

W.P.No.15544 of 2026

IN THE HIGH COURT OF JUDICATURE AT MADRAS

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DATED: 07.07.2026

CORAM

THE HONOURABLE MR.JUSTICE HEMANT CHANDANGOUDAR

W.P.No.15544 of 2026

1. S.R.P.Pandiyarajan
S/o S.Ramasamy, Shop No 4,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.
- 2.S.Kumar
S/o Murali, Shop No 3, Kattugudalur
Road, Virudhachalam Municipality,
Virudhachalam, Cuddalore District.
- 3.R.Chellapandian
S/o S. Ramasamy, Shop No 5,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.
- 4.K.Manikandan
S/o Krishnamoorthy, Shop No 8
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.
- 5.S.Kalaiselvi
W/o Singaravel, Shop No 10,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.



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6.P.Thillaigovindan
S/o Periyasamy, Shop No 11,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

7. S. Maniraj
S/o Soman, Shop No 15, Kattugudalur
Road, Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

8. K.Balu
S/o Kesavan Shop No 16,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

9. M. Singaravel
S/o murugesan, Shop No 17,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

10. S. Murugan
S/o S. Valli, Shop No 23,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

11. S.Durai
S.Savarimuthu, Shop No 24,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

12. S. thavamani
S/o Savarimuthu, Shop No 25,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.



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13. D.P. Moorthy
S/o Pazhamali, Shop No 26,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

14. P.Vinoth
S/o pandian, Shop No 31,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

15. P.Vinoth
S/o Pandian, Shop No 32,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

16. D.P. Muruganadham
S/o pazhamali, Shop No 33,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

17. P.Jayakumar
S/o Pazhamalai, Shop No 34,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

18. T.Revathi
W/o p. Manikandan, Shop No 37,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

19. S. Raja



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S/o Savarimuthu, Shop No 44,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

20. kanagavalli,
W/o Thangarasu, Shop No 46,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

21. Somasundaram
S/o Padmanathan, Shop No 48
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

22. T.Prabakaran
S/o Thiyagarajan, Shop No 54,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

23. R.Baby
W/o Rangapashyam, Shop No 56,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

24. V.Sekar,
S/o Varadhan Shop No 59,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

25. D. Rajendran
S/o Duraikannan, Shop No 61 and 70
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.



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26. Jawahar

S/o K.Thilagam Shop No 66,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

27. Sivakumar

S/o Suramanian Shop No 77, 28 and
3-F Block Kattugudalur Road,
Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

28. V.Raju

S/o V. Varadharajan, Shop No 57,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

29. Kathiresan

S/o Narayanasamy Shop No 71,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

30. P.Saptanadhan

S/o Palaniandi Shop No 73
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

31. P.Rajaraman

S/o Palaniandi Shop No 74,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

32. K. Subramanian

S/o Kannaiyan, Shop No 27,75 and 1-
F Block Kattugudalur Road,
Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

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33. K. Srinivasan
S/o Subramanian, Shop No 76,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

34. K.S. Raja
S/o Subramanian, Shop No 78,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

35. P.Palaniammal
W/o Ravichandran Shop No 79,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

36. V. Kumaraguru
S/o Vadivel, Shop No 81,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

37. R. Saravanan
S/o Rathinam Shop No 82,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

38. M. Ravichandran
S/o muthuthulasidas Shop No 80,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

39. V.Rangaraj



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S/o V. Varadhan, Shop No 58,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

40. K. Sakarapani
S/o Kesavalu, Shop No 85,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

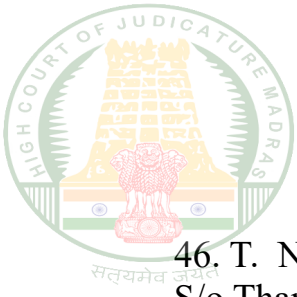
41. Pavithra
D/o Duraisamy, Shop No 68 and 69
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

42. R. Vadivel
S/o Ramasamy, Shop No 88,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

43. P.Thavamanikandan
S/o p. Pakirisamy, Shop No 1, 2 and
50 Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

44. V.Rajendiran
S/o Veerappan Shop No 90,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

45. Selvaperumal
S/o Govindasamy, Shop No 45
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.



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46. T. Natarajan
S/o Thambusamy, Shop No 67,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

47. Gopal
S/o Arumugam Shop No 1, J. Block
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

48. Alamelu
W/o Arumugam, Shop No 2 J Block
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

49. V.Venkatesan
S/o Virudhagiripillai, Shop No 487 J
Block Kattugudalur Road,
Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

50. S.Srinivasan
S/o Subramanian, Shop No 2 F Block
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

51. S.Raja
S/o Subramanian Shop No 4 F. block
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

52. S. Mathi
S/o u. Soman, Shop No 21 8-E Block
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.



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53. Hariharan

S/o k.M. murugan Shop No 6 and 7,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

54. Michaelraj

S/o Rasamanickam Shop No 7E Block
, Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

55. B Thillaigovindan

S/o Balakrishnan Shop No 18,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

56. M. Rajamanickam

S/o Mariyadass, Shop No 19,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

57. S. Gandhimathi

W/o Singaravel, Shop No 22,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

58. P.Selvaraj

S/o Pakirisamy Shop No 29,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

59. C.Suresh



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S/o Selvaraj Shop No 30 Kattugudalur
Road, Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

60. G.Sampathkumar
S/o Govindasamy, Shop No 35,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

61. V.Elumabali
S/o Virudhagiri Shop No 51
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

62. V.Rajendran
W/o Veerappan Shop No 65
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

63. Pattaiaammal
W/o Kesavan, Shop No83,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

64. R.Selvam
S/o Rayar, Shop No 86 Kattugudalur
Road, Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

65. T.Suriya
S/o Thillaigovindan Shop No 89
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

66. S.Suseela

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W/o Sampathkumar Shop No 36,
Kattugudalur Road, Virudhachalam
Municipality, Virudhachalam,
Cuddalore District.

Petitioner(s)

Vs

1.The Secretary to Government
Municipal Administration and Water
Supply Department,
Fort St. George, Chennai 600 009.

2.The Commissioner
Virudhachalam Municipality,
Virudhachalam, Cuddalore District.

Respondent(s)

Prayer: This Writ Petition filed under Article 226 of the Constitution of India, to issue a Writ of Certiorarified Mandamus, calling for the records pertaining to the impugned Tender-cum-Auction Notice bearing Na.Ka.No.2071/ 2025 / A2 dated 04.12.2025 published in Tamil Daily “Dinakaran” on 06.12.2025 on the file of the 2nd respondent and to quash the same and to direct the 2nd respondent to conduct a fresh public auction by permitting the petitioners to participate in the Tender-cum-Public Auction.

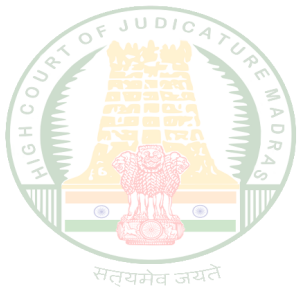
For Petitioners : Ms.Kamachi.D

For Respondents : Mr.M.Sivavarthan for R1
Government Counsel
Mr.P.Srinivas for R2
Standing Counsel

ORDER

The petitioners have challenged the Tender-cum-Auction Notice dated 04.12.2025 issued by the second respondent and published in the Tamil daily *Dinakaran* on 06.12.2025.

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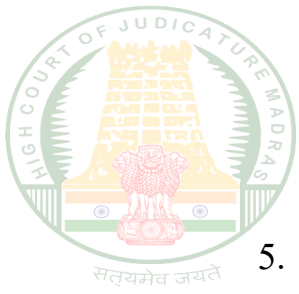
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2. By the impugned Tender-cum-Auction Notice, the second respondent proposes to allot 190 newly constructed municipal shops through a public auction-cum-tender. The auction, which was originally scheduled to be held on 24.12.2025, has subsequently been re-scheduled to 09.07.2026.

3. The case of the petitioners is that they were originally carrying on small vending business at Rajavel Veethi and in the vicinity of Arulmigu Virudhagireeswar Temple, Virudhachalam. In the year 2007, the second respondent constructed temporary and block shops at Kattugudalur Road and required the petitioners to shift their business from the earlier private market to the newly established municipal market. The petitioners have been carrying on their business in the shops allotted to them ever since.

4. Subsequently, the second respondent decided to demolish the existing market complex for the purpose of constructing a new shopping complex. Aggrieved by the notice directing them to vacate the shops, the petitioners, through their Welfare Association, approached this Court in W.P.No.15207 of 2023.

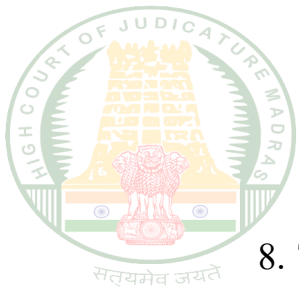


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5. This Court, by order dated 08.06.2023, disposed of the said writ petition after recording the submission of the learned Standing Counsel appearing for the second respondent that the existing licensees would be provided with an alternative place to carry on their business during the period of reconstruction and that, upon completion of the construction, they would be suitably accommodated in the newly constructed shopping complex.

6. Earlier, the petitioners had also challenged the proceedings relating to enhancement of licence fee/rent by filing W.P.Nos.12537 and 12538 of 2018. This Court, by order dated 20.01.2023, set aside the order of re-fixation of rent and directed the petitioners to deposit 50% of the enhanced rent. It was further directed that, upon such payment, the Municipality should constitute a Committee, issue notice to the occupants and thereafter re-determine the rent payable in accordance with law.

7. According to the petitioners, they have complied with the directions issued by this Court by depositing 50% of the enhanced rent. However, the Committee constituted pursuant to the earlier order has not completed the exercise of re-fixation of rent. Consequently, the final liability of the petitioners towards the balance amount has not yet been determined.



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8. The grievance of the petitioners arises on account of Clause 11 of the impugned Tender-cum-Auction Notice, which stipulates that a person having any outstanding rent, lease amount or licence fee arrears shall be permitted to participate in the auction only after clearing such arrears. The petitioners apprehend that, since the balance 50% of the enhanced rent has not been paid, they may be treated as defaulters and consequently be denied either participation in the auction or the benefit of preferential allotment available to existing licensees.

9. The second respondent has filed a detailed counter affidavit. In paragraph 10 of the counter affidavit, it is specifically stated that the exercise of re-fixation of rent commencing from the year 2018 could not be completed since, during the pendency of the said exercise, the Municipality had undertaken reconstruction of the shopping complex. In view of the reconstruction project, the earlier exercise relating to re-fixation of rent was dropped.

10. More importantly, in paragraph 11 of the counter affidavit, the second respondent has made an unequivocal statement that all existing licensees who have deposited 50% of the enhanced rent in terms of the order passed by this Court in W.P.Nos.12537 and 12538 of 2018 shall not be treated as persons in



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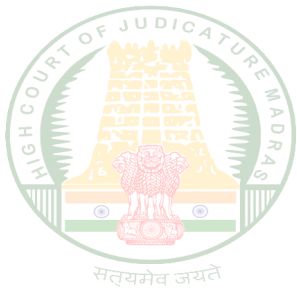
arrears. It is further stated that such licensees shall be entitled to exercise their right of preferential allotment after completion of the auction process.

11. In view of the categorical stand taken by the second respondent, the principal apprehension expressed by the petitioners no longer survives. Once the Municipality itself has stated before this Court that the petitioners shall not be treated as defaulters merely because the balance amount remains undetermined and unpaid, there can be no impediment either for their participation in the auction or for consideration of their claim under the preferential allotment scheme.

12. The petitioners, however, further contend that they are entitled to the benefit of preferential allotment under Rule 316(11)(a) of the Tamil Nadu Urban Local Bodies Rules, 2023 in addition to participating in the public auction .

13. It is therefore necessary to examine the scheme of Rule 316.

- I. Rule 316(5) mandates that the licence or lease of municipal lands, buildings, shopping complexes and public markets intended for commercial or residential purposes shall ordinarily be effected only through a public auction-cum-tender conducted by the

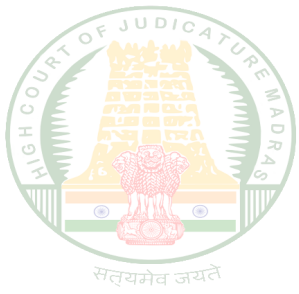


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Commissioner or by an officer duly authorised by him.

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- II. Rule 316(9) provides that the Commissioner or the authorised officer conducting the auction shall not permit any person to participate in the auction unless such person deposits the security amount specified in the auction notification.
- III. Rule 316(10) further provides that, after completion of the auction-cum-tender, the Commissioner shall place before the Municipal Council the details of the bids received and, ordinarily, the highest bidder shall be granted the licence or lease.
- IV. Rule 316(11)(a), however, engrafts an exception to the above general rule. The Rule specifically recognises the rights of existing licensees whose shops have been demolished for reconstruction. It authorises the Municipal Council to grant such existing licensees preference in allotment, provided they make an application, establish their eligibility and agree to match the highest bid received in the auction. Thus, the Rule seeks to balance two competing public interests namely, securing maximum revenue to the Municipality through a transparent auction process while



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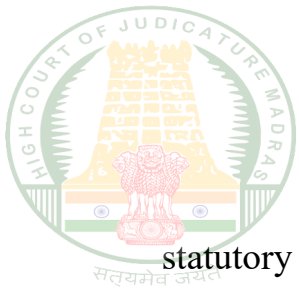
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simultaneously protecting the legitimate expectations of existing licensees who have lost possession of their shops solely on account of demolition undertaken by the Municipality itself.

14. Therefore, the right conferred under Rule 316(11)(a) is a statutory right available only after the auction process is completed and after the highest bid is ascertained. The existing licensee is not entitled to claim allotment as a matter of right without participating in the statutory process contemplated under the Rule. Equally, the Municipality cannot ignore or deny consideration of such statutory preference once the conditions prescribed under Rule 316(11)(a) are satisfied.

15. Learned counsel appearing for the second respondent submitted that permitting the existing licensees to participate in the auction may result in cartelisation, thereby depressing the bid amount and adversely affecting the revenue of the Municipality. It was therefore contended that the petitioners should not be permitted either to participate in the auction or to invoke the benefit of preferential allotment. This contention cannot be accepted.

16. Rule 316(11)(a) does not contain any prohibition preventing an existing licensee from participating in the auction. Courts cannot read into a



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statutory provision a restriction which the Rule-making authority has

consciously not incorporated. If the intention of the Rule-making authority was to prohibit participation of existing licensees in the auction, the Rule would have expressly provided so. In the absence of such prohibition, no such restriction can be introduced by way of administrative interpretation.

17. The apprehension regarding cartelisation is also wholly speculative. A mere possibility that some bidders may act in concert cannot be a valid ground to deny participation to an entire class of persons, particularly when such persons are recognised under the Rules themselves as being entitled to preferential consideration. Safeguards against cartelisation are available to the auctioning authority under the law governing public auctions, and any specific instance of collusion can always be dealt with appropriately. Such a speculative apprehension cannot defeat the statutory right created under Rule 316(11)(a).

18. It is also necessary to clarify the scope of Rule 316(11)(a). If any one of the petitioners emerges as the highest bidder in the public auction, such person would obtain allotment in the ordinary course as the successful bidder and not by virtue of preferential allotment. On the other hand, those petitioners who are not successful bidders would nevertheless be entitled to submit applications seeking preferential allotment under Rule 316(11)(a). Upon receipt



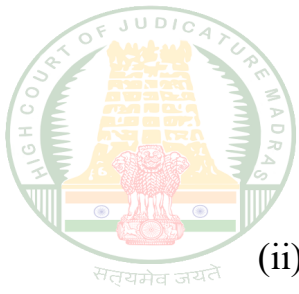
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of such applications, the second respondent is under a statutory obligation to consider the same strictly in accordance with Rule 316(11)(a). If the applicants establish that they are existing licensees of the demolished shopping complex, satisfy the eligibility requirements prescribed under the Rules and agree to match the highest bid amount, their claim for preferential allotment shall be considered in accordance with law.

19. In view of the categorical statement made in the counter affidavit that the petitioners who have deposited 50% of the enhanced rent shall not be treated as defaulters, the second respondent cannot insist upon payment of the balance 50% of the enhanced rent, the quantum of which has admittedly not yet been determined pursuant to the earlier directions issued by this Court, and the exercise to enhance rent by duly constituting a committee has been dropped.

20. Accordingly, the writ petition is disposed of with the following directions:

- (i) The petitioners who have deposited 50% of the enhanced rent pursuant to the order passed by this Court in W.P.Nos.12537 and 12538 of 2018 shall not be treated as persons in arrears merely because the balance amount remains undetermined.



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(ii) The petitioners shall be permitted to participate in the ensuing public auction-cum-tender, subject to fulfilment of all other conditions contained in the auction notification.

(iii) Those petitioners who are not successful bidders shall be at liberty to invoke their right of preferential allotment under Rule 316(11)(a) of the Tamil Nadu Urban Local Bodies Rules, 2023.

(iv) Upon such applications being made, the second respondent shall consider the claim of the petitioners strictly in accordance with Rule 316(11)(a), without insisting upon payment of the undetermined balance 50% of the enhanced rent, and pass appropriate orders in accordance with law.

21. With the above observations and directions, the writ petitions stand disposed of. There shall be no order as to costs.

07.07.2026

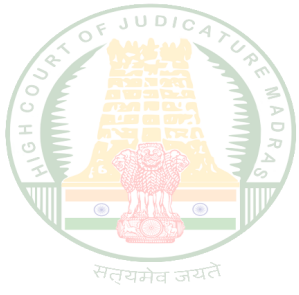
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Speaking order : Yes/No

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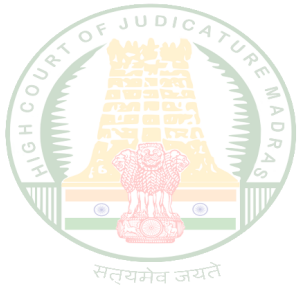


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1.The Secretary to Government
Municipal Administration and Water
Supply Department,
Fort St. George, Chennai 600 009.

2.The Commissioner
Virudhachalam Municipality,
Virudhachalam, Cuddalore District.



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HEMANT CHANDANGOUDAR.J.,

dna

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