

IN THE HIGH COURT OF ANDHRA PRADESH : AMARAVATI

WRIT PETITION No. 10956 OF 2026

Between:

Indira Priyadarsini Vegetable Market

... Petitioner

And

The State of Andhra Pradesh,
Rep. by its Principal Secretary, Municipal
Administration and Urban Development and another.

... Respondents.

DATE OF JUDGMENT PRONOUNCED: **23.04.2026**

SUBMITTED FOR APPROVAL:

THE HON'BLE SRI JUSTICE GANNAMANENI RAMAKRISHNA PRASAD

- | | |
|---|----------|
| 1. Whether Reporters of Local Newspapers
may be allowed to see the judgment? | Yes / No |
| 2. Whether the copies of judgment may be
marked to Law Reporters / Journals? | Yes / No |
| 3. Whether His Lordship wish to
see the fair copy of the Judgment? | Yes / No |

GANNAMANENI RAMAKRISHNA PRASAD, J

*** THE HON'BLE SRI JUSTICE G. RAMAKRISHNA PRASAD**

+ WRIT PETITION No.10956 of 2026

% 23.04.2026

Between:

Indira Priyadarsini Vegetable Market

... Petitioner

And

The State of Andhra Pradesh,
Rep. by its Principal Secretary, Municipal
Administration and Urban Development and another. ... Respondents.

! Counsel for Petitioner : Sri T.C. Krishnan

^ Counsel for Respondents : Sri P. Vengal Reddy, Ld. Standing
Counsel for the Municipal Corporation

Sri Srinu Babu, Ld. Asst. G.P for
Municipal Administration and Urban
Development.

< Gist:

> Head Note:

? Cases referred:

1. B. Krishna Reddy V. Government of A.P and Others
(W.P.6354 of 2009, dated 25.08.2009 of Hon'ble High Court
of A.P.)
2. 2020 SCC OnLine AP 4983
3. 2017 (4) ALT 564 (DB)
4. 2015 SCC OnLine Hyd 881
5. (2007) 8 SCC 75
6. 2024 SCC OnLine SC 1867

APHC010217142026



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3328]

THURSDAY, THE TWENTY THIRD DAY OF APRIL
TWO THOUSAND AND TWENTY SIX

PRESENT

**THE HONOURABLE SRI JUSTICE GANNAMANENI RAMAKRISHNA
PRASAD**

WRIT PETITION NO: 10956/2026

Between:

1.INDIRA PRIYADARSINI VEGETABLE MARKET, GENERAL
MERCHANTS WELFARE ASSOCIATION ROOM NO. 10, IPV
MARKET, TIRUPATI 517 501 REP BY ITS PRESIDENT S MUSHTAQ
AHAMED.

...PETITIONER

AND

1.THE STATE OF ANDHRA PRADESH, REP BY ITS PRINCIPLE
SECRETARY, MUNICIPAL ADMINISTRATION AND URBAN
DEVELOPMENT DEPARTMENT, SECRETARIAT BLDGS,
VELAGAPUDI, GUNTUR DIST.

2.TIRUPATHI MUNICIPAL CORPORATION, TILAK ROAD, TIRUPATI
TOWN, TIRUPATI DIST. ANDHRA PRADESH 517 501, REP BY ITS
COMMISSIONER

...RESPONDENT(S):

Counsel for the Petitioner:

1.T C KRISHNAN

Counsel for the Respondent(S):

1.GP MUNICIPAL ADMN AND URBAN DEV AP

The Court made the following:

ORAL ORDER:

Heard Heard Sri T.C. Krishnan, learned counsel for the writ petitioner; Sri P. Vengal Reddy, learned Standing Counsel for the Municipal Corporation; and Sri Srinu Babu, learned Assistant Government Pleader for MAUD.

2. The present Writ Petition is filed seeking the following relief:

“For the reasons stated in the accompanying affidavit the petitioner herein prays that this Hon’ble Court may be pleased to issue a writ, order or direction more particularly one in the nature of Mandamus, to declare the acts on the part of 2nd respondent in seeking to evict Members of petitioner association for the shop bearing Nos.1, 7,10 to 16, 23, 26 to 32, 34 to 52, 54 to 60, 62 to 66 situated at Indira Priyadarsini Vegetable Market, Tilak road, Tirupati Town and District pursuant to notice vide ROC No. 12855/1999/A1 dated 24.2.2026 which was served on 23.3.2026 without considering the explanation made by the members of petitioner association dated 31.3.2026 amounts to erroneous, arbitrary and violative of Articles 14 and 21 of the Constitution of India besides being violative of principles of natural justice and consequently direct the 2nd respondent not to evict the members of petitioner association from the demised shop rooms as referred above without considering their explanation in the interest of justice and to pass necessary order or orders as this Hon’ble Court may deem fit.”

3. The Writ Petitioner is an Association of lessees who have taken shops belonging to Respondent No.2 Corporation (Tirupati Municipal Corporation) on lease; that the members of the Petitioner’s Association have been on lease for more than 25 years in the said shops; that some of them have even committed default in payment of timely rents; that, therefore, Respondent No.2 had issued a Notice to all lessees, except the lessee of Shop No. 53, on 24.02.2026 (Ex.P.1); that the said Notice would indicate that under the IBSNT Scheme, the lease granted to the members of the Petitioner’s Association for a period of 25 years would come to an end by 31.03.2026; that the Respondent Corporation intends to conduct a Public Auction in respect of

those shops, except Shop No.53, and therefore the lessees were informed to clear all pending arrears up to date till 31.03.2026; and that the said Notice would also indicate that a copy has been addressed to the Revenue Inspector with a direction to collect all arrears in respect of the shops and thereafter to lock up the shops and report to the Corporation.

4. It is further submitted by learned Counsel for the Petitioner that the members of the Petitioner's Association submitted an Explanation on 31.03.2026 raising several complaints about deficiency of service on the part of the Respondent Corporation. Due to the threat of eviction, the present Writ Petition is filed challenging the Impugned Notice dated 24.02.2026 (Ex.P.1).

5. After sifting through the facts as narrated hereinabove, this Court notices that Section 148 of the Municipal Corporation Act, 1955 categorically imposes a bar on extending any lease of Corporation property beyond 25 years. The law is well settled with regard to the scope and ambit of Section 148 that not only the Commissioner but even the Government has no authority to extend the lease period beyond 25 years. The law is also settled categorically that once the 25-year period of lease is over, be it under extension or under renewal after every three years, or by any other mode of lease extending beyond the lease period of 25 years, the only method by which a fresh lease is granted is only after conducting a 'Public Auction'. The provisions of Section 148 of the Municipal Corporation Act, 1955 are as follows:

"148. Disposal of property and interests therein: (1)
Subject to the provisions of Section 124, the Commissioner may dispose of by sale or exchange any movable property belonging to the Corporation the value of which does not exceed [rupees twenty five thousand] in each instance, or grant for any term not exceeding twelve months a lease of any immovable property belonging to the Corporation or lease or concession of any right of fishing or grazing or of gathering and taking fruit and the like:

Provided that every such disposal, lease or concession made or granted by the Commissioner shall be reported to the Standing Committee within fifteen days.

(2) With the sanction of the Standing Committee, the Commissioner may dispose of, by sale or exchange any movable property belonging to the Corporation [the value of which exceeds rupees twenty five thousand but does not exceed such sum as may be specified by the Government by notification, from time to time] in each instance, or grant for any term not exceeding three years a lease of any immovable property belonging to the Corporation or a lease or concession of any such right as aforesaid.

3 [In cases not covered by sub-section (1) or sub-section (2)] the Commissioner shall not lease, sell or otherwise dispose of any movable or immovable property belonging to the Corporation without the previous sanction of the Corporation and of the Government.

Provided that in no case the lease period of immovable property shall exceed twenty five years.

(4) The sanction of the Standing Committee under sub-section (2) or the previous sanction of the Corporation and of the Government under sub-section (3) may be given either generally or for any class of cases or specially for any particular case.

(5) The Commissioner may lend or let out on hire any movable property belonging to the Corporation on such conditions and for such periods as may be specified in regulations made by the Standing Committee in that behalf."

6. This provision has been incorporated to ensure that local bodies earn maximum revenue by conducting Public Auctions from time to time. Section 148 would clearly stipulate that after completion of 25 years, under any circumstances, a fresh lease can be granted only after conducting Public Auction. No other method is prescribed in law to deviate from this golden rule.

7. In the instant case, admittedly, the members of the Petitioner's Association, who are the lessees of the shops except Shop No.53, have completed the 25-year lease period by 31.03.2025. Therefore, under any

circumstances, the lessees are not entitled to hold on to the leased premises, and the Respondent Corporation is entitled to evict the lessees.

8. In **B. Krishna Reddy v. Government of A.P. and Others** (W.P.No.6354 of 2009, dated 25.08.2009), the Division Bench of this Hon'ble High Court held as under:

"It is a trite principle under a constitutional order that all public properties are public assets administered by State actors or instrumentalities in a fiduciary capacity and enjoined to be administered in conformity with fiduciary principles. All discretion conferred on public authorities is a public trust and consecrated for the purpose of its employment in public interest. Certain executive choices may involve balancing of a plurality of public interest choices but whereas in the present case the property of a public authority-the Nalgonda Municipality is intended to be leased out, the sole and exclusive public policy choice is for ensuring the augmentation of the revenues of the Municipality.

All other considerations must be excluded. If the second proviso to Rule 12(1) be impregnated with this public policy and law concerns as it must, the construction is compelling that while a Municipal Council may renew a lease for a period of three years at a time, the prior sanction of the Government is required if the renewal is intended for a period in excess of three years, so however that no renewal may be granted for a period exceeding twenty five years, without conducting a public auction. No renewal of lease is therefore permitted even with the sanction of the Government for a period beyond twenty five years without conducting public auction.

The phraseology of the second proviso is not ambiguous and in any event this statutory rule must be read consistent with public interest concerns. The construction suggested on behalf of the respondents would expose the second proviso to the risk of conferral of arbitrary discretion with no discernible public policy underpinnings. A construction which invalidates a statutory Rule must be avoided even if its language is ambiguous. This is a settled principle of statutory construction.

On the analysis above, we hold that the Municipality may not propose or recommend nor the first respondent accord sanction for renewal of a lease of a Municipal property,

beyond a period of twenty five years without conducting public auction.

Further, the mere availability of a discretionary power would not legitimize the specific exercise of discretion unless the exercise is demonstrated to be rational and in public interest. The order of the 1st respondent in G.O.Ms. No.1044 dated 18.12.1978 does not spell out any reasons why the transparent process of public auction was eschewed while renewing the lease for twenty five years in favour of the 6th respondent. This observation of ours becomes pertinent in the context of the fact that as on that date (18.12.1978), the 6th respondent had not invested any amount for the reconstruction or renovation of the building which was in a dilapidated state, a building belonging to and on the site of the said Municipality. The availability of a statutory discretion cannot be a façade to channelise public power to confer patronage, patronage exercised by a State actor.

In the considered view of this Court constitutional and public law concerns as well as the provisions of the 1967 and 1968 Rules do not enable further renewal of the lease in favour of the 6th respondent nor enable the official respondent Nos.1 to 4 to avoid the transparent public process of granting lease of the schedule property only by public auction. The Municipality has ample powers under Section 194 of the A.P. Municipalities Act, 1965 to evict persons in unauthorised occupation of Municipal property. Since the present occupation of the schedule property by the 6th respondent is without lawful entitlement and so since 31.12.2008, the 4th respondent is required to exercise in full measure the plenitude of powers inhering in the 4th respondent under the provisions of the A.P. Municipalities Act to ensure the eviction of the 6th respondent from the schedule premises. It is further required that the official respondents jointly and severally ensure that the lease of the schedule property is granted pursuant to public auction, in the manner enjoined by the Act read with the provisions of the 1967 and the 1968 Rules.”

9. For better appreciation, the 2nd Proviso to Sub-Rule (1) of Rule 12 of the Andhra Pradesh Municipalities (Regulation of Receipts and Expenditure) Rules, 1968 is usefully extracted hereunder:

“Provided further that in case of the properties referred to in clause (e), the Municipal Council may renew the lease for a period of three years at a time and with the prior sanction of the government for a period exceeding three years and not exceeding twenty five years without conducting public auction, if the present lessee agrees to renew the lease in his favour at an amount which will be at 33 1/3% above the earlier rent or the prevailing market value of such shops situated in the vicinity, whichever is higher.”

10. It is pertinent to mention herein that the Judgment rendered by the Division Bench in the above-mentioned case (**B. Krishna Reddy case**) was challenged by the lessees by filing SLP (C) No.27670 of 2009, and the Hon’ble Supreme Court, by Order dated 09.11.2009, was pleased to dismiss the said SLP *in limine*. Subsequently, a learned Single Judge of this Court in **Anga Upendra Varma and Others v. Vijayawada Municipal Corporation and Another** : 2020 SCC OnLine AP 4983 has considered the purport of Section 148 of the Act, 1955. The learned Single Judge also placed reliance on various Judgments of this Court, including **Kotha Samba Siva v. State of Andhra Pradesh** : (2017 (4) ALT 564 (DB)), and held in Para Nos.23 to 33 as under:

“23. In the present facts of the case, the lease period was initially for a period of three years and being renewed from time to time and the total period is exceeding 25 years, which expired on 31.03.2019. The Division Bench of this Court in Kotha Sambasiva Rao v. State of Andhra Pradesh (referred I supra), interpreted Section 148(3) and proviso thereto as follows:

“while the Commissioner can, after obtaining approval of the Vijayawada Municipal Corporation and the Government of Andhra Pradesh, grant lease of the immovable property of the Vijayawada Municipal Corporation for a period exceeding three years but not exceeding 25 years, the proviso to Section 148(3) places an embargo, and prohibits grant of lease of immovable property belonging to the Vijayawada Municipal Corporation for a period exceeding 25 years. Even the Government of Andhra Pradesh cannot permit the

Commissioner to grant lease, of any immovable property of the Vijayawada Municipal Corporation, for a period exceeding 25 years.”

24. *In the above judgment, the lease of Shadhikhana initially for a period of three years; thereafter the lease period was extended upto 21.04.2008, to compensate for the 208 days during which the respondents had used the subject premises as a D.P.L. centre and for distribution of ration cards. But the Court still held that, when the lease period was expired, though extended by payment of enhanced rate of rent, that would not enure any benefit to the lessee in occupation of the premises. When once the total lease period of 25 years has expired, the Vijayawada Municipal Corporation has to conduct auction of the lease hold rights and the Court is not justified in issuing a Writ of Mandamus to the Corporation to consider the writ petitioners request for extension of lease.*

25. *Turning to the facts of the present case, the lease period was initially for three years and being extended from time to time without entering into fresh lease. However, the respondents accepted the lease amount at enhanced rate of 33½ % over the existing lease and even after expiry of 25 years, thereby, allegedly created a fresh lease from the date of expiry of lease and contended that the petitioners are entitled to continue for another three years. Mere acceptance of the amount paid by these petitioners would not create a fresh lease or they cannot claim the status of a tenant by holding over. The provisions relating to the leases contained in Transfer of Property Act, 1882, are applicable only in the absence of any contract to the contrary. In the instant case, there is a contract between the petitioners and the respondents, fixing specified period of lease, but being extended from time to time at enhanced rate of rent. Allowing the tenants to continue in possession as a tenant or lessee would not confer any benefit to claim right to continue in propriety either on payment of enhanced rate of rent or otherwise.*

26. *When the lease between the petitioners and respondents is governed by the provisions of Municipal Corporation Act, which prohibits grant of lease to any person continuously for a period of 25 years by sub-section (3) of Section 148 of the 1981 Act, the leases cannot be continued. But, this interpretation is doubtful, however, the government issued G.Os referred above, which disabled the Municipal Commissioner to enter into*

contract of lease for a period exceeding than 25 years. In pursuance of the G.Os, the petitioners are not entitled to claim lease for another period of three years from the date of expiry i.e. from 31.03.2019. But, the learned counsel for the petitioners Sri O. Manohar Reddy contended that the lease period referred under Section 148(3) i.e. 25 years is a lease at once or at a time, but not periodical extensions.

27. In the present facts of the case, there is absolutely no material to show that extensions of leases of the petitioners were placed before the Standing Committee for approval and whether such extension was in confirmation by the Standing Committee or not is not known. In the absence of approval by placing the alleged extension for more than three years from time to time, or even after the expiry of period of 25 years as on 31.03.2019 was not placed before the Standing Committee, as required under Section 148. In such case, the petitioners cannot claim any right to continue the lease for another three years period. In the absence of any material to establish that the extension was with the approval of the Standing Committee, as required under the Rules referred above. Mere acceptance of rent at the enhanced rate would not create a fresh tenancy or lease between the petitioners and the respondents. As the lease between the petitioners and the respondents is governed by the Municipalities Act, the petitioners are not entitled to claim benefit of Transfer of Property Act.

28. One of the contentions urged before this Court is that, when the respondents accepted rent at enhanced rate of 33 $\frac{1}{3}$ % over the existing rent, the respondents are estopped to contend that the petitioners have to vacate the shop premises by applying the Principle of Estoppel.

29. The Principle of Estoppel is only a Rule of evidence, but not a Rule of legitimate expectation and the same cannot be accepted for the reason that the act of the respondents in accepting the rents at enhanced rate of 33 $\frac{1}{3}$ % over the existing rent is not with the approval of the Standing Committee, as required by law. Such act of the officials of the respondents is contrary to the law, thereby such act will not enure any benefit to these petitioners to claim extension of lease period.

30. Yet another contention of the learned counsel for the petitioners is that, the petitioners have entered into contracts with the third parties to carry on business in the premises, expecting three years extension of lease. But,

that by itself is not a ground to extend the lease and by now, the petitioners would have made alternative arrangements.

31. *In any view of the matter, mere acceptance of lease amount at enhanced rate of 33⅓ % after expiry of period of lease, ignoring 25 years without acceptance of Standing Committee is an illegality and the petitioners are not entitled to take advantage of the illegality committed by the employees of the first respondent/Municipal Corporation.*

32. *When a lease is expired and not extended with the approval of Standing Committee, issuance of notice, calling upon the petitioners to vacate the premises within 15 days while permitting them to raise objections within seven days from the date of receipt of notice before the Estate Officer of Vijayawada Municipal Corporation itself is noncompliance of principles of natural justice. But, for one reason or the other, the petitioners did not raise any objection in writing with the second respondent/Estate Officer against the show cause notices impugned in the writ petitions. Having maintained silence without raising any objections all these days, the petitioners are bound by the show cause notices and vacate the premises as demanded by the respondents.*

33. *As the lease was expired long ago and by now, six months time has elapsed, however, their continuation in perpetuity is contrary to the Rules referred above. Therefore, taking into consideration the difficulties of the petitioners, in the event of their sudden eviction from their shops, I deem it appropriate to grant time till 30.04.2020 to the petitioners to vacate the premises in their occupation, on payment of rent being paid as on date, together with arrears, if any. In the event of non-compliance of the above direction, the respondents are at liberty to take possession of the shops of the petitioners as per the provisions of A.P. Municipal Corporation Act and the Rules framed there under."*

(Emphasis supplied)

11. In the light of the above discussion, this Court is of the view that the Notice issued to the members of the Petitioner's Association (Ex.P.1) is in

consonance with the provisions of the statute and the objections raised. This Court does not find any infirmity in the issuance of the Impugned Notice.

12. The purpose of leasing out properties of local bodies is for augmenting resources.

13 The need and necessity for augmenting all financial resources on the part of the Municipal Corporation has been spelt out by the learned Single Judge of the Hon'ble High Court for the State of Telangana and the State of Andhra Pradesh at Hyderabad in **Shaik Rasool v. State of A.P.** : 2015 SCC OnLine Hyd 881, in Para 15, as under :

“15. Municipal Corporation needs huge funds for various developmental activities that are required for the welfare of the people living in the corporation limits and for attending to the daily necessities, maintaining hygienic conditions, laying roads and other services required to be provided by the corporation. One of the primary sources of augmenting the resources is by leasing out properties belonging to the corporation. Thus, it is not in public interest to lease out the properties of the corporation at nominal value to the persons of choice by people at the helm of affairs of the corporation. The lease has to be granted only after public auction is conducted and it should be offered to the person who offers highest rental value to the concerned property of the municipal corporation. If the case of the petitioner is accepted, it means that the petitioner is entitled to pay perpetually rent for the subject property at the rate of Rs. 5200/- per month, whereas the rent that can be secured by the municipal corporation as on today appears to be more than Rs. 30,000/-. It is a commercial property and lessee carries commercial activity to earn profits. Thus, lease of such property should be granted to person who offers best lease amount. Petitioner is also not entitled to any equitable relief from this Court on account of his conduct in not paying the rents since April, 2007. Petitioner is conscious that even assuming that the Standing Committee reduced the rent payable by the petitioner to Rs. 5200/-, even that amount is liable for enhancement periodically with minimum of 33⅓%. The demand made by the corporation on 22.6.2015 shows that petitioner is in arrears of huge amount. As per the procedure evolved, the appropriate amount of rent payable was worked out and demand was made to pay

the arrears. It is evident from notices issued on 13.10.2014, 5.12.2014 that lease period completed 25 years. They are not challenged. I do not see any illegality in the, information furnished to the petitioner by the corporation in notice dated 13.10.2014 and 5.12.2014 that fresh auction has to be conducted. Petitioner being a defaulter, has no manner of right to continue to occupy the premises; he is only a lessee; property belongs to respondent corporation. It is not in public interest to allow such lessee to occupy the public premises; no right flows to the petitioner to continue in the same premises perpetually, more so, without paying the rental amount.”

14. The view of the learned Single Judge is fortified by the observations made by the Hon'ble Apex Court in **Aggarwal & Modi Enterprises v. New Delhi Municipal Council** : (2007) 8 SCC 75, in Para Nos. 22 & 23, as under:

“22. The mandate of Section 141(2) is that any immovable property belonging to NDMC is to be sold, leased, licensed or transferred on consideration which is not to be less than the value at which such immovable property could be sold, leased, or transferred in fair competition. The crucial expression is “normal and fair competition”. In other words, NDMC is obligated to adopt the procedure by which it can get maximum possible return/consideration for such immovable property. The methodology which can be adopted for receiving maximum consideration in a normal and fair competition would be the public auction which is expected to be fair and transparent. Public auction not only ensures fair price and maximum return it also militates against any allegation of favouritism on the part of the Government authorities while giving grant for disposing of public property. The courts have accepted public auction as a transparent means of disposal of public property. (See State of U.P. v. Shiv Charan Sharma [1981 Supp SCC 85 : AIR 1981 SC 1722] , Ram & Shyam Co. v. State of Haryana [(1985) 3 SCC 267] , Sterling Computers Ltd. v. M & N Publications Ltd. [(1993) 1 SCC 445] , Mahesh Chandra v. Regional Manager, U.P. Financial Corpn. [(1993) 2 SCC 279] , Pachaiyappa's Trust v. Official Trustee of Madras [(1994) 1 SCC 475] , Chairman and MD SIPCOT v. Contromix (P) Ltd. [(1995) 4 SCC 595] , New India Public School v. HUDA [(1996) 5 SCC 510 : AIR 1996 SC 3458] , State of Kerala v. M. Bhaskaran Pillai [(1997) 5 SCC 432] and Haryana Financial Corpn. v. Jagdamba Oil Mills [(2002) 3 SCC 496] .)

23. Disposal of public property partakes the character of trust and there is distinct demarcated approach for disposal of public property in contradiction to the disposal of private property i.e. it should be for public purpose and in public interest. Invitation for participation in public auction ensures transparency and it would be free from bias or discrimination and beyond reproach.”

(Emphasis supplied)

15. A similar view has been reiterated by the Hon’ble Apex Court in **City Montessori School v. State of U.P.** : 2024 SCC OnLine SC 1867, in Para 8 & 9, as under:

“GRANT OF STATE LARGESSE

8. Before we consider the rival contentions, the legal position regarding the State largesse succinctly laid down by this Court in the case of *Akhil Bhartiya Upbhokta Congress v. State of Madhya Pradesh*¹ needs to be reiterated. In paragraphs 65 to 67 of the said decision, this Court held thus:

“65. What needs to be emphasised is that the State and/or its agencies/instrumentalities cannot give largesse to any person according to the sweet will and whims of the political entities and/or officers of the State. Every action/decision of the State and/or its agencies/instrumentalities to give largesse or confer benefit must be founded on a sound, transparent, discernible and well-defined policy, which shall be made known to the public by publication in the Official Gazette and other recognised modes of publicity and such policy must be implemented/executed by adopting a non-discriminatory and non-arbitrary method irrespective of the class or category of persons proposed to be benefited by the policy. The distribution of largesse like allotment of land, grant of quota, permit licence, etc. by the State and its agencies/instrumentalities should always be done in a fair and equitable manner and the element of favouritism or nepotism shall not influence the exercise of discretion, if any, conferred upon the particular functionary or officer of the State.

66. We may add that there cannot be any policy, much less, a rational policy of allotting land on the

*basis of applications made by individuals, bodies, organisations or institutions dehors an invitation or advertisement by the State or its agency/instrumentality. By entertaining applications made by individuals, organisations or institutions for allotment of land or for grant of any other type of largesse the State cannot exclude other eligible persons from lodging competing claim. **Any allotment of land or grant of other form of largesse by the State or its agencies/instrumentalities by treating the exercise as a private venture is liable to be treated as arbitrary, discriminatory and an act of favouritism and/or nepotism violating the soul of the equality clause embodied in Article 14 of the Constitution.***

67. This, however, does not mean that the State can never allot land to the institutions/organisations engaged in educational, cultural, social or philanthropic activities or are rendering service to the society except by way of auction. Nevertheless, it is necessary to observe that once a piece of land is earmarked or identified for allotment to institutions/organisations engaged in any such activity, the actual exercise of allotment must be done in a manner consistent with the doctrine of equality. The competent authority should, as a matter of course, issue an advertisement incorporating therein the conditions of eligibility so as to enable all similarly situated eligible persons, institutions/organisations to participate in the process of allotment, whether by way of auction or otherwise. In a given case the Government may allot land at a fixed price but in that case also allotment must be preceded by a wholesome exercise consistent with Article 14 of the Constitution.”

(emphasis added)

9. In the facts of the case, there is no dispute that the plot vests in the State. Even assuming that the alleged lessee has leasehold rights concerning the plot, the rights of the State as the owner and lessor can be transferred only by adopting a fair and transparent process by which the State fetches the best possible price. In case of the sale of a leasehold plot by the lessor, the rights of the lawful lessees do not get affected, as their tenancy will be attorned to the purchaser in view of Section 109 of the Transfer of Property Act, 1882. Therefore, the rights of the State as the lessor can only be sold by a public auction or by any other transparent method by which,

apart from the lessee, others too get a right to submit their offer. Selling the plot to its alleged lessee at a nominal price will not be a fair and transparent method at all. It will be arbitrary and violative of Article 14 of the Constitution of India.”

16. In the above premise, this Writ Petition is devoid of any merit. Accordingly, the Writ Petition is dismissed at the admission stage. No order as to costs.

17. Interlocutory Applications, if any, stand closed in terms of this order.

GANNAMANENI RAMAKRISHNA PRASAD, J

Dt: 23.04.2026

DSV

201

HON'BLE SRI JUSTICE GANNAMANENI RAMAKRISHNA PRASAD

WRIT PETITION NO: 10956/2026

23.04.2026

Dt: 23.04.2026

Note: LR copy to be marked.

DSV

HIGH COURT OF ANDHRA PRADESH AT AMARAVATHI**MAIN CASE No : WRIT PETITION NO: 10956/2026****PROCEEDING SHEET**

Sl. No	DATE	ORDER	Office Note
	23.04.2026	<u>GRKP, J</u> Writ Petition is dismissed. (vide separate order) DSV <u>GRKP, J</u>	

--	--	--	--

