No. 87897/2025 - APPLICATION UNDER ORDER V RULE 20 CPC FOR EFFECTING SERVICE THROUGH PUBLICATION

IA No. 15185/2025 - EXEMPTION FROM FILING O.T.)

Date : 27-07-2026 This matter was called on for hearing today.

CORAM : HON'BLE MR. JUSTICE M.M. SUNDRESH
HON'BLE MR. JUSTICE PRASANNA B. VARALE

For Petitioner(s) :Mr. Saurabh Mishra, Sr. Adv.
Mr. Abhinav Shrivastava, AOR
Mr. Shivang Rawat, Adv.
Ms. Muskaan, Adv.

For Respondent(s) :Mr. Niraj Sharma, AOR
Mr. Aviral Parashar, Adv.

Upon hearing the counsel, the Court made the following
O R D E R

1. The application seeking exemption from filing official translation is allowed.
2. Leave granted.
3. Accordingly, the Civil Appeals stand allowed in terms of the signed order.
4. Pending application(s), if any, shall stand disposed of.

(SHUBHAM SONI)
COURT MASTER (SH)

(POONAM VAID)
ASSISTANT REGISTRAR

(Signed order is placed on the file)