

IN THE HIGH COURT OF ANDHRA PRADESH: AT AMARAVATI

WRIT PETITION Nos: 31871, 32835 of 2022, 30041 of 2023 & 1690 of 2024

WRIT PETITION NO: 31871 of 2022

Between:

V.Rabbani Basha

.. Petitioner

And

The State of Andhra Pradesh,
Rep. by its Principle Secretary,
Department of Panchayat Raj
And Rural Development and 5 others.

.. Respondents

WRIT PETITION NO: 32835 of 2022

Between:

V.Rabbani Basha

.. Petitioner

And

The State of Andhra Pradesh,
Rep. by its Principle Secretary,
Department of Panchayat Raj
And Rural Development and 5 others.

.. Respondents

WRIT PETITION NO: 30041 of 2023

Between:

V.Rabbani Basha

.. Petitioner

And

The State of Andhra Pradesh,
Rep. by its Principle Secretary,
Municipal Administration & Urban Development
Department and 3 others.

.. Respondents

WRIT PETITION NO: 1690 of 2024

Between:

V.Rabbani Basha

.. Petitioner

And

The Vice Chairman cum Managing
Director (APSRTC), Amaravathi and 3 others.

.. Respondents

DATE OF ORDER PRONOUNCED: 05.01.2026**HON'BLE Mr. JUSTICE GANNAMANENI RAMAKRISHNA PRASAD**

1. Whether Reporters of Local Newspapers may be allowed to see the Judgments? : Yes/No
2. Whether the copies of judgment may be marked to Law Reports/Journals? : Yes/No
3. Whether Their Ladyship/Lordship wish to see the fair copy of the Judgment? : Yes/No

GANNAMANENI RAMAKRISHNA PRASAD, J

***HON'BLE Mr. JUSTICE GANNAMANENI RAMAKRISHNA PRASAD**

+ WRIT PETITION Nos: 31871, 32835 of 2022, 30041 of 2023 & 1690 of 2024

% DATE: 05.01.2026

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WRIT PETITION NO: 32835 of 2022

Between:

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The State of Andhra Pradesh,
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Department of Panchayat Raj
And Rural Development and 5 others.

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WRIT PETITION NO: 30041 of 2023

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WRIT PETITION NO: 1690 of 2024

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V.Rabbani Basha

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And

The Vice Chairman cum Managing
Director (APSRTC), Amaravathi and 3 others.

.. Respondents

! Counsel for the petitioners :

Heard Sri Venkateswarlu Kolla, learned Counsel for the Writ Petitioners in W.P.No.1690 of 2024, 30041 of 2023, Smt. G. Urmila, learned Counsel appearing on behalf of Smt. P. Vijaya Kumari, learned Counsel for the Writ Petitioner in W.P.No.32835 of 2022.

^Counsel for respondents :

Sri Aravala Rama Rao, learned Standing Counsel for APSRTC.

< Gist:

➤ Head Note:

?CASES REFERRED:

1. (1973) 3 SCC 489
2. (1980) 4 SCC 1
3. (2004) 3 SCC 214
4. (2011) 6 SCC 508
5. (2012) 10 SCC 1
6. (2018) 6 SCC 1
7. (2024) 15 SCC 461
8. 2024 SCC OnLine 3432
9. 2025 SCC OnLine 2368

Judgment reserved on	16.12.2025
Judgment pronounced on	05.01.2026
Judgment uploaded on	08.01.2026

APHC010520862022



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

[3328]

MONDAY, THE FIFTH DAY OF JANUARY
TWO THOUSAND AND TWENTY SIX

PRESENT

**THE HONOURABLE SRI JUSTICE GANNAMANENI RAMAKRISHNA
PRASAD**

**WRIT PETITION NOS: 31871, 32835 OF 2022, 30041 OF 2023 &
1690 OF 2024**

Between:

1.V.RABBANI BASHA, S/O V.AMEER BASHA, AGED ABOUT 36 YEARS, OCC- CONTRACTOR, RESIDENT OF KALASAPADU VILLAGE AND MANDAL, YSR KADAPA DISTRICT

...PETITIONER

AND

- 1.THE STATE OF ANDHRA PRADESH, REP. BY ITS PRINCIPLE SECRETARY, DEPARTMENT OF PANCHAYAT RAJ AND RURAL DEVELOPMENT, SECRETARIAT, VELAGAPUDI, AMARAVATHI.
- 2.THE DISTRICT COLLECTOR, YSR KADAPA DISTRICT AT KADAPA.
- 3.THE DISTRICT PANCHAYAT OFFICER, KADAPA, YSR KADAPA DISTRICT.
- 4.THE KALASAPADU GRAMPANCHYAT, REP. BY ITS PANCHAYAT SECRETARY, KALASAPADU MANDAL, YSR KADAPA DISTRICT.
- 5.THE TAHSILDAR, KALASAPADU MANDAL, YSR KADAPA DISTRICT.
- 6.SMT Y SIVA LEELA, W/O Y.SRIDHAR, AGED ABOUT 32 YEARS,

OCC- SARPANCH, KALASAPADU GRAMPANCHAYAT AND
MANDAL, YSR KADAPA DISTRICT.

...RESPONDENT(S):

Counsel for the Petitioner:

1.VUTUPALLI RAJANNA

Counsel for the Respondent(S):

1.GP FOR REVENUE

2.GP FOR PANCHAYAT RAJ RURAL DEV

3.Mattegunta.Sudhir,Standing Counsel For Z.P.Ps,M.P.Ps,Gram
Panchayats

WRIT PETITION NO: 32835 OF 2022

Between:

1.V.RABBANI BASHA, S/O V.AMEER BASHA, AGED ABOUT 36
YEARS, OCC- CONTRACTOR, RESIDENT OF KALASAPADU
VILLAGE AND MANDAL, YSR KADAPA DISTRICT

...PETITIONER

AND

1.THE STATE OF ANDHRA PRADESH, REP. BY ITS PRINCIPLE
SECRETARY, DEPARTMENT OF PANCHAYAT RAJ AND RURAL
DEVELOPMENT, SECRETARIAT, VELAGAPUDI, AMARAVATHI.

2.THE DISTRICT COLLECTOR, YSR KADAPA DISTRICT AT KADAPA.

3.THE DISTRICT PANCHAYAT OFFICER, KADAPA, YSR KADAPA
DISTRICT.

4.THE KALASAPADU GRAMPANCHAYAT, REP. BY ITS PANCHAYAT
SECRETARY, KALASAPADU MANDAL, YSR KADAPA DISTRICT

5.THE TAHSILDAR, KALASAPADU MANDAL, YSR KADAPA DISTRICT.

6.SMT Y SIVA LEELA, W/O Y.SRIDHAR, AGED ABOUT 32 YEARS,
OCC- SARPANCH, KALASAPADU GRAMPANCHAYAT AND

MANDAL, YSR KADAPA DISTRICT.

...RESPONDENT(S):

Counsel for the Petitioner:

1.P VIJAYA KUMARI

Counsel for the Respondent(S):

1.GP FOR REVENUE

2.GP FOR PANCHAYAT RAJ RURAL DEV

3.Mattegunta.Sudhir,Standing Counsel For Z.P.Ps,M.P.Ps,Gram Panchayats

WRIT PETITION NO: 30041 OF 2023

Between:

1.V.RABBANI BASHA, , S/O.V.AMEER BASHA, AGED ABOUT 40 YEARS, R/O.D.NO.2/100, MAIN BAZAR, KOTHA BAVI STREET, KALASAPADU, YSR KADAPA DISTRICT.

...PETITIONER

AND

1.THE STATE OF ANDHRA PRADESH, REPRESENTED BY ITS PRINCIPAL SECRETARY, MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT DEPARTMENT, A.P. SECRETARIAT, VELAGAPUDI, AMARAVATI, GUNTUR DISTRICT.

2.THE MUNICIPAL COMMISSIONER, YARRAGUNTALA MUNICIPALITY, YARRAGUNTALA, YSR KADAPA DISTRICT

3.THE REGIONAL MANAGER, ANDHRA PRADESH STATE ROAD TRANSPORT CORPORATION, YSR KADAPA DISTRICT.

4.THE DEPOT MANAGER, APSRTC, PRODDATUR DEPOT, YSR KADAPA DISTRICT.

...RESPONDENT(S):

Counsel for the Petitioner:

1.VENKATESWARLU KOLLA

Counsel for the Respondent(S):

- 1.GP FOR MUNICIPAL ADMN URBAN DEV
- 2.N RANGA REDDY (SC MC RSEEMA SPSR NLR)
- 3.K VISWANATHAM (SC FOR APSRTC)

WRIT PETITION NO: 1690 OF 2024

Between:

- 1.V. RABBANI BASHA,, S/O V. AMEER BASHA, AGED 36 YEARS, BUSINESS, R/O. 2/100, MAIN BAZAR, KALASAPADU (PANDM), KADAPA, YSR DISTRICT.

...PETITIONER

AND

- 1.THE VICE CHAIRMAN CUM MANAGING DIRECTOR APSRTC, AMARAVATI, GUNTUR DISTRICT.
- 2.THE REGIONAL MANAGER APSRTC, KADAPA REGION, YSR DISTRICT.
- 3.THE DISTRICT PUBLIC TRANSPORT OFFICER APSRTC, KADAPA - YSR DISTRICT.
- 4.THE DEPOT MANAGER APSRTC, PRODDUTUR, KADAPA - YSR DISTRICT

...RESPONDENT(S):

Counsel for the Petitioner:

- 1.VENKATESWARLU KOLLA

Counsel for the Respondent(S):

- 1.ARAVALA RAMA RAO(SC FOR APSRTC KKAC)

The Court made the following COMMON ORDER:

Heard Sri Venkateswarlu Kolla, learned Counsel for the Writ Petitioners in W.P.No.1690 of 2024, 30041 of 2023, Smt. G. Urmila, learned Counsel appearing on behalf of Smt. P. Vijaya Kumari, learned Counsel for the Writ Petitioner in W.P.No.32835 of 2022 and Sri Aravala Rama Rao, learned Standing Counsel for APSRTC.

2. The Writ Petitioner is the same person in all the four Writ Petitions. As no cause survives in W.P.Nos.31871, 32835 of 2022 & 30041 of 2023, these Writ Petitions have become infructuous.

3. The Writ Petition bearing W.P.No.1690 of 2024 is filed seeking the following relief :

“.....to issue Writ, Order or Orders more particularly in the nature of Writ of Mandamus declaring the action of District Public Transport Officer (Respondent 3) in issuing termination orders of my licence dated 08-12-2023 for open space No. 03, 04 , 06 ,07, 10 and also open space No. 05 & 08 dated 15-11-2023 and also inviting fresh tenders dated 4-1-2024 for open spaces in Erraguntla Bus Station of Kadapa, YSR District as illegal, arbitrary, capricious and against principles of natural justice offending articles 14, 19, 21 and article 300 of the Constitution of India and consequently quash or set aside the termination orders dated 8-12-2023 for open space No. 03, 04 , 06 ,07, 10 and 15-11-2023 for open space No. 05 & 08 and also the tender notification dated 4-1-2024 issued by the District Public Transport Officer Kadapa, YSR District and pass such other Order or Orders as may deem fit and necessary in the circumstances of the case”

FACTS AS PER WRIT PETITIONER:

4. The above prayer would indicate that the Writ Petitioner is aggrieved of the Termination Orders of his licences in respect of Open Space Nos.3,4,5,6, 7,8,10. The Writ Petitioner is also aggrieved of the issuance of the latest Tender Notification dated 04.01.2024 for the above mentioned Open Spaces (Ex.P.1). The above prayer would indicate that the Termination Orders were passed in the months of November and December, 2023, and thereafter, the

Respondents have issued Tender Notification dated 04.01.2024. Previously, the Respondent APSRTC Kadapa Region has called for bidding of Open Spaces and issued Tender Notification dated 05.01.2022 for grant of licences for doing different kind of businesses at Yerraguntla Bus Station by fixing a monthly licence fee. The Writ Petitioner had participated in the Tender process and secured allotment letters for Open Spaces dated 31.03.2022 for Open Stall Nos.5 to 10 for the purpose of running different businesses for a period of five years. Licence fee for each of the Open Spaces was payable on monthly basis. The Writ Petitioner entered into an Agreement for running the said Open Spaces on 16.06.2022. The Writ Petitioner has also entered into an Agreement on 25.04.2023. It is submitted by the learned Counsel for the Writ Petitioner that the Respondents have issued Show Cause Notices dated 10.10.2023, 20.11.2023 & 24.11.2023 in respect of payment of monthly licence fee for the months of November, 2023.

5. The Writ Petitioner has filed W.P.No.28876 of 2023 challenging the said Show Cause Notices dated 10.10.2023, 20.11.2023 & 24.11.2023. Vide Order dated 03.11.2023, this Court has disposed of the W.P.No.28876 of 2023 directing the Writ Petitioner to submit the explanation to the Show Cause Notices that were issued to him. Thereafter, the Writ Petitioner has received the Orders of Termination dated 15.11.2023 & 08.12.2023 immediately. Thereafter, the Respondent Corporation herein has called for Tenders on 04.01.2025 for grant of licences for the stalls/Open Spaces which were meant for different kind of businesses in the Open Stall Nos.2,5,6,7,8,9,10 at Yerraguntla Bus Station. Licence Fee was payable monthly. Aggrieved by the Tender Notification dated 04.01.2024, the Writ Petitioner has filed the W.P.No.1690 of 2024 (the present Writ Petition). Vide Order dated 23.01.2024, this Court has directed the Respondents not to finalize the Tenders under Notification dated 04.01.2024.

VERSION OF APSRTC:

6. The Respondent Corporation has filed the Counter-Affidavit through its Law Officer on 19.02.2024 along with material documents. It is submitted that vide Proceeding dated 28.05.2022, the Respondent Corporation has handed over the Open Space Nos.5,7,8,9,10 of 150 square feet each to the Writ Petitioner. This document is filed along with the Counter-Affidavit. The cardinal contention of the Respondent – APSRTC is that the Writ Petitioner had grossly violated the conditions of licence by sub-letting the Open Spaces secured by him to the third parties. The Respondent Corporation has placed on record the Letters given by the sub-tenants confirming the position that the Writ Petitioner has sub-let the Open Spaces. One such Letter is given by Sri N. Reddappa dated 18.01.2024 stating that he has taken the Open Space as sub-tenant from the Writ Petitioner and he has been paying the rents regularly. Similar letter was also given by one Sri T. Venkata Subbaiah dated 14.11.2023. One more Letter of similar nature is given by Sri N. Reddappa in respect to another shop (Open Space) on 14.11.2023. Similar Letter is submitted by one Sri Bala Subramanyam that he has taken Open Space as sub-tenant from the Writ Petitioner and he has been paying monthly rent of Rs.8,500/-. The Respondent Corporation has also filed the transaction details in respect of the said amounts paid by the sub-tenant as evidence against the Writ Petitioner.

7. There is no rebuttal from the side of Writ Petitioner in respect of the allegations made by the Respondent Corporation that the Writ Petitioner has violated the terms of the licence by sub-letting the Open Spaces to the third parties. Strangely, the Writ Petitioner took the plea that third parties have illegally occupied the Open Spaces despite the fact that there is overwhelming evidence to the contrary to the effect that the Writ Petitioner had sub-let the Open Spaces to third parties. The Official Respondents have placed on record the written confirmation by such third parties/sub-tenants that they are regularly paying the rents to the Writ Petitioner.

ANALYSIS:

8. Having considered the facts as presented by both the parties, this Court has noticed that the Respondent Corporation has given several Open Spaces to one single person by imposing conditions that each of the Open Space is earmarked for a particular kind of business and that licensee is required to undertake only that business without any deviation.

9. It is the case of the Respondents that the Writ Petitioner has secured licences in favour of several Open Spaces (as already indicated supra). The Writ Petitioner has not only committed default of licence fee/rent but also violated the conditions of the licence by sub-letting the Open Spaces to the third parties. The Respondent Corporation has filed the Letters collected from the sub-tenants clearly evidencing that the Writ Petitioner has indulged in sub-letting the premises and that the sub-tenants were not carrying on the businesses which are indicated and earmarked by the Respondent Corporation for each of the Open Spaces and therefore, this is the third violation of the conditions of licence. Since these facts have not been rebutted by the Writ Petitioner, this Court has no other option but to accept the contentions of the Respondent Corporation that the Writ Petitioner has violated the conditions of the licence, inasmuch as the Writ Petitioner has sub-let the Open Spaces to the third parties in violation of the licence conditions. The Writ Petitioner has also violated the terms of the licence inasmuch as the businesses earmarked for the Open Spaces have not been followed by the Writ Petitioner beside the default of non-payment of licence fee/monthly rents. On the contrary, the Writ Petitioner had approached this Court with unclean hands inasmuch as Writ Petitioner had complained of illegal encroachment by third parties which he had illegally sub-let the Open Spaces to the third parties or sub-tenants in violation of the conditions of the licence.

10. In this view of the matter, this Court is of the opinion that the present Writ Petition is devoid of any merit. Accordingly, this Writ Petition is dismissed. No Order as to Costs.

11. As indicated above, the other Writ Petitions bearing W.P.Nos.31871, 32835 of 2022 & 30041 of 2023 have become infructuous and accordingly disposed of as such.

12. Before parting with this case, this Court is rather duty bound to opine and hold that the very practice adopted by the APSRTC by granting several licences in favour of one single person i.e., the Writ Petitioner is a pernicious practice, thereby giving scope to the Writ Petitioner to sub-let the Open Spaces to the third parties unauthorisedly, thereby violating the conditions of the licences. This apart, granting of several licences to a single person has also created a vested interest inasmuch as State largesse ought not to have been granted to a single person, thereby creating monopoly. It is the incumbent duty on the part of the Respondent Authorities to ensure that each Open Space is allocated to a different person, since such State largesse is created with an avowed object of ensuring that the material resources of the community are so distributed as best to sub-serve the common good (Article 39 (b)); and that the State shall in particular, strive to minimize the inequalities in income (Article 38 (2)) on one hand and to prevent development of vested interest or monopoly on the other hand.

13. Articles 38 and 39 of the Constitution of India are usefully extracted hereunder:

“38. State to secure a social order for the promotion of welfare of the people.—

(1) The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life.

(2) The State shall, in particular, strive to minimise the inequalities in income, and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations.

(Emphasis Supplied)

39. Certain principles of policy to be followed by the State.—The State shall, in particular, direct its policy towards securing—

(a) that the citizens, men and women equally, have the right to an adequate means to livelihood;

(b) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good;

(c) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment;

(d) that there is equal pay for equal work for both men and women;

(e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength;

(f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment.”

(Emphasis Supplied)

14. The above view as expressed by this Court is fortified by various decisions of the Hon'ble Supreme Court. In ***Ramana Dayaram Shetty V. International Airport Authority of India and Others:*** (1979) 3 SCC 489 in Para-11 and 12 the Hon'ble Apex Court has held as under:

“11. Today the Government in a welfare State, is the regulator and dispenser of special services and provider of a large number of benefits, including jobs, contracts, licences, quotas, mineral rights, etc. The Government pours forth wealth, money, benefits, services, contracts, quotas and licences. The valuables dispensed by Government take many forms, but they all share one characteristic. They are steadily taking the place of traditional forms of wealth. These

*valuables which derive from relationships to Government are of many kinds. They comprise social security benefits, cash grants for political sufferers and the whole scheme of State and local welfare. Then again, thousands of people are employed in the State and the Central Governments and local authorities. **Licences are required before one can engage in many kinds of businesses or work. The power of giving licences means power to withhold them and this gives control to the Government or to the agents of Government on the lives of many people. Many individuals and many more businesses enjoy largessee in the form of Government contracts.*** These contracts often resemble subsidies. It is virtually impossible to lose money on them and many enterprises are set up primarily to do business with Government. Government owns and controls hundreds of acres of public land valuable for mining and other purposes. **These resources are available for utilisation by private corporations and individuals by way of lease or licence. All these mean growth in the Government largessee and with the increasing magnitude and range of governmental functions as we move closer to a welfare State, more and more of our wealth consists of these new forms.** Some of these forms of wealth may be in the nature of legal rights but the large majority of them are in the nature of privileges. But on that account, can it be said that they do not enjoy any legal protection? Can they be regarded as gratuity furnished by the State so that the State may withhold, grant or revoke it at its pleasure? Is the position of the Government in this respect the same as that of a private giver? We do not think so. The law has not been slow to recognise the importance of this new kind of wealth and the need to protect individual interest in it and with that end in view, it has developed new forms of protection. Some interests in Government largessee, formerly regarded as privileges, have been recognised as rights while others have been given legal protection not only by forging procedural safeguards but also by confining/structuring and checking Government discretion in the matter of grant of such largessee. The discretion of the Government has been held to be not unlimited in that the Government cannot give or withhold largessee in its arbitrary discretion or at its sweet will. **It is insisted, as pointed out by Prof. Reich in an especially stimulating article on "The New Property" in 73 Yale Law Journal 733, "that Government action be based on standards that are not arbitrary or unauthorised".** The Government cannot be permitted to say that it will give jobs or enter into contracts or issue quotas or licences only in favour of those having grey hair or

belonging to a particular political party or professing a particular religious faith. The Government is still the Government when it acts in the matter of granting largessee and it cannot act arbitrarily. It does not stand in the same position as a private individual.

12. We agree with the observations of Mathew, J., in *V. Punnann Thomas v. State of Kerala* [AIR 1969 Ker 81] that:

“The Government, is not and should not be as free as an individual in selecting the recipients for its largessee. Whatever its activity, the Government is still the Government and will be subject to restraints, inherent in its position in a democratic society. A democratic Government cannot lay down arbitrary and capricious standards for the choice of persons with whom alone it will deal.”

The same point was made by this Court in *Erusian Equipment and Chemicals Ltd. v. State of West Bengal* [(1975) 1 SCC 70 : (1975) 2 SCR 674] where the question was whether blacklisting of a person without giving him an opportunity to be heard was bad? Ray, C.J., speaking on behalf of himself and his colleagues on the Bench pointed out that blacklisting of a person not only affects his reputation which is, in Poundian terms, an interest both of personality and substance, but also denies him equality in the matter of entering into contract with the Government and it cannot, therefore, be supported without fair hearing. It was argued for the Government that no person has a right to enter into contractual relationship with the Government and the Government, like any other private individual, has the absolute right to enter into contract with any one it pleases. But the Court, speaking through the learned Chief, Justice, responded that the Government is not like a private individual who can pick and choose the person with whom it will deal, but the Government is still a Government when it enters into contract or when it is administering largessee and it cannot, without adequate reason, exclude any person from dealing with it or take away largessee arbitrarily. ***The learned Chief Justice said that when the government is trading with the public, “the democratic form of Government demands equality and absence of arbitrariness and discrimination in such transactions. . . The activities of the Government have a public element and, therefore, there should be fairness and equality. The State need not enter into any contract***

with anyone, but if it does so, it must do so fairly without discrimination and without unfair procedure". This proposition would hold good in all cases of dealing by the Government with the public, where the interest sought to be protected is a privilege. It must, therefore, be taken to be the law that where the Government is dealing with the public, whether by way of giving jobs or entering into contracts or issuing quotas or licences or granting other forms of largessee, the Government cannot act arbitrarily at its sweet will and, like a private individual, deal with any person it pleases, but its action must be in conformity with standard or norms which is not arbitrary, irrational or irrelevant. The power or discretion of the Government in the matter of grant of largessee including award of jobs, contracts, quotas, licences, etc. must be confined and structured by rational, relevant and non-discriminatory standard or norm and if the Government departs from such standard or norm in any particular case or cases, the action of the Government would be liable to be struck down, unless it can be shown by the Government that the departure was not arbitrary, but was based on some valid principle which in itself was not irrational, unreasonable or discriminatory."

(Emphasis Supplied)

15. In ***Kasturi Lal Lakshmi Reddy v. State of J&K***: (1980) 4 SCC 1, the Hon'ble Apex Court held in Para Nos. 12 to 14 as under.

"12. Now what is the test of reasonableness which has to be applied in order to determine the validity of governmental action. It is undoubtedly true, as pointed out by Patanjali Sastri, J., in State of Madras v. V.G. Row [(1952) 1 SCC 410 : 1952 SCR 597 : AIR 1952 SC 126 : 1952 Cri LJ 966] that in forming his own conception of what is reasonable, in all the circumstances of a given case, it is inevitable that the social philosophy and the scale of values of the judge participating in the decision, would play an important part, but even so, the test of reasonableness is not a wholly subjective test and its contours are fairly indicated by the Constitution. The concept of reasonableness in fact pervades the entire constitutional scheme. The interaction of Articles 14, 19 and 21 analysed by this Court in Maneka Gandhi v. Union of India [(1978) 1 SCC 248 : (1978) 2 SCR 621] clearly demonstrates that the requirement of reasonableness runs like a golden thread through the entire fabric of

fundamental rights and, as several decisions of this Court show, this concept of reasonableness finds its positive manifestation and expression in the lofty ideal of social and economic justice which inspires and animates the directive principles. It has been laid down by this Court in *E. P. Royappa v. State of Tamil Nadu* [(1974) 4 SCC 3 : (1974) 2 SCR 348] and *Maneka Gandhi case* [(1978) 1 SCC 248 : (1978) 2 SCR 621] that Article 14 strikes at arbitrariness in State action and since the principle of reasonableness and rationality, which is legally as well as philosophically an essential element of equality or non-arbitrariness, is projected by this Article, it must characterise every governmental action, whether it be under the authority of law or in exercise of executive power without making of law. **So also the concept of reasonableness runs through the totality of Article 19 and requires that restrictions on the freedoms of the citizen, in order to be permissible, must at the best be reasonable. Similarly Article 21 in the full plenitude of its activist magnitude as discovered by Maneka Gandhi case [(1978) 1 SCC 248 : (1978) 2 SCR 621] insists that no one shall be deprived of his life or personal liberty except in accordance with procedure established by law and such procedure must be reasonable, fair and just. The directive principles concretise and give shape to the concept of reasonableness envisaged in Articles 14, 19 and 21 and other Articles enumerating the fundamental rights. By defining the national aims and the constitutional goals, they set forth the standards or norms of reasonableness which must guide and animate governmental action.** Any action taken by the Government with a view to giving effect to anyone or more of the directive principles would ordinarily, subject to any constitutional or legal inhibitions or other overriding considerations, qualify for being regarded as reasonable, while an action which is inconsistent with or runs counter to a directive principle would *prima facie* incur the reproach of being unreasonable.

13. So also the concept of public interest must as far as possible receive its orientation from the directive principles. What according to the founding fathers constitutes the plainest requirement of public interest is set out in the directive principles and they embody par excellence the constitutional concept of public interest. If, therefore, any governmental action is calculated to implement or give effect to a directive principle, it would ordinarily, subject to any other overriding considerations, be informed with public interest.

14. Where any governmental action fails to satisfy the test of reasonableness and public interest discussed above and is found to be wanting in the quality of reasonableness or lacking in the element of public interest, it would be liable to be struck down as invalid. It must follow as a necessary corollary from this proposition that the Government cannot act in a manner which would benefit a private party at the cost of the State; such an action would be both unreasonable and contrary to public interest. The Government, therefore, cannot, for example, give a contract or sell or lease out its property for a consideration less than the highest that can be obtained for it, unless of course there are other considerations which render it reasonable and in public interest to do so. Such considerations may be that some directive principle is sought to be advanced or implemented or that the contract or the property is given not with a view to earning revenue but for the purpose of carrying out a welfare scheme for the benefit of a particular group or section of people deserving it or that the person who has offered a higher consideration is not otherwise fit to be given the contract or the property. We have referred to these considerations only illustratively, for there may be an infinite variety of considerations which may have to be taken into account by the Government in formulating its policies and it is on a total evaluation of various considerations which have weighed with the Government in taking a particular action, that the court would have to decide whether the action of the Government is reasonable and in public interest. But one basic principle which must guide the court in arriving at its determination on this question is that there is always a presumption that the governmental action is reasonable and in public interest and it is for the party challenging its validity to show that it is wanting in reasonableness or is not informed with public interest. This burden is a heavy one and it has to be discharged to the satisfaction of the court by proper and adequate material. The court cannot lightly assume that the action taken by the Government is unreasonable or without public interest because, as we said above, there are a large number of policy considerations which must necessarily weigh with the Government in taking action and therefore the court would not strike down governmental action as invalid on this ground, unless it is clearly satisfied that the action is unreasonable or not in public interest. But where it is so satisfied, it would be the plainest duty of the court under the Constitution to invalidate the governmental action. This is one of the most important functions of the court and also

one of the most essential for preservation of the rule of law. It is imperative in a democracy governed by the rule of law that governmental action must be kept within the limits of the law and if there is any transgression, the court must be ready to condemn it. **It is a matter of historical experience that there is a tendency in every Government to assume more and more powers and since it is not an uncommon phenomenon in some countries that the legislative check is getting diluted, it is left to the court as the only other reviewing authority under the Constitution to be increasingly vigilant to ensure observance with the rule of law and in this task, the court must not flinch or falter.** It may be pointed out that this ground of invalidity, namely, that the governmental action is unreasonable or lacking in the quality of public interest, is different from that of mala fides though it may, in a given case, furnish evidence of mala fides.”

(Emphasis Supplied)

16. In **Jamshed Hormusji Wadia v. Board of Trustees, Port of Mumbai and another:** (2004) 3 SCC 214, the Hon'ble Apex Court held in Para-18 as under:

“18. In our opinion, in the field of contracts the State and its instrumentalities ought to so design their activities as would ensure fair competition and non-discrimination. They can augment their resources but the object should be to serve the public cause and to do public good by resorting to fair and reasonable methods. The State and its instrumentalities, as the landlords, have the liberty of revising the rates of rent so as to compensate themselves against loss caused by inflationary tendencies. They can — and rather must — also save themselves from negative balances caused by the cost of maintenance, payment of taxes and costs of administration. The State, as the landlord, need not necessarily be a benevolent and good charitable Samaritan. The felt need for expanding or stimulating its own activities or other activities in the public interest having once arisen, the State need not hold its hands from seeking eviction of its lessees. However, the State cannot be seen to be indulging in rack-renting, profiteering and indulging in whimsical or unreasonable evictions or bargains.”

(Emphasis Supplied)

17. In ***NOIDA Entrepreneurs Assn. v. NOIDA***: (2011) 6 SCC 508, the Hon'ble Supreme Court held in Paras 38 to 41 as under:

“38. The State or the public authority which holds the property for the public or which has been assigned the duty of grant of largessee, etc. acts as a trustee and, therefore, has to act fairly and reasonably. Every holder of a public office by virtue of which he acts on behalf of the State or public body is ultimately accountable to the people in whom the sovereignty vests. As such, all powers so vested in him are meant to be exercised for public good and promoting the public interest. Every holder of a public office is a trustee.

39. State actions are required to be non-arbitrary and justified on the touchstone of Article 14 of the Constitution. Action of the State or its instrumentality must be in conformity with some principle which meets the test of reason and relevance. Functioning of a “democratic form of Government demands equality and absence of arbitrariness and discrimination”. The rule of law prohibits arbitrary action and commands the authority concerned to act in accordance with law. Every action of the State or its instrumentalities should neither be suggestive of discrimination, nor even apparently give an impression of bias, favouritism and nepotism. If a decision is taken without any principle or without any rule, it is unpredictable and such a decision is antithesis to the decision taken in accordance with the rule of law.

40. The public trust doctrine is a part of the law of the land. The doctrine has grown from Article 21 of the Constitution. In essence, the action/order of the State or State instrumentality would stand vitiated if it lacks bona fides, as it would only be a case of colourable exercise of power. The rule of law is the foundation of a democratic society. [Vide Erusian Equipment & Chemicals Ltd. v. State of W.B. [(1975) 1 SCC 70 : AIR 1975 SC 266] , Ramana Dayaram Shetty v. International Airport Authority of India [(1979) 3 SCC 489 : AIR 1979 SC 1628] , Haji T.M. Hassan Rawther v. Kerala Financial Corpn. [(1988) 1 SCC 166 : AIR 1988 SC 157] , Shrilekha Vidyarthi v. State of U.P. [(1991) 1 SCC 212 : 1991 SCC (L&S) 742 : AIR 1991 SC 537] and M.I. Builders (P) Ltd. v. Radhey Shyam Sahu [(1999) 6 SCC 464 : AIR 1999 SC 2468] .]

41. Power vested by the State in a public authority should be viewed as a trust coupled with duty to be

exercised in larger public and social interest. Power is to be exercised strictly adhering to the statutory provisions and fact situation of a case. **“Public authorities cannot play fast and loose with the powers vested in them.”** A decision taken in an arbitrary manner contradicts the principle of legitimate expectation. **An authority is under a legal obligation to exercise the power reasonably and in good faith to effectuate the purpose for which power stood conferred. In this context, “in good faith” means “for legitimate reasons”. It must be exercised bona fide for the purpose and for none other.** [Vide Commr. of Police v. Gordhandas Bhanji [1951 SCC 1088 : AIR 1952 SC 16] , Sirsi Municipality v. Cecelia Kom Francis Tellis [(1973) 1 SCC 409 : 1973 SCC (L&S) 207 : AIR 1973 SC 855] , State of Punjab v. Gurdial Singh [(1980) 2 SCC 471 : AIR 1980 SC 319] , Collector (District Magistrate) v. Raja Ram Jaiswal [(1985) 3 SCC 1 : AIR 1985 SC 1622] , Delhi Admn. v. Manohar Lal [(2002) 7 SCC 222 : 2002 SCC (Cri) 1670] and N.D. Jayal v. Union of India [(2004) 9 SCC 362 : AIR 2004 SC 867] .]”

(Emphasis Supplied)

18. In **Natural Resources Allocation, In re, Special Reference No. 1 of 2012**: (2012) 10 SCC 1, the Hon’ble Apex Court held in Para-107 as under:

“107. From a scrutiny of the trend of decisions it is clearly perceivable that the action of the State, whether it relates to distribution of largessee, grant of contracts or allotment of land, is to be tested on the touchstone of Article 14 of the Constitution. A law may not be struck down for being arbitrary without the pointing out of a constitutional infirmity as McDowell case [(1996) 3 SCC 709] has said. Therefore, a State action has to be tested for constitutional infirmities qua Article 14 of the Constitution. **The action has to be fair, reasonable, non-discriminatory, transparent, non-capricious, unbiased, without favouritism or nepotism, in pursuit of promotion of healthy competition and equitable treatment. It should conform to the norms which are rational, informed with reasons and guided by public interest, etc.** All these principles are inherent in the fundamental conception of Article 14. This is the mandate of Article 14 of the Constitution of India.”

(Emphasis Supplied)

19. The Hon'ble Supreme Court had highlighted the requirement of balancing the fundamental rights harmoniously with the directive principles of State policy in ***Lok Prahari through its General Secretary v. State of U.P., and others: (2018) 6 SCC 1***, the Hon'ble Apex Court held in Paras 23 and 24 as under:

23. Similarly, in *Akhil Bhartiya Upbhokta Congress v. State of M.P.* [*Akhil Bhartiya Upbhokta Congress v. State of M.P.*, (2011) 5 SCC 29 : (2011) 2 SCC (Civ) 531] this Court held that: (SCC pp. 50-51, para 48)

“48. Part IV contains “directive principles of State policy” which are fundamental in the governance of the country and it is the duty of the State to apply these principles in making laws. Article 39 specifies certain principles of policy which are required to be followed by the State. Clause (b) thereof provides that the State shall, in particular, direct its policy towards securing that the ownership and control of the material resources of the community are so distributed as best to subserve the common good. Parliament and legislatures of the States have enacted several laws and the Governments have, from time to time, framed policies so that the national wealth and natural resources are equitably distributed among all sections of people so that have-nots of the society can aspire to compete with haves.”

(Emphasis Supplied)

24. In *Akhil Bhartiya Upbhokta Congress v. State of M.P.*, (2011) 5 SCC 29 : (2011) 2 SCC (Civ) 531] this Court examined the legality of the action of the Madhya Pradesh Government to allot twenty acres of land to an institution on the basis of application made by the Trust. This Court held that the distribution of State largessee allocation of land, grant of permit, licence, etc. should always be in a fair and equitable manner. It was held that the elements of favouritism or nepotism shall not influence the exercise of discretion by the decision-maker. ***Observing that every action of the public authority should be guided by public interest, free from arbitrariness, in para 65, it was held as under: (SCC p. 60)***

“65. What needs to be emphasised is that the State and/or its agencies/instrumentalities cannot give largessee 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 largessee 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 largessee 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.

(Emphasis Supplied)

19. In ***Subodh Kumar Singh Rathour v. Kolkata Metropolitan Development Authority*** : (2024) 15 SCC 461, the Hon’ble Apex Court held in Para 128 as under:

“128. The sanctity of public tenders lies in their role in upholding the principles of equal opportunity and fairness. Once a contract has come into existence through a valid tendering process, its termination must adhere strictly to the terms of the contract, with the executive powers to be exercised only in exceptional cases by the public authorities and that too in loathe. The courts are duty bound to zealously protect the sanctity of any tender that has been duly conducted and concluded by ensuring that the larger public interest of upholding bindingness of contracts are not sidelined by a capricious or arbitrary exercise of power by the State. It is the duty of the courts to interfere in contractual matters that have fallen prey to an arbitrary action of the authorities in the guise of technical faults, policy change or public interest, etc.”

(Emphasis Supplied)

20. In ***State of Andhra Pradesh and Others v. Dr. Rao, V.B.J. Chelikani and Others*** : 2024 SCC OnLine SC 3432, the Hon'ble Apex Court had held in Para No.46 as under:

“46. Thus, time and again, this Court has held that while the power to distribute and redistribute public assets and resources lie within the State's discretion, such discretion is not absolute. Article 14 and the logic of equality impose fetters on the exercise of this discretionary power. Therefore, it cannot be questioned or contested that state policy and executive action must satisfy the rigours of Article 14.”

(Emphasis Supplied)

21. In ***Shanti Construction Pvt. Ltd. V. State of Odisha and Others*** : 2025 SCC OnLine SC 2368, the Hon'ble Apex Court had held in Para No.10 as under:

“10. A public tender is not a private bargain. It is instrument of governance, a mechanism through which the State discharges its solemn duty as trustee of public wealth. Its purpose is not merely procedural compliance, but maximisation of public value through a process i.e. fair, transparent and competitive. The obligation of the Tendering Authority is therefore twofold, namely, to interpret its own terms with consistency and to ensure that such interpretation advances, not defeats, the object of tender. The court must intervene in a case of demonstrable misconstruction of a tender condition or irrationality which affects the public interest. When an interpretation of a tender condition narrows competition and excludes the highest bidder on a ground unsupported by law, the decision making process is vitiated. The interpretation of the terms of tender must, therefore, serve the object and purpose of the tender mainly to maximise the revenue to the State, when it deals with a natural resource.”

(Emphasis Supplied)

22. The conduct of the Respondent Corporation in allotting so many Open Spaces in favour of one single person, namely the Writ Petitioner, is deprecated by this Court. The present Tender Notification issued by the

Respondent Corporation dated 04.01.2024 (Ex.P.1) is the same as the earlier Tender Notifications. This Court has perused the conditions in the Tender Notification. This Tender Notification also does not prohibit a single person from bidding for more than one Open Space. The Respondents have carried on with this pernicious practice of allotting several Open Spaces to a single person that leads to monopoly and development of vested interest as indicated above on account of this unhealthy practice. This practice is contrary to public interest. The State largesse is meant to be distributed in favour of persons who are in real need and it ought not to create any vested interest or monopoly in one person. The facts involved in the present case is a classic example of the Writ Petitioner developing vested interest since he had bidden for several shops, thereby giving scope to the Writ Petitioner to sub-let the Open Spaces to several third parties. This indicates that a laxity on the part of the Official Respondents had enabled the Writ Petitioner to create his own eco-system that made him to blatantly abuse the tender conditions and the conditions of licence.

23. In this view of the matter, this Court is inclined to quash the Tender Notification issued by the Respondent Corporation dated 04.01.2024 (Ex.P.1). Accordingly, the Tender Notification bearing Sl.No.E2/797(1)2024-EPTO/Y (Ex.P.1) is quashed and set aside. There shall be a direction to the Official Respondents to refund all the deposits submitted by the bidders including the Writ Petitioner within a period of three weeks from today if not refunded earlier. The Respondent Corporation is directed to prepare a fresh Tender which ensures that a single person cannot bid for more than one licence (for Open Space).

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

GANNAMANENI RAMAKRISHNA PRASAD, J

Dt: 05.01.2026

Note: LR copy to be marked

B/o. JKS/MNR

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HON'BLE SRI JUSTICE GANNAMANENI RAMAKRISHNA PRASAD

W.P.Nos. 31871, 32835 of 2022, 30041 of 2023 & 1690 of 2024

Dt: 05.01.2026

Note: LR copy to be marked

B/o. JKS/MNR