

HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR

S.B. Civil Writ Petition No. 5612/2023

Sagar Mal Handala S/o Ishwar Ram Handala, Aged About 35 Years, R/o Plot No. 86, 87, 88, Lata Nagar, Opp Power House, Kalwar Road, Jaipur - 302012.

-----Petitioner

Versus

1. State Of Rajasthan, Through Principal Secretary, Urban Development And Housing Department, Government Secretariat, Jaipur (Rajasthan)
2. Rajasthan Housing Board, Through Housing Commissioner, Jaipur, Rajasthan.
3. Deputy Commissioner, Circle Ii, Rajasthan Housing Board, New Sanganer Road, Adjoining Sfs, Sector 12, Mansarovar, Jaipur (Rajasthan) 302020

-----Respondents

For Petitioner(s)	:	Mr. N.K. Maloo Senior Advocate assisted by Mr. Ajay Singh Rajawat, Mr. Aditya Goyal and Mr. Harsh Pratap Singh Mr. Vibhuti Bhushan Sharma along-with Mr. Prakhar Gupta, Mr. Harshit Tiwari, Mr. Ishwar Poonia, Mr. Sanjay Sharma, Ms. Anindya Gupta and Ms. Suman Kalal
For Respondent(s)	:	Mr. Ajay Shukla along-with Mr. Shivam Sharma and Ms. Jyoti Sharma

HON'BLE MR. JUSTICE GANESH RAM MEENA

Order

19/03/2026

1. By filing instant writ petition under Article 226 of the Constitution of India, the petitioner has sought following relief:-

"a) By an appropriate writ, order or direction, the impugned order dated 13.12.2022 be quashed and set aside; and

b) By an appropriate writ, order or direction, the Respondents be directed to allot Plot No. 26 at V.T. Road, Mansarovar, Jaipur in favour of the Petitioner in pursuance of the Auction held between 21st-23rd September 2022.

Or in the alternative

c) By an appropriate writ, order or direction, the Respondents be directed to re-auction the Schedule Property within a limited time period and grant right to first refusal to the Petitioner wherein if the Petitioner matches the highest bid price of the freshly conducted Auction, the Schedule Property must be allotted to Petitioner as per applicable rules; and

d) By an appropriate writ, order or direction, the Respondents be directed to grant 12% interest for the period from 24th of September to 20th of December, on the amount totaling to Rupees 4,55,12,115 which deposited by the Petitioner in lieu of the payment schedule applicable to the Auction.

e) Pass any other appropriate writ, order or direction in favour of the Petitioner as the Hon'ble Court deems just and reasonable in the facts and the circumstances of the case."

2. The facts of the case in brief are that an advertisement was issued by the respondent- Rajasthan

Housing Board for the auction of a commercial plot/ marriage garden situated at Plot No.26, V.T. Road, Mansarovar. The total area of the land was 3003.10 sq. meter and the minimum bid was Rs.97,000/- per sq. meter. The petitioner participated in the auction conducted between 21st September to 23rd September 2022 and he was declared as the highest bidder with the winning bid of Rs.1,01,000 per sq. meter. On 20th September 2022 i.e. before start of the auction, the petitioner deposited 2% of the minimum bid value (Rs.58,28,000/-) on 24th September 2022, as per the applicable rules. The petitioner paid 15% of the total bid amount i.e. Rs.4,55,12,115/- within twenty hours of his being declared as the highest bidder. The respondents deposited back Rs.4,55,12,115/- in the petitioner's account on 20th December 2022 i.e. after a period of around three months. The petitioner sent e-mails on 23rd December 2022 on the official web site of the Rajasthan Housing Board seeking explanation with regard to returning of the amount back. E-mail servers reverted to the petitioner's mail stating that 'delivery was incomplete'. The petitioner sent letters to the relevant authorities on 26th December 2022 for seeking reasons behind the unexplained transactions, which were not answered.

It has also been pleaded by the petitioner in the petition that the petitioner was served with the ante dated

office order dated 13.12.2022 on 27th January 2023 through which it was informed that his bid was cancelled for being 'non-competitive'. Thereafter, the petitioner filed an application under the Right to Information Act, 2005 (for short 'the Act of 2005') seeking documents and information regarding the departmental proceedings of the land put in auction, which was allowed on 14.02.2023 and the required documents were supplied / furnished to him. It has also been pleaded that the sanction for petitioner's bid was refused on the ground of parity with bid received for plot No.21, V.T. Road, Mansarovar, Jaipur vide auction conducted in between 11th to 13th July 2022 (Rs.1,07,000/- per sq. meter).

3. Senior Counsel assisted by other counsels appearing for the petitioner submits that the action of the respondents in refusing to grant sanction to the petitioner's highest bid and resultant cancellation is arbitrary and violative of Articles 14 and 21 of the Constitution of India. He submits that the petitioner was the highest and successful bidder in the auction conducted between 21st September to 23rd September. Senior Counsel further submits that no notice was ever given to the petitioner by the respondents before cancelling the bid of the petitioner on the ground of being 'non-competitive'. Senior Counsel also submits that no-one submitted any complaint of any type against the petitioner's

highest bid. Senior Counsel also submits that the petitioner did not play any fraud with the respondents.

Senior Counsel also submits that the respondents have erroneously drawn parity with bid received vide auction conducted for Plot No.21, V.T. Road, Mansarovar, Jaipur.

During the course of hearing Senior Counsel has drawn attention of the Court to the order dated 07.01.2020 issued under the signature of the Principal Secretary, Urban Development Department, Govt. of Rajasthan, Jaipur, which is taken on record.

Learned Senior Counsel also submits that it is only the Board of Directors of the Respondent- Rajasthan Housing Board which can take a final decision as regards the cancellation of the highest bid. However, the note-sheets of the respondent- Rajasthan Housing Board, which have been placed on record as Annex.13 in the writ petition, clearly speak that prior to the matter being referred to the Board of Directors, the Hon'ble Minister, who is also the Chairman of the Board of Directors, has ordered for re-auction. He submits that the order of re-auction by the Hon'ble Minister is beyond his jurisdiction. It is also submitted that once the Hon'ble Minister, who is the Chairman of the Board of Directors, has himself made up his mind and taken a decision to cancel the highest bid of the petitioner then at a later stage seeking approval of the Board of Directors is a mere

formality as the other Members of the Board of Directors are subordinates to the Hon'ble Minister.

Senior Counsel appearing for the petitioner in support of his submissions has placed reliance upon the following judgments:

1. *Golden Food Products India v. State of Uttar Pradesh & Ors.*, reported in 2026 SCC OnLine SC 24 delivered by Hon'ble the Apex Court; and
2. *Deputy Commissioner, Circle-II & Anr. v. Smt. Santosh Joshi & Anr.*, D.B. Spl. Appl. Writ No.1322/2013 & other connected appeals, decided on 15.02.2024 by Hon'ble Division Bench of the Principal Seat at Jodhpur;
3. *Deputy Commissioner Circle-II & Anr. v. Santosh Joshi & Anr.*, Special Leave Petition (Civil) Diary No(S) No.29811/2024 decided by the Hon'ble Apex Court on 21.02.2025; and
4. *Kalu Ram Ahuja & Anr. v. Delhi Development Authority & Anr.*, reported in (2008) 10 SCC 696, delivered by the Hon'ble Apex Court.

4. Counsels appearing for the respondent Rajasthan Housing Board have opposed the submissions advanced by the Senior Counsel appearing for the petitioner and submitted in the reply to the writ petition that merely because the petitioner was the highest bidder does not entitle him for the allotment of the property in question. Counsels also submit that the bid received from the petitioner was not found to be competitive as the land in same vicinity fetched higher price. Counsels also submit that the petitioner was informed about the cancellation of bid and he was refunded the amount which he accepted and even the petitioner did not raise any

objection. Counsels also submit in the reply that indisputably a highest bidder in an auction does not have the right that auction be concluded in his favour. It is settled legal position that a bidder acquire no right to claim that the auction be concluded in its favour. Thus, the impugned order passed by the respondents is legal one which requires no interference by this Court.

Counsels to support their submissions has placed reliance upon the judgment delivered by the Hon'ble Apex Court in the case of ***Indore Vikas Praadhikaran (Ida) & Anr. v. Shri Humud Jain Samaj Trust & Anr., reported in 2024 Supreme (SC) 1992.***

5. Considered the submissions made by the Senior Counsel assisted by other counsels appearing for the petitioner, counsels appearing for the respondents and also gone through the entire material made available to the Court including the judgments relied upon by both the Counsels.

6. On perusal of the impugned order of cancellation of highest bid of the petitioner for auction of commercial plot No.26 (Corner) at Commercial Belt-B, Phase-D, V.T. Road, Mansarovar, Jaipur, RHB has observed that the bid submitted by the petitioner of Rs.1,01,000/- per sq. meter was not a competitive bid and some higher price could be fetched.

7. The auction notice was issued by the respondents on 18.08.2022, wherein the minimum bid price for the

commercial Plot No. 26 (Corner) at Commercial Belt-B, Phase-D, V.T. Road, Mansarovar, Jaipur, was fixed as Rs.97,000/- per sq. meter, though in the impugned order the respondents have not disclosed that what was the basis for them to say that the highest bid submitted by the petitioner was not a competitive bid. However, on perusal of the note-sheets submitted along-with the writ petition, it is revealed that the respondents have come to the conclusion that they could fetch better price than the bid submitted by the petitioner as they have received Rs.1,07,000/- per sq. meter for an adjacent plot of the bigger size.

8. On a query put to the counsel appearing for the respondent- Rajasthan Housing Board that what was the date of auction of the adjacent plot wherein they have said to have received the highest price. He answered that the said auction was held on 13.07.2022. If the respondents have received a higher price i.e. Rs.1,07,000/- for an adjacent plot in the auction proceedings on 13.07.2022 then why they have fixed the minimum bid price in the present auction notice as Rs.97,000/- per sq. meter. Merely presumptions cannot be a ground for taking an administrative decision. The price of the land varies on the basis of size, location and sometimes the market value as regards the demand of the land. It can never be said that a small size of plot would fetch a better price than a large size. In commercial plots, the situation may be

different where the larger size of commercial plots may fetch a better price than small size of plots.

9. Counsel appearing for the respondents has submitted that as per Clause 6 of Procedure of Forward Auctioning, incorporated in the Business Rules of e-auction (Forward) attached to the writ petition as Annex.6, the respondent- Rajasthan Housing Board reserves the rights to cancel the highest bid in any condition whatsoever.

10. Learned Senior Counsel appearing for the petitioner submits that the action of the respondents in cancelling the highest bid of the petitioner is irrational, arbitrary and same is in violation of principles of natural justice as no notice was served upon the petitioner prior to cancellation of the bid.

11. Every action of the Government or its Undertaking or Board, must be rational, have a sound reasoning and if it is adverse to any person then same must be after allowing an opportunity to the other side so as to follow the principle of natural justice.

It is well settled principle of law that whenever any order adverse to a person is passed by the Statutory Authorities then they are required to follow the principle of natural justice, meaning-thereby, the Rajasthan Housing Board was under an obligation to issue a notice to the petitioner with regard to an opportunity of hearing before passing an order of cancellation of his bid.

12. As per the Business Rules for e-auction of the respondent- Rajasthan Housing Board, in case the bid amount is more than Rs.50.00 lacs, the bid proposals in prescribed proformas are to be submitted to head office with clear recommendation on justification for sanction/ rejection by the Competent Authorities and if the bid amount is more than Rs.20 crores then it has to be considered and decided by the Board. The Chairman of the Board has only authority to take the decision for the bid amount which is above Rs.5 crores but upto Rs.20 crores. Since in the present case the bid amount is more than Rs.20 crores, the decision was to be taken by the Board on the basis of the recommendations of the Auction Committee. The Auction Committee was constituted vide order dated 17.08.2022. The petitioner being the highest bidder in the auction proceeding, also deposited 15% of the bid amount on 27.09.2022, as is evident from the payment receipt Annex.9. The matter was referred to the Chairman for approval of acceptance of the highest bid of the petitioner on 11.10.2022. As per para 9 of the note-sheet (Annex.13), the Bid Committee has recommended for acceptance of the highest bid of the petitioner. The Chief Engineer-I, has also recommended for acceptance of the highest bid of the petitioner as is evident from para 9 of the note-sheet. As per the note-sheet in para 14, since the matter pertains to a bid amount of more than Rs.20 crores, a

final decision was to be taken by the Managing board. However, without referring the matter to the Managing Board, the Chairman ordered for re-auction of the plot in question and in view of the predetermination by the Chairman of the Board, it was decided to cancel the highest bid of the petitioner and the approval of the Board was directed to be taken at a later stage. Meaning-thereby, the decision for cancellation of highest bid of the petitioner was taken by the Chairman at its own level without there being any decision of the Board as the same was not referred to the Board prior to taking decision of re-auction. At later point of time, the respondents might have taken a decision to get the matter resolved by the Managing Board but that cannot be said to be justified for the reason that the Hon'ble Minister who has already determined to put the plot in question in re-auction, is the Chairman of the Board and the other Members are subordinates of the Hon'ble Minister and therefore, in that situation the decision of the Board cannot be said to be reasonable and justified. The only reason for cancelling the highest bid of the petitioner was that it is not competitive and a better price could be fetched that too without any genesis. In view of the aforesaid facts, this Court can safely held that the action of the respondents is wholly arbitrary and irrational.

13. The view of this Court is supported by the recent judgment of the Hon'ble Apex Court delivered in the case of **Golden Food Products India (supra)**, wherein the Hon'ble Apex Court in paras 13,19,21,22,23,24,25,26,27,28, 32 and 33 has observed as under:-

"13. The RTI responses show that an adjacent plot of the same scheme was allotted without any benchmarking against smaller plots. Further, they show that the GDA - respondent No. 2 allotted several plots above 2000 square metres at prices only marginally above the reserve price. In contrast, the appellant's bid was a full 15.23% above the reserve price (Rs. 29,500/- as against Rs. 25,600/-). Therefore, the respondent's treatment of the appellant was inconsistent, selective and arbitrary.

19. The undisputed facts of the case are that the GDA - respondent No. 2 had advertised the allotment of various plots through an auction dated 25.08.2023. The appellant's technical bid as well as the financial bid were accepted on 14.03.2024 and on 15.03.2024, respectively. The reserve price fixed for the subject plot measuring 3150 square metres was Rs. 25,600/- per square metre and the appellant had bid Rs. 29,500/- per square metre which was the highest bid and therefore the appellant was declared the highest bidder. In fact, there were only two bidders in the auction including the appellant. Since no further steps were taken by the GDA - respondent No. 2 in the matter of issuance of allotment letter to

the appellant herein, steps were taken to ascertain about the same. The appellant became aware that the GDA - respondent No. 2 had cancelled the allotment and had notified the appellant about the cancellation only on 22.05.2024. This was done without any prior intimation to the appellant. The reason for cancellation according to GDA - respondent No. 2 was owing to the low bid which was made by the appellant herein although it was higher than the reserve price. The High Court has accepted the said contention of GDA - respondent No. 2 and has accordingly dismissed the writ petitions filed by the appellant herein.

21. *In K. Kumara Gupta v. Sri Markendaya & Sri Omkareswara Swamy Temple, (2022) 5 SCC 710, it was observed by this Court that unless and until it was found that there was any material irregularity and/or illegality in holding the public auction and/or the auction was vitiated by any fraud or collusion, it is not open to set aside the auction or sale in favour of the highest bidder on the basis of some representation made by a third party who did not even participate even in the auction proceedings and did not make any offer. If there is repeated interference in the auction process, the object and purpose of holding public auction and its sanctity would be frustrated. That unless there are allegations of fraud, collusion, etc., the highest offer received in the public offer should be accepted as a fair value. Otherwise, there shall not be any sanctity of any public auction.*

22. *In Eva Agro Feeds, it was observed that the mere expectation of the liquidator (in the said case) which could also mean the auction seller that, a still higher price may be obtained can be no good ground to cancel an otherwise valid auction and go in for another round of auction. Such a course of action would not only lead to incurring of avoidable expenses but also erode credibility of the auction process itself. Thus, the auctioning authority must adhere to the rule of law and an auction cannot be cancelled arbitrarily.*

23. *In the present case, the main contention of learned senior counsel for the appellant was that in an arbitrary manner, GDA - respondent No. 2 cancelled the appellant's bid on the ground that it was lower than the rates fetched for smaller plots of different dimensions of the same Scheme. That the technical bid of the appellant was accepted and the price quoted by the appellant was Rs. 29,500/- per square metre which was higher than Rs. 25,600/- per square metre which was the reserve price. The appellant's financial bid was also accepted. Therefore, the decision to subsequently cancel the financial bid of the appellant owing to "a low rate" quoted by the appellant as compared to the "other smaller plots" is an arbitrary and extraneous reason. That once the auction has been held in accordance with law and there had been no fraud, collusion or any other infirmity in the holding of the auction and the earnest money has been validly deposited, there could not have been any subsequent cancellation of the bid. In*

the instant case, merely because a higher rate could have been achieved then what was accepted and declared by the auctioning authority could not be the reason for setting aside the auction itself. That the price quoted by the appellant herein was 15.23% above the reserve price. Further, without any issuance of the notice to the appellant herein, the financial bid had been cancelled. Returning of the earnest money deposited by the appellant herein would not legitimize an arbitrary cancellation. Hence, it was contended that the impugned orders of the High Court may be set aside and a direction may be issued to the respondents herein to issue a letter of allotment of the subject plot in the name of the appellant herein.

24. *In order to justify the cancellation, learned counsel for GDA - respondent No. 2 contended that the bid made by the appellant was low as compared to bids received in respect of "smaller plots" on the very same date. Therefore, the discretion was rightly exercised by GDA - respondent No. 2 to cancel the financial bid of the appellant and return the earnest money.*

25. *As already noted, Rs. 25,600/- per square metre was the reserve price fixed for the subject plot measuring 3150 square metres which is a larger area compared to other smaller plots which also carried the same reserve price. Ordinarily when large areas of industrial land are auctioned, the overall price would be separately assessed as compared to the smaller plots. This is because insofar as the industrial*

plots are concerned, most of the applicants seek allotment of smaller plots and the demand for larger plots would be scarce. Since the GDA- respondent No. 2 intended to auction an area of 3150 square metres as one plot which is a large plot, the reserve price was also fixed at Rs. 25,600/- per square metre. As noted above, that can be compared to the reserve price fixed for the smaller plots of land which was also Rs. 25,600/-. Intentionally, an identical reserve price was fixed owing to a lower demand for a larger plot. Otherwise, a higher reserve price could have been fixed by the GDA - respondent No. 2 for the subject plot. Merely because the area of plot in the instant case was 3150 square metres and it was a larger plot, the reserve price could not have been higher. Therefore, the reserve price fixed for the smaller plot as well as what has been fixed for the subject plot was uniform i.e. Rs. 25,600/- per square metre. Therefore, there has been a uniformity in the fixing of the reserve price insofar as the subject plot as well as the smaller plot is concerned, as is evident from the table extracted above which are all under the very same Madhuban Bapudham Yojna in the financial year 2023-24.

26. *In the instant case, the date of auction of the subject plot was 25.08.2023 which was the very same date on which the other smaller plots were auctioned. Merely because the selling price or the financial bids made by the parties vis-à-vis the smaller plots were concerned was higher per square metre cannot be a reason to also expect a very high price or a similar price insofar as the subject plot*

measuring 3150 square metres is concerned. After all, from the table reproduced above, it is evident that the smaller plots were measuring between 123.83 square metres to 132.20 square metres only whereas in the instant case the subject plot is a large area of 3150 square metres. The subject plot cannot be compared with the smaller plots auctioned on that very day. There were only two parties who made their bids in respect of the subject plot and the appellant herein was the highest bidder. This fact also demonstrates that there were no bidders for the said extent of plot as there was no demand for the same unlike a demand for smaller plots. GDA - respondent No. 2 could not have therefore expected to receive a similar rate of bid per square metre vis-à-vis a smaller plot insofar as the subject plot is concerned. As already noted, the reserve price in respect of the smaller plot as well as the subject plot was fixed at the same rate. However, as noted above there were only two bidders who bid for the subject plot measuring 3150 square metres. The demand for smaller plots being more as compared to larger plots, naturally the bid amounts were higher for smaller plots. There being lesser demand for the subject plot being 3150 square metres, only two bidders submitted their financial bid and the appellant was declared to be the higher bidder.

27. *Further, the amount of Rs. 29,500/- per square metre which was bid by the appellant herein was above Rs. 25,600/- per square metre being the reserve price. Naturally, the appellant was declared to be the highest bidder. This is in fact a*

crystallization of the future rights and obligation of the parties. The appellant had a right to receive the allotment letter and GDA - respondent No. 2 had a duty to issue the same, particularly in the absence of fraud, collusion or any other reason which could have led to the cancellation of the auction. Thereafter, GDA- respondent No. 2 could not have compared the selling price of the smaller plots with the financial bid made by the appellant herein so as to cancel the auction itself. The same was done on an irrelevant consideration. Therefore, it was arbitrary, whimsical and irrational. Hence, the appellant was justified in seeking the reliefs before the High Court. The High Court ought to have considered the case of the appellant in the above perspective and granted relief to the appellant herein by directing GDA - respondent No. 2 to pass an order of allotment to the appellant herein. Instead, the High Court has been swayed by the argument of GDA - respondent No. 2 to the effect that the bid offered by the appellant herein was on the lower side. The learned senior counsel for the appellant contended that the adjacent plot and the plots above 2000 square metres have been allotted by the GDA - respondent No. 2 at prices only marginally above the reserve price whereas in the instant case the appellant had bid a price which was 15.23% above the reserve price. The High Court has also been impressed by the argument that the appellant had no vested right as no letter of acceptance of bid was issued to it and the earnest money of Rs. 80,64,000/- was returned to the appellant and therefore, there was no right in the appellant to insist upon the allotment of the subject

plot. This reasoning is also incorrect and flawed. Having regard to the facts of the present case and the discussion made above, the High Court was not right in dismissing the writ petitions.

28. *In our view, there cannot be any imprimatur of the Court to such arbitrary cancellation of auction by an instrumentality or agency of the State in the absence of there being any fraud, collusion, suppression etc. Merely because the smaller plots measuring 123 to 132 square metres were auctioned and sold at a higher price as compared to the subject plot measuring 3150 square metres which is a large sized plot, could not have been the basis for cancelling the auction insofar as the subject plot is concerned. The demand for smaller plots being higher was sold at a higher price per square metre than the subject plot, where there was no demand for the subject plot as only two bidders participated in the auction. The bid of the appellant was above the reserve price. There was no other reason to cancel the auction sale of the subject plot. Therefore, GDA - respondent No. 2 was under an obligation in law having accepted the bid offered by the appellant to issue the allotment letter instead of cancelling the auction on the basis of irrelevant considerations that too behind the back of the appellant. Expectation of a higher bid in a subsequent auction cannot be a reason to cancel an auction held in accordance with law.*

32. *An auction process has a sanctity attached to it and only for valid reasons that the highest bid can be discarded in an auction which is otherwise held in accordance with law. If a valid bid has been made which is above the reserve price, there should be a rationale or reason for not accepting it. Therefore, the decision to discard the highest bid must have a nexus to the rationale or the reason. Merely because the authority conducting the auction expected a higher bid than what the highest bidder had bid cannot be a reason to discard the highest bid. In the instant case, no other party had placed a bid higher than the appellant herein. There was no infirmity in the conduct of the auction. No other party had complained about the process of auction conducted by the GDA - respondent No. 2. The bid offered by the appellant herein was the highest and above the reserve price. In the circumstances, the said bid ought to have been accepted by GDA - respondent No. 2 rather than cancelling the same without notice to the appellant herein. Hence, the cancellation of the bid submitted by the appellant herein is quashed.*

33. *For the aforesaid reasons, the impugned orders of the High Court dated 24.05.2024 and 15.07.2024 passed in the respective writ petitions are set-aside. The appellant is directed to re-deposit the earnest money preferably within four weeks from today. Within two weeks from the date of the re-deposit of the earnest money, the GDA - respondent No. 2 shall make an order of allotment of the subject plot in favour of the appellant herein and take all consequential steps for concluding the auction*

process in favour of the appellant herein. These appeals are allowed in the aforesaid terms.

Parties to bear their own costs."

14. In another case ***Kalu Ram Ahuja & Anr. (supra)***, the Hon'ble Apex court has observed in paras 5 and 6 as under:-

"5. Undisputedly, DDA had taken a conscious decision to auction the plot. It is neither the pleaded case of the respondents nor has any material been produced before this Court to show that the said decision was taken by the competent authority under some misapprehension. It is also not in dispute that the appellants participated in the auction held on 21-6-1988, and gave the highest bid, which, as mentioned above, was rejected by the Vice-Chairman, DDA. The communication dated 7-7-1988 does not make a mention of the reason which may have prompted the Vice-Chairman to reject the bid given by the appellants. No other record has been produced before the Court to show that the decision of the Vice-Chairman was based on rational and tangible reasons and was in public interest. Therefore, there is no escape from the conclusion that the decision of the authority concerned was wholly arbitrary. The learned Single Judge without properly appreciating the nature of the appellants' challenge to the rejection of their bid, dismissed the writ petition. The Division Bench also committed the same error by dismissing the appeal. Therefore, the impugned orders are legally unsustainable.

6. Accordingly, the appeals are allowed, the impugned orders passed by the High Court are set aside, the writ petition filed by the appellants before the High Court is allowed and the decision of the Vice-Chairman, DDA to reject the bid of the appellants is quashed. The appellants are directed to deposit the amount of bid along with the interest thereon at the rate of eighteen per cent from the date of bid till the date of actual payment within a period of three months from today. Thereafter DDA shall complete all the formalities of land and hand over possession to the appellants. The needful be done within three months from the date the amount is deposited by the appellants."

15. Hon'ble Division Bench of the Principal Seat at Jodhpur in **Deputy Commissioner-Circle-II & Anr. (supra)** has observed in paras 11,18,19 and 25 as under:-

"**11.** At first place, we find that the auction proceedings were initiated under a public advertisement dated 26.03.2012. Under this advertisement, the appellant-Housing Board proceeded to initiate auction proceedings for allotment of plots developed by the Housing Board. It is beyond any pale of doubt that the Housing Board is an instrumentality of the State and is enjoined with the function of developing plots and allotting the same through auction or tender proceedings, which is an action in public interest. The object is to provide plots by way of a transparent process to those who

are in need of house and to provide housing facility to the public at large.

18. *Having extensively heard learned counsel for the parties and perused the record, we also do not find any material on record to justify the action of cancellation of entire bid proceedings. The note of the Chairman only shows regarding fixation of new MSP. However, why that decision was taken is completely absent from the records and files as also the reply which has been filed by the Housing Board in the writ proceedings. Present is not a case where before conclusion of the auction proceedings and acceptance of the highest bid amount and issuance of confirmation letter, some material inputs were received by the Housing Board that the MSP was wrongly fixed. It is not a case where any material has been placed before this Court that while MSP was fixed for allotment of plots, in respect of which auctions were held, in the auction proceedings of nearby plots much higher price was fetched. Therefore, there is no material on record to show that revision of MSP had become necessary.*

19. *Present is also not a case where any material has been placed before us that there was any serious irregularity or illegality committed in the auction proceedings which necessitated cancellation of the entire auction proceedings. As we have already noted herein above, it is neither the case of the Housing Board nor any other material has been placed on record to show that any challenge was made to the auction proceedings by any other person.*

25. *Thus, viewed from any angle, there is absolutely no material basis to cancel the auction proceedings. Irrespective of whether it is a case of concluded contract or not, we are of the firm view that the decision of the learned Single Judge that the action of the appellant-Housing Board was irrational and arbitrary, does not warrant any interference."*

The judgment passed by the Hon'ble Division Bench in the case of **Deputy Commissioner, Circle-II (supra)** has been upheld by the Hon'ble Apex Court vide order dated 21.02.2025 in **Special Leave Petition (Civil) Diary No(S). 29811/2024 (supra).**

16. Learned counsel appearing for the respondents has placed reliance upon the judgment delivered by the Hon'ble Apex court in the case of **Indore vikas Praadhikaran (Ida) & Anr. (supra)**, and has submitted that the highest bidder has no vested right to have auction concluded in his favour. He has referred para 13 of the said judgment, which is quoted as under:-

13. It is a settled law that the highest bidder has no vested right to have the auction concluded in his favour. The Government or its authority could validly retain power to accept or reject the highest bid in the interest of public revenue. We are of the considered opinion that there was no right acquired and no vested right accrued in favour of the

plaintiff merely because his bid amount was highest and had deposited 10% of the bid amount. As per Regulation 6(2) of the 1978 Regulations, allotment letter has to be issued on acceptance of the bid by the Chief Administrator and within 30 days thereof, the successful bidder has to deposit another 15% of the bid amount. In the instant case, allotment letter has never been issued to the petitioner as per Regulation 6(2) in view of non-acceptance of the bid. Thus, there was no concluded contract. Regulation 6 of the 1978 Regulations is extracted hereunder:

"6. Sale of lease of land or building by auction.—

(1) In the case of sale or lease by auction, the price/premium to be charged shall be such reserve price/premium as may be determined taking into consideration the various factors as indicated in sub-regulation (1) of Regulation 4 or any higher amount determined as a result of bidding in open auction.

(2) 10 per cent of the highest bid shall be paid on the spot by the highest bidder in cash or by means of a demand draft in the manner specified in sub-regulation (2) of Regulation 5. The successful bidder shall be issued allotment letter in Form CC or C-II by registered post and another 15 per cent of the bid accepted shall be payable by the successful bidder, in the manner indicated, within thirty days of the date of allotment letter conveying acceptance of the bid by the Chief Administrator; failing which the 10 per cent amount already deposited shall stand

forfeited to the authority and the successful bidder shall have no claim to the land or building auctioned.

(3) The payment of balance of the price/premium, rate of interest chargeable and the recovery of interest shall be in the same manner as provided in sub-regulations (6) and (7) of Regulation 5.

(4) The general terms and conditions of the auction shall be such as may be framed by the Chief Administrator from time to time and announced to the public before auction on the spot."

Though the highest bidder may not have any vested right but for cancellation of the highest bid there must have some good reasons with due application of mind without any predetermination. Looking to the facts of the present case, as observed above, the decision of the respondents in cancelling the highest bid of the petitioner, does not find to be based on good reasoning and seem to be an arbitrary action with some kind of predetermination by the Hon'ble Minister who himself alone was not competent one to cancel the bid and the other Members of the Managing Board, who are subordinate to him seem to be influenced by his predetermination.

17. The Government of Rajasthan, Urban Development Department, has also issued an order dated 07.01.2020, which reads as under:-



"नगरीय निकायों की कमजोर आर्थिक स्थिति को सुधारने एवं नीलामी में आ रही समस्याओं / कठिनाईयों के निराकरण हेतु पिछले दिनों सितम्बर, 2019 में व्यापक विचार करने के पश्चात् राजस्थान (नगरीय भूमि का निस्तारण) नियम, 1974 में संशोधन किये गये थे। ऐसे ही संशोधन राजस्थान नगरपालिका (नगरीय भूमि का निस्तारण) नियम, 1974 में किये गये हैं।

इन संशोधनों का प्रयोजन यह था कि प्राधिकरणों, न्यासों एवं अन्य नगरीय संस्थाओं के भूखण्डों की नीलामी जो रूक गई थी, में गति लाई जावे। इसके लिये वर्तमान बाजार की स्थिति को देखते हुए भूखण्डों का विक्रय करने के लिये न्यूनतम नीलामी दर को कम करने, आरक्षित दरें, जो कि अत्यधिक रख दी गई थीं, को पुनः निर्धारित कर कम तथा बोलीदाता को यथासम्भव सुविधा देते हुये उन्हें आकर्षित करने के उद्देश्य से प्रक्रिया को सरल किया गया था।

इन संशोधनों के बाद सभी नगरीय निकायों से यह अपेक्षा की जाती है कि वे इसकी क्रियान्विती कर अधिशेष भूखण्डों की नीलामी प्रक्रिया में गति लावें, ताकि नगरीय निकायों की आर्थिक स्थिति में सुधार हों। अतः सभी नगरपालिका संस्था, नगर विकास न्यास एवं विकास प्राधिकरण यह रिपोर्ट एक सप्ताह में प्रस्तुत करें कि उक्त प्रावधानों के फलस्वरूप क्या-क्या कार्यवाही की गई है और क्या उपलब्धि रही है?

यह भी ध्यान में आया है कि न्यूनतम नीलामी दर से अधिक बोली प्राप्त होने के पश्चात भी बोली को स्वीकार नहीं किया जा रहा है। इस संभावना में, कि दुबारा बोली लगाने से अधिक बोली प्राप्त होगी: बिना किसी कारण या आधार के पुनः नीलाम करने या पूर्णतया रद्द करने का आदेश अधिकारी जारी कर देते हैं, जिससे वर्तमान बाजार स्थिति में संस्थाओं को विकास हेतु आय प्राप्त नहीं होती।

अतः निर्देश दिया जाता है कि न्यूनतम बोली से अधिक बोली आने पर भूखण्ड की नीलामी को अस्वीकार नहीं किया जावे। न्यूनतम नीलामी दर से अधिक बोली प्रस्तुत होने के

पश्चात् भी यदि न्यास / प्राधिकरण / निकाय द्वारा बोली को स्वीकार नहीं किया गया है, तो ऐसे प्रकरणों की सूची मय पत्रावली एक सप्ताह में राज्य सरकार को प्रेषित की जाएँ।"

18. In view of the order dated 07.01.2020 issued by the State Government of which the respondent- Rajasthan Housing Board is a subsidiary, the decision of the respondents in cancelling the highest bid of the petitioner does not seem to be justified and is contrary to their own policy.

19. Learned counsel appearing for the respondent- Rajasthan Housing Board has also submitted that there are no malafides on the part of the respondents in cancelling the highest bid of the petitioner and it was in the interest of the State Exchequer as more price could be fetched by re-auction and the decision for cancelling the highest bid of the petitioner was a collective decision of the Rajasthan Housing Board.

20. The respondents have not been able to point out any irregularity or any kind of fraud or collusion in the auction proceedings and they have also not pointed out any kind of misrepresentation on the part of the petitioner. Though there may not be any direct evidence of malafides, as submitted by the counsel appearing for the respondent- Rajasthan Housing Board, however, the decision of the Hon'ble Minister for putting the plot in question in re-auction without even referring the matter to the Managing Board, which was

competent to take the decision, speaks of the malafides and hanky panky.

21. In view of the discussion made above, this Court can safely held that the action of the respondents in cancelling the highest bid of the petitioner is *per se* illegal, arbitrary and unconstitutional and therefore, the impugned order dated 13.12.2022 passed by the Dy. Housing Commissioner, Cirlce-II, Jaipur, deserves to be quashed and set aside.

22. Accordingly, the writ petition is allowed. The order dated 13.12.2022 passed by the Dy. Housing Commissioner, Cirlce-II, Jaipur of cancelling the highest bid of the petitioner is quashed and set aside and the respondents are directed to accept the highest bid of the petitioner for auction of commercial Plot Plot No.26, V.T. Road, Mansarovar, in furtherance of the auction held between 21st September 2022 to 23rd September 2022.

23. The respondents shall issue a confirmation of auction-cum-demand letter to the petitioner within a period of 60 (sixty) days. If any amount as deposited by the petitioner earlier and refunded to the petitioner, that shall also be deposited by the petitioner along-with the remaining bid amount after issuance of confirmation of auction-cum-demand letter by the respondents in favour of the petitioner.

24. No order as to costs.

25. In view of the order passed in the main petition, the stay application and pending application/s, if any also stand disposed of.

(GANESH RAM MEENA),J

Sharma NK/Dy. Registrar