IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.11188 of 2015

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1.1. Shakuntala Devi Wife of Late Laxmi Narayan Nayak R/o Chaklokaman, P.O. and P.S.- Dalsingh Sarai, District- Samastipur.

1.2. Amit Kumar Nayak, S/o Late Laxmi Narayan Nayak, R/o Chaklokaman, P.O. and P.S.- Dalsingh Sarai, District- Samastipur.

1.3. Manoj Kumar Nayak, S/o Late Laxmi Narayan Nayak, R/o Chaklokaman, P.O. and P.S.- Dalsingh Sarai, District- Samastipur.

1.4. Alok Kumar Nayak, S/o Late Laxmi Narayan Nayak, R/o Chaklokaman, P.O. and P.S.- Dalsingh Sarai, District- Samastipur.

1.5. Nilam Devi, D/o Late Laxmi Narayan Nayak, R/o Chaklokaman, P.O. and P.S.- Dalsingh Sarai, District- Samastipur.

1.6. Heera Devi, D/o Late Laxmi Narayan Nayak, R/o Chaklokaman, P.O. and P.S.- Dalsingh Sarai, District- Samastipur.

... ... Petitioner/s

Versus

1. Union Bank Of India and Ors
2. Deputy General Manager , Union Bank of India, 225-C, Acvharya Jagdish Chandra Bose Road, Culcutta.
3. Assistant General Manager, Union Bank of India,Nasheman Building ,Ist Floor, Frazer Road , Patna.
4. Branch Manager,Union Bank of India,Branch-Pagra, Nawada,At PoP.s-Dalsingsarai,Disrict samastipur.
5. Manvendra kumar son of late Dev Narayan kunwar Resident of Village-Sardarganj, P.o and P.s Dalsingsarai,District samastipur.

... ... Respondent/s

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Appearance :
For the Petitioner/s : Mr.Brisketu Sharan Pandey
For the Respondent/s : Mr.Kumar Alok

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CORAM: HONOURABLE MR. JUSTICE ANIL KUMAR SINHA

ORAL ORDER

29 24-11-2025

1. The present writ petition has been filed seeking direction upon the respondents to cancel the lease deed, dated 02.07.2015, executed between respondent no. 4 and respondent no. 5 as the same was done in a clandestine manner without

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advertisement, i.e., without inviting the public at large to offer their premises.

2. Further, to hold that it was illegal on the part of the respondent/Bank namely Union Bank of India (hereinafter Bank) to enter into a private lease agreement with respondent no. 5 secretly without the process of advertisement and also to hold that it was illegal on the part of the Bank to have cancelled the earlier selection process which was initiated on the basis of the advertisement dated 19.12.2014.

3. Further, directing the Bank to initiate afresh the selection process for selecting the premises for running branch office at Pagda Nawada Samastipur through a public advertisement, so that all interested persons may offer their premises, ensuring transparent and competitive bidding. Further, prayer is to restrain the Bank from enforcing the lease deed entered with respondent no. 5, which was to become effective from 01.08.2015, until disposal of the writ petition.

4. The brief facts giving rise to present writ petition is that erstwhile petitioner (now substituted by his legal heirs) is the owner of premises in which the Pagda Nawada Branch of Bank was running since last 35 years.

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5. It is the case of the petitioner that during this long period of association, the petitioner has consistently facilitated the smooth functioning of the Branch, maintaining the premises and complying with every requirement raised by the Bank. In fact, whenever modifications were demanded, the petitioner undertook the necessary expenditure, notably, in 2012, he constructed new washrooms in the rear portion of the building upon the specific request of the then Branch Manager.

6. Throughout these years, the petitioner was paid an abnormally low rent initially around Rs. 2.63 per sq. ft. and the petitioner continued to accept the same on assurances of future extension and better terms. When the lease neared expiry, the Bank, vide letter, dated 21.07.2014, sought the petitioner's consent for extension of lease agreement. The petitioner promptly submitted the prescribed pro forma and his consent for extension of lease agreement for next 15 years. Several rounds of negotiation thereafter ensued between the parties, during which the petitioner revised his offer from Rs. 8 to Rs. 7.5 and finally to Rs. 7 per sq. ft.

7. Despite the petitioner offering such low/reasonable rate i.e. Rs. 7 per sq. ft., the Bank unexpectedly issued a public

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advertisement, dated 19.12.2014, inviting offers from the general public for suitable premises for running its branch office. The petitioner, though taken aback, submitted his application pursuant to the advertisement. However, without providing any cogent reason, the respondent/Bank, by communication, dated 04.03.2015, cancelled the entire selection process, thereby also cancelling the petitioner's application made pursuant to the said advertisement.

8. The petitioner was under the presumption that before initiating any fresh selection, the Bank would advertise afresh to maintain fairness and transparency. Contrary to this, the petitioner was shocked to learn that the respondent/Bank had, in a clandestine and secret manner, entered into a private lease deed, dated 02.07.2015, with respondent no. 5, who had never participated in any advertisement process. The Bank neither issued a fresh advertisement nor called for offers from other interested persons. Instead, it secretly negotiated with respondent no. 5 and finalized a lease at a rate of Rs. 10 per sq. ft., which is not only higher than what the petitioner had offered but also significantly higher than the earlier negotiated rate.

9. It is in the background of aforesaid facts and

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circumstances that petitioner has filed the present writ petition.

10. Learned counsel for the petitioner submits that respondent/Bank, being a public sector undertaking and therefore 'State' within the meaning of Article 12 of the Constitution, is bound to act in a transparent, non-arbitrary, fair and reasonable manner. The Bank cannot indulge in "pick and choose" by cancelling a publicly initiated selection process through advertisement without any reasons and thereafter secretly entering into a lease agreement with a private party without notice to others. Such actions are in derogation of the constitutional mandates of Articles 14, 19 and 21 of the Constitution of India.

11. Learned counsel next submits that entering into an agreement at Rs. 10 per sq. ft., when the petitioner was willing to continue offering the same long-used premises at Rs. 7 per sq. ft., is an act of arbitrariness and extraneous consideration. Finalizing a deal at a higher rate, without competitive bidding, causes financial loss to a public exchequer and reflects colourable exercise of power.

12. Learned counsel submits that respondent no. 5 was never an applicant to the selection process which was

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advertised. The petitioner, whose candidature had been considered earlier and who had already offered the running premises at a lower rate, could not be deprived of his chance to compete merely because the Bank abruptly cancelled the selection process. The Bank was duty-bound to issue a fresh advertisement inviting the public at large to participate. Failure to do so renders the subsequent agreement illegal and void.

13. Learned counsel appearing for Bank submits that the petitioner’s premises were duly inspected by the Assistant General Manager on 26.11.2014, and the inspection report clearly found the premises unsuitable for running a modern banking branch. The branch was situated on the first floor with a narrow, unsupported staircase, making it extremely difficult for aged and women customers to enter the premises. Further, nearly 30% of the floor area was on an elevated platform of about 1.5 feet, rendering that portion effectively unusable. The premises also suffered from significant traffic and safety concerns, as there was no designated parking space, forcing customers to park their vehicle on the main road, which was objected to by the local police. In view of these serious deficiencies, the Bank authorities could not continue in the

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premises and had to explore more suitable accommodation.

14. He next submits that upon reviewing the overall situation, the bank authority decided to invite offers from the general public. Accordingly, a paper advertisement dated 19.12.2014 was issued inviting applications for suitable premises. In response to the advertisement dated 19.12.2014, four persons, including the petitioner and respondent no. 5, submitted bids. After technical evaluation, conducted on 09.01.2015, only the premises of respondent no. 5 was found technically suitable in terms of the Bank's requirements and premises policy. The petitioner's premises did not meet the prescribed standards and was, therefore, rejected on objective criteria. Thereafter, financial bids were opened on 14.01.2015, and respondent no. 5 quoted a rate of Rs. 11.50 per sq. ft., which fell within the permissible limits under the Bank's Premises Policy guidelines, 2014–17. The rate was further negotiated and reduced to Rs. 10 per sq. ft., and the offer was accepted. All unsuccessful applicants, including the petitioner, were informed of their rejection vide communication dated 12.01.2015.

15. He further submits that immediately after receiving the rejection letter, the petitioner began lodging complaints and

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initiating multiple proceedings against various Bank officials, including complaints to the General Manager (Banking), Reserve Bank of India, as well as filing criminal complaints.

16. Owing to the petitioner's repeated complaints, legal notices, and harassment of Bank officials, the matter was escalated to the higher administrative authority. The Field General Manager, Kolkata, by letter dated 03.03.2015, issued directions to scrap the existing tender process and to inform all bidders accordingly, and thereafter negotiate directly with any landlord of suitable premises as permitted under the Bank's policy. It is emphasized that under Paragraph 16 of the Premises Policy, advertisement is mandatory only where the expected monthly rent exceeds Rs. 50,000, and where the expected rent is below that threshold, direct negotiation is permissible. Thus, the eventual negotiation with respondent no. 5 was neither irregular nor violative of policy.

17. Learned counsel for the Bank further submits that the cancellation of the advertisement process was not illegal, but was necessitated by the prevailing situation created by the petitioner's incessant complaints, litigations and threats. The decision to cancel the tender was taken "only with a view to end

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further harassment" and in order to enable the Bank to proceed smoothly in securing suitable premises, free from obstruction and intimidation. It is submitted that despite cancellation of the advertisement, the Bank in a bona fide way offered the premises again to respondent no. 5, who had already qualified in both technical and financial evaluation before cancellation, and who was the successful bidder in the earlier tender. The Bank's subsequent lease agreement dated 02.07.2015 with respondent no. 5 was executed strictly as per policy, and cannot be faulted merely because the petitioner desired to continue.

18. It is further submitted that after execution of the lease agreement, the Bank shifted to the new premises on 31.10.2015, and one additional portion of the petitioner's premises, earlier taken on lease for running the ATM, also expired in January 2016 and the ATM had to be shifted as well. However, the small space of the ATM was not delivered due to the status quo granted by this court.

19. He further submits that merely because the petitioner participated earlier in negotiations or earlier offered the premises on rent to Bank does not ipso facto create any vested right to extension of lease. The Bank, being a public sector

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undertaking, is entitled and obligated to select premises which will suit its operational requirements.

20. I have heard learned counsel for the parties and perused the materials available on record. The petitioner's case is premised primarily on the assertions that he had rented out his premises to the Bank for more than thirty-five years; and after several rounds of negotiations, wherein he finally reduced his rent proposal to Rs. 7 per sq. ft., and further that the Bank, despite cancelling the tender process, awarded the lease privately to respondent no. 5 at a higher rate.

21. It is a settled position of law that renewal of a lease is neither a matter of right nor does a party get vested right to automatically get it renewed, unless explicitly provided by contract or statute. It is admitted that the petitioner's earlier lease had expired and merely participating in negotiations or prior occupation of premises does not create a vested or accrued right which will give cause of action to get it enforced through writ jurisdiction.

22. The petitioner's reliance on his long association with the Bank, cannot translate into a legal entitlement, especially when the Bank evaluates the premises as operationally

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unsuitable. At this juncture it would be apt to refer to the inspection/visit report dated 26.11.2014, submitted by the Assistant General Manager, who found the petitioner's premises unsuitable for housing a modern bank branch. The Assistant General Manager, in the visit report dated 26-11-2014, has categorically recorded that the petitioner's premises is in very poor condition. The staircase leading to the branch is extremely narrow and steep, permitting only one person to move at a time. It was further observed that customers, particularly senior citizens and women, experience considerable difficulty in reaching the branch, as there is no railing or support on either side of the stairway. Although the total area of the premises measures approximately 1900 sq. ft., it was noted that nearly half of the space remains unused. The report further records that there is no parking space available in front of the building, leading to frequent traffic congestion on the adjoining road. The structure itself is very old and presents a shabby appearance, which, according to the report, has adversely impacted the business and footfall of the branch. These findings are factual, technical, and based on inspection by a competent officer. The petitioner has not been able to demonstrate that the assessment is perverse, mala fide, or arbitrary. When the Bank itself finds

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the premises unsuitable for continued occupation, the petitioner cannot insist that the Bank must nevertheless remain there.

23. One of the main submission put forth by the learned counsel appearing for the petitioner is that the Bank ought to have re-advertised after cancellation. This argument must be tested against the Bank's own governing policy. The respondent Bank has, through its counter affidavit, placed on record the Premises Policy Guidelines, 2014–17. Clause 16 / 16.1 of the said guidelines mandates advertisement only in cases where: "The rental (inclusive of taxes and service charges) is Rs. 50,000 per month and above."

24. At this juncture, it becomes necessary to refer to the actual terms of the lease deed dated 02.07.2015 entered into between the Bank and respondent no. 5. A perusal of the lease deed reveals that respondent no. 5 has offered premises measuring 1300 sq. ft., comprising 1200 sq. ft. for the branch and an additional 100 sq. ft. earmarked for installation of the ATM. The agreement further stipulates a uniform rent of Rs. 10 per sq. ft. for both the branch and the ATM area. Consequently, the total monthly rent payable under the lease comes to Rs. 13,000/- which is far below the monetary threshold of Rs.

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50,000/- per month prescribed in Clause 16 / 16.1 of the Bank's Premises Policy Guidelines, 2014–17, for which issuance of a mandatory advertisement is required.

25. This factual position, emerging directly from the lease deed itself, therefore conclusively establishes that the policy requirement of issuing a paper advertisement was not required, since the rent payable under the new lease was nowhere near the stipulated Rs. 50,000 per month. Thus, the Bank's action in not issuing a fresh advertisement was not only permissible, but squarely in conformity with its own policy. The petitioner's submission that the Bank acted illegally in not issuing a fresh advertisement after cancelling the earlier selection process accordingly collapses in view of the explicit terms of the lease deed coupled with the clear mandate of Clause 16 / 16.1. The Court cannot read into the policy an obligation which is expressly absent.

26. Further, the scope of judicial review in contractual matters is confined to examining illegality, irrationality, mala fides, and arbitrariness. The Hon'ble Supreme Court, in *Tata Motors Ltd. v. The Brihan Mumbai Electric Supply and Transport Undertaking*, reported in 2023 LiveLaw SC 467, has

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held in paragraph 48 that the Courts should normally be loathe to interfere in contractual matters unless a clear-cut case of arbitrariness, mala fides, bias or irrationality is made out. In the present case, upon perusal of the record and the submissions advanced on behalf of the petitioner, no instance of arbitrariness or mala fides has been demonstrated. The Court cannot substitute its own opinion for that of the Bank as the Bank is the best to judge as to which premises will be best suited to run their branch more effectively.

27. In view of the aforesaid discussion, this Court finds no illegality or arbitrariness in the action of the respondent Bank.

28. Accordingly, the present writ application stands dismissed.

<u>I.A. No. 4 of 2025</u>

29. I.A. No. 04 of 2025 has been filed seeking addition of the relief for directing the respondent/Bank to pay the arrears of rent as well as the current rent relating to the Bank premises and ATM premises and to hand over the possession of the premises back to the petitioner.

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30. Insofar as the prayer made in the aforesaid I.A. is concerned, this Court finds that sitting in writ jurisdiction, this Court cannot adjudicate the facts relating to the payment of rent and the recovery of possession. Accordingly, the I.A. No. 04 of 2025 is disposed with a liberty to the petitioner to raise his grievance relating to possession and payment of rent before the appropriate forum.

(Anil Kumar Sinha, J)

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