

**IN THE HIGH COURT OF JUDICATURE AT HYDERABAD
FOR THE STATE OF TELANGANA AND THE STATE OF ANDHRA
PRADESH**

**TUESDAY, THE TWENTY SEVENTH DAY OF OCTOBER TWO THOUSAND
AND FIFTEEN**

Present

HON'BLE SRI JUSTICE P.NAVEEN RAO

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WRIT PETITION No.35033 of 2015

Between:

N. Habeeb Basha, S/o. Madarnaik,
Aged about 41 yers, Lease of Shop No.1,
Vegetable Shopping Complex,
Nandyal Municipality,
R/o. Nandyal, Kurnool District.

.. Petitioner

AND

The State of Andhra Pradesh,
Rep. by its Prl. Secretary,
Municipal Administration and Urban
Development Department,
Secretariat Buildings, Hyderabad & another
.. Respondents

The Court made the following:

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ORDER:

The petitioner was granted lease of Shop Room No.1, situated in Daily Vegetable Market, Nandyal Municipality, Nandyal, Kurnool District, by proceedings, dated 01.15.2010, for a period of three years. After the completion of the said lease period, the petitioner continued to occupy the premises on payment of monthly rental amount. It appears there are several other leaseholders who are in occupation of the Municipal shops for various periods going beyond 25 years and the Municipal Council has taken a decision to conduct fresh auction of all the shops owned by the 2nd respondent Municipality. Initially, when a notification was issued, this shop was excluded while all other shops were notified. However, the said notification was withdrawn and when a revised auction notification is issued, the shop occupied by the petitioner is also included. Challenging the inclusion of the shop of the

petitioner for conducting fresh auction, this writ petition is filed.

2. Learned counsel for the petitioner contends that when the lease was only granted in the year 2010 and there is an oral understanding with the 2nd respondent Municipality extending the lease by three years, which three years would expire only in the year 2016, though no written extension is granted, the petitioner cannot be dispossessed for conducting fresh auction. The very fact that when the first notification was issued, the shop occupied by the petitioner was not included would make it clear that the 2nd respondent Municipality was not in favour of conducting auction to the shop having regard to the fact that the lease was extended for a further period of three years.

3. The fact remains that the lease was granted to the petitioner for a period of three years by proceedings, dated 01.05.2010, and the said lease expired on 30.04.2013. Merely because the petitioner continued to occupy the leased premises and the rent paid by the petitioner is accepted cannot be a ground to claim that the lease is renewed for a further period of three years. Ordinarily, the lease has to be only for a period of three years. If the competent authority renews the lease, it has to be by a specific order. Merely because the rent is received by the 2nd respondent Municipality, it cannot be assumed that lease is renewed. The shops owned by the 2nd respondent Municipality are the public properties. The revenue generated by granting lease of shops owned by the 2nd respondent Municipality is a major source of revenue to attend to various developmental activities within the Municipal area. The only means of securing higher lease value is through conducting public auction. It also ensures transparency in conducting public auction and granting lease of public property. Thus, conducting of lease *per se* is not illegal and it is in fact in larger public interest.

4. With reference to the specific contention of the learned counsel for the petitioner that the lease is renewed and it is in operation till the year 2016, it merits no consideration since no order granting renewal of lease was issued in

favour of the petitioner by the respondent authority after the expiry of lease period. The petitioner cannot seek to continue in the present premises without a valid lease. Therefore, I see no illegality or irregularity in conducting of fresh auction of shops including the shop occupied by the petitioner. Hence, there is no merit in the writ petition.

4. The Writ Petition is, accordingly, dismissed. However, it is open to the petitioner to participate in the scheduled auction and till the auction is finalized and if the petitioner is not the highest bidder, the petitioner shall not be disturbed till the finalization of the auction. However, it is open to the 2nd respondent Municipality to consider the request of the petitioner to renew lease, if the petitioner offers to pay the highest bid amount and complies with all the terms and conditions applicable to the lease. There shall be no order as to costs. Miscellaneous petitions, if any, pending in this writ petition shall stand closed.

P.NAVEEN RAO, J

Date: 27th October, 2015

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