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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% *Date of Decision: 19th December, 2025*

\+ W.P.(C) 2415/2007

PARASVNATH DEVELOPERS LTD. .....Petitioner

Through: Mr. Ankit Jain, Senior Advocate with Mr. Manoranjan Sharma, Mr. Arpit Dwivedi, Mr. Parth Gautam and Ms. Tina Aneja, Advocates.

versus

THE D.D.A. .....Respondent

Through: Ms. Manika Tripathy, Standing Counsel with Mr. Aakash Mohar and Mr. Mohd. Suhoil Siddiqui, Advocates for DDA.

CORAM:
HON'BLE MS. JUSTICE JYOTI SINGH

JUDGEMENT

JYOTI SINGH, J. (ORAL)

1. This writ petition is filed on behalf of the Petitioner under Article 226 of the Constitution of India seeking the following reliefs:-

> *"i) issue Writ of Mandamus and/or any other Writ or direction quashing the Order of the Respondents rejecting the bid of the Petitioners as contained in Annexure – 'D'*
>
> *ii) direct the Respondents to approve the bid of the Petitioners in respect of the plot in question."*

2. To the extent relevant, facts as pleaded in the writ petition are that DDA advertised for holding a public auction for sale of six hotel plots on 19.12.2006 at 10:30 A.M. The plots were Nazul land and were regulated by Delhi Development Act, 1957 ('1957 Act') and Delhi Development Authority (Disposal of Developed Nazul Land) Rules, 1981 ('Nazul Rules'). Petitioner participated in the auction and gave its bid for hotel plot situated

at Dwarka City Centre, Sector-14 (South), admeasuring 24,355.00 sq. meters ('subject plot') with a reserve price of Rs. 444.55 crore. There were 50 prospective bidders who gave their bids in the auction for 5 plots but insofar as subject plot was concerned, there were 5 to 6 bidders who gave their bids. Petitioner gave a bid of Rs. 449.91 crore and was declared to be the highest bidder. Petitioner deposited 25% of the bid amount i.e., Rs. 112.48 crore as Earnest Money Deposit ('EMD').

3. It is stated that vide letter dated 27.02.2007, DDA informed the Petitioner that the bid offered by it was not approved by Vice Chairman ('VC'), DDA, the Competent Authority and that the earnest money deposited shall be refunded in due course. The letter did not contain any reason for disapproval of the bid and hence, Petitioner filed an application dated 08.03.2007 under Right to Information Act, 2005 ('RTI Act') seeking information with regard to the reasons for the decision taken by the Competent Authority. Under covering letter dated 08.03.2007, DDA refunded the amount deposited towards EMD.

4. It is stated that vide letter dated 20.03.2007, Petitioner wrote to DDA that the action of disapproving the bid of the Petitioner after having declared it as the highest bidder with a bid price which was competitive and above the reserve price, was illegal and arbitrary and the disapproval letter was wholly non-speaking and unreasoned. Request was made to VC, DDA to call for the records of the case and reconsider the decision. By another letter dated 26.03.2007, Petitioner informed DDA that it shall encash the cheque of refund under protest and EMD will be deposited along with balance amount of the bid, as and when called upon to do so. However, there was no response from DDA and hence, this writ petition was filed.

5. Mr. Ankit Jain, learned Senior Counsel for the Petitioner submits that

the action of DDA in disapproving the bid of the Petitioner is illegal and arbitrary and without any cogent basis or reason. Indisputably, Petitioner was the highest bidder and having been so declared, it deposited the EMD equal to 25% of the bid amount. The reserve price was fixed by DDA after due consultation, diligence and deliberations and taking into account various factors such as market rates etc. and the bid of the Petitioner being competitive and above the reserve price, could not be rejected. Under Clause 3(ii) of the auction document, the officer conducting the auction had satisfied himself before accepting the highest bid that the bid was above the reserve price and would reflect the market value of the plot.

6. It is urged that in the past in all cases where bid is competitive and above the reserve price, DDA has approved the highest bid and documents evidencing this position pertaining to auctions conducted between 16.08.2004 and 13.01.2006 are on record. In the instant advertisement, out of 6 hotel plots, bids were received only for 3. Prior to 19.02.2007, subject plot was put to auction along with other plots on 25.09.2007 but no bid was received by DDA in 9 out of 10 plots, including the subject plot. The bid in respect of the single plot was marginally higher at Rs. 48.05 crores as against reserve price of Rs. 48 crores. This only goes to prove that the reserve price fixed by DDA for its plots was unrealistic looking at the location etc. and therefore, bids were not received. Even then, Petitioner gave a competitive price much higher than the reserve price and rejection of the bid was arbitrary and patently illegal.

7. Mr. Jain places heavy reliance on the judgment of the Division Bench of this Court in ***Aman Hospitality Pvt. Ltd. v. Delhi Development Authority, 2006 SCC OnLine Del 1634***, to contend that in a similar situation, Court held that the decision of DDA was irrational and patently

arbitrary and takes away public confidence in open bid system as well as results in avoidable delays in completing the projects, thereby ultimately affecting development, planning and growth of the city. In the said case, Petitioner was aggrieved with the rejection of its bid in respect of hotel plot and challenged the decision *inter alia* on the ground that Petitioner was the highest bidder; reserve price of the bid in question was fixed by DDA after vide consultation and due diligence including looking into factors such as current market price of the land and size and usage of the plot; in the previous auctions when bids were invited no response was received by DDA; bid of the Petitioner was higher than the reserve price; and at every step Petitioner's bid was approved except at the stage of Member (Finance), who opined that the bid price was on the lower side. DDA, on the other hand, contended that under Clause 3.3 of the terms of auction, the Competent Authority was fully competent to reject the bid without assigning any reason *albeit* there was a valid reason for rejection. It was urged that evaluation of the bid as to whether the same is competitive enough to reflect the market value of the plot is done subsequently by the Competent Authority as per Clause 3.2 (v) of the terms of the auction and once it was found that looking at the rate of the shops/offices in the adjoining areas, the bid of the Petitioner was not competitive and was on the lower side, it was decided to reauction the plot. However, the Division Bench negated DDA's plea and quashed the decision of non-acceptance of the bid of the Petitioner holding that the decision suffered from irrationality, arbitrariness and lack of credibility.

8. It is also urged that the VC, DDA did not take the decision based on any objective assessment but his decision was influenced by an MLA who alleged that the sale of the subject plot was being made at a loss of Rs.400-

500 crores. Mr. Jain also submits that the subject plot was put to auction on two earlier occasions, the first auction being held of 25.09.2006, when no bid was received. Owing to this DDA reduced the reserve price in respect of all hotel plots. It is vehemently denied that market rates for commercial plots were much higher compared to bid of the Petitioner and that it is unknown when the two plots No.8 and 9, referred to by DDA in the counter affidavit were actually sold. In light of these facts, learned Senior Counsel submits that impugned decision of DDA rejecting the bid of the Petitioner be quashed and direction be issued to DDA to approve the bid.

9. Learned counsel for DDA submits that there is no legal infirmity in the decision of DDA rejecting the bid of the Petitioner *albeit* there is no dispute that Petitioner is the highest bidder in respect of the subject plot auctioned on 19.12.2006. It is submitted that the auction was subject to terms and conditions enumerated in the auction document. Clause 3.2 (v) provided that the officer conducting the auction shall normally accept the highest bid subject to confirmation by the Competent Authority provided the highest bid is above the reserve price and is found to be competitive enough to reflect the market value of the plot. Clause 3.3(i) provided that the Competent Authority shall be entitled to reject any bid without assigning any reason whatsoever and the decision in this regard shall be final and binding.

10. It is further submitted that the bid of the Petitioner was thoroughly scrutinized, evaluated and considered at every level and was rejected after due deliberations. The bid of the Petitioner was *inter alia* not found to be competitive enough to reflect the market trend as the hotel had a special feature which included a commercial component with a multiplex, besides 300 rooms in the hotel. Market rate for commercial plots was quite high

compared to the bid offered by the Petitioner as detailed in the reply affidavit. Illustratively, a plot of size of 5,760 sq. mtrs. with same FAR and with a reserve price of Rs.51.62 crores was sold in Dwarka, Sector-14 for Rs.111.12 crores i.e. 114% above the reserve price. Therefore, the decision to reject Petitioner's bid was an informed decision taking into account all relevant factors. Furthermore, Petitioner has already accepted refund of 25% EMD from DDA and has no remaining right, title or interest in the plot.

11. Judgment of the Division Bench in ***Aman Hospitality (supra)***, it is urged, is different on facts and has no application to the instant case. Reliance is placed on the judgment of Co-ordinate Bench of this Court in ***Hari Singh Builders & Promoters Ltd. v. D.D.A. & Anr., 2008 SCC OnLine Del 326,*** where the judgment of ***Aman Hospitality (supra)*** was considered and distinguished observing that in the said case, the Member (Finance) had compared the bid price received for a hotel plot with commercial plots i.e. comparison was between two different properties and the important factor which weighed in the mind of the Court was that during pendency of the writ petition, plot was put to reauction but DDA was unable to fetch even the bid price which the Petitioner had offered. In ***Hari Singh (supra)***, Court dismissed the writ petition holding that DDA had made a comparison with an adjacent plot which was sold at a higher price within a gap of 7 months and this judgment covers the case of DDA inasmuch as in the present case also, the Competent Authority found that the subject plot had potential of fetching a higher price looking at the prices at which two plots bearing Nos. 8 and 9 were sold in the same sector in Dwarka.

12. Heard learned Senior Counsel for the Petitioner and counsel for DDA.

13. The short question that this Court is called upon to decide in the present writ petition is whether the decision of DDA to reject the bid of the

Petitioner for the subject plot is legally sustainable or not. Indisputably, the plot was auctioned on 19.12.2006 along with 5 other plots and the reserve price was Rs.444.55 crores. It is equally undisputed that Petitioner had submitted a bid of Rs.449.91 crores which was above the reserve price and that Petitioner was the highest bidder. It is no longer *res integra* that merely because a bidder is declared as a highest bidder, it can claim a vested right for approval of the bid and consequently issuance of a letter of intent. Division Bench of this Court has recently affirmed in ***Ozar Homes LLP through its Partner Nitin Kumar Lila v. Delhi Development Authority and Another, 2025 SCC OnLine Del 6210***, that no right is created in favour of the highest bidder and merely because a bidder is declared to be 'H-1', it will not vest any right in such a bidder for approval of the bid and resultant consequences. Therefore, Petitioner cannot assert a vested right for approval of its bid only because its bid was found to be the highest bid.

14. The next question is whether the decision of DDA rejecting the bid of the Petitioner warrants interference. It is trite that in exercise of power of judicial review, this Court cannot substitute its decision for the decision of DDA unless there is manifest arbitrariness in the decision making process and it is only on this touchstone that the impugned decision can be tested. With a view to examine the decision making process, I have looked into the stand taken by the DDA in its affidavit filed before the Court. It is stated by DDA that the subject plot had a specific/special feature where the plot was not be put to an exclusive use as a hotel with 300 rooms but also had a commercial component as it included a multiplex. Keeping in mind this peculiar feature, after the bids were received, the market rate of commercial plots was compared and it was found that the bid of the Petitioner *albeit* was highest, was far below the market rate of commercial plots and to support

this plea DDA has disclosed in its affidavit the reserve price as also the bid price for commercial plots bearing No. 8 and 9, sold in Sector-14, Dwarka in and the details are as follows:-

Sl.No.	Plot No.	Size	FAR	Reserve Price	Bid Price	%age above reserve price
1.	8	5760	5760	51.62 crores	111.12 crores	114%
2.	9	5976	5976	53.55 crores	122.52 crores	128%

15. In ***Ozar Homes (supra),*** the Division Bench, relying on the judgment of the Supreme Court in ***Jaipur Vidyut Vitran Nigam Limited and Others v. MB Power (Madhya Pradesh) Limited and Others, (2024) 8 SCC 513*** held that in public tenders/public auction matters, Court must exercise its discretionary powers under Article 226 of the Constitution of India with great caution and only in furtherance of public interest and not merely to make a legal point. Court should always keep the larger public interest in mind in order to arrive at a decision as to whether Court's intervention is warranted or not and only when the Court concludes that overwhelming public interest requires interference, intervention be made.

16. In ***Jaipur Vidyut (supra)***, the Supreme Court held that unless the Court finds that the decision making process is vitiated by arbitrariness, *mala fides* or irrationality, it will not be permissible to interfere. Reliance was placed on the earlier judgment of the Supreme Court in ***Air India Ltd. v. Cochin International Airport Ltd. and Others, (2000) 2 SCC 617***, wherein the Supreme Court held that the award of contract, whether by a private party or a public body or a State, is essentially a commercial transaction. In arriving at a commercial decision, considerations which are paramount are commercial considerations and the State can choose its own method to

arrive at a decision as also fix its own terms of invitation to tender. It was further held that price need not always be the sole criteria for awarding a contract and State may not accept the offer even though it happens to be the highest or the lowest. In this backdrop, the Division Bench while dealing with the contention of the Appellant that being the highest bidder the subject plot ought to have been allotted to the Appellant, held that the subject plot had a potential of fetching more price than was offered by the Appellant, which was based on price fetched in respect of a plot situated in vicinity of the subject plot. Seen in light of these judgments, this Court is unable to find any infirmity in the decision of DDA rejecting the bid of the Petitioner since it was found that the subject plot had a potential to fetch higher price taking into account the rates at which two plots in the same sector were sold.

17. The matter can be examined from another angle. As rightly flagged by counsel for DDA, in the auction documents, Clause 3.2 (v) was incorporated providing that normally the highest bid will be accepted by the Competent Authority with a caveat that the highest bid is above the reserve price mentioned in the press advertisement/announced in the auction and is found to be competitive enough to reflect the market value of the plot. As noted above, the subject plot had a commercial component unlike an ordinary plot being put to use as a hotel and therefore, comparison of market rate of commercial plots sold in the contemporaneous period in the same sector cannot be held to be unjustified or manifestly arbitrary. Once the bid of the Petitioner did not reflect the realistic market value of the plot, it was open to the Competent Authority to reject the bid exercising power under Clause 3.2 (v). Additionally, Clause 3.3(i) gave the discretion to the Competent Authority to reject any bid without assigning any reason *albeit* in the present case the bid has been rejected on sound reasoning.

18. Reliance of the Petitioner on the judgment of the Division Bench in ***Aman Hospitality (supra),*** is misconceived as the facts in the said case were different and the decision making process was found by the Court to be irrational, arbitrary and lacking credibility. From the judgment, it is evident that the Division Bench firstly held that right to reject the bid even of the highest tenderer certainly lies within the domain of the Competent Authority who has to take decision after weighing various factors, commercial as well as others, but the decision must be reasoned and well informed and therefore, it would depend on the facts of each case and in the given circumstances, decision of the Competent Authority can be justified even when rejecting the bid of the highest bidder or directing reauction till suitable price of the plot/sites could be fetched. Having so observed, the Court delved into the decision making process to examine if the action of DDA was reasonable and fair and did not suffer from the vice of non-application of mind or arbitrariness.

19. From the notings produced before the Court it was found that right from the Programme Assistant (CL) of DDA till Principal Commissioner all officers accepted recommendations in favour of the Petitioner. However, when the matter was placed before Member (Finance), he recommended reauction of the plot in question so as to realize the real value on the analogy that in a recent commercial auction the price submitted by the highest bidder was much higher than the bid of the Petitioner therein. After examining the file notings in detail, Court came to a conclusion that merely rejecting the bid on the basis of recommendation of Member (Finance) without considering disparities and dissimilarities concerning the site, size and location of the hotel plot with that of site of shopping/office complex at Kondli Gharoli, amounted to irrationality. The other factor that weighed

with the Court was that during the pendency of the writ petition the plot was put to reauction with the permission of the Court but no bid came, not only in respect of the plot in question but also in respect of 8 other plots and this according to the Division Bench reflected that there was something wrong at the end of the DDA. This position does not obtain in the present case inasmuch as Petitioner has not controverted the sale of two commercial plots at higher prices, a fact brought forth in the counter affidavit by DDA and it is only stated in the rejoinder that the subject plot is a hotel plot with commercial component whereas two plots bearing Nos.8 and 9 were commercial plots and that the dates of sale of the plots are not disclosed by DDA.

20. The argument that rejection of the bid was at the instance of an MLA only deserves to be rejected in light of the fact that DDA has substantiated the basis of its decision being the potential of the plot to fetch a higher price, which is a valid ground for rejection. In ***Ozar Homes (supra),*** Division Bench observed that DDA's conclusion that the subject plot had the potential of fetching more price is not a conclusion without any material for the reason that price fetched in respect of a plot in the vicinity is a valid and relevant material. Relying on the judgment of the Supreme Court in ***Jaipur Vidyut (supra)***, where it was held that even when public bodies enter into contracts, commercial considerations are paramount, the Division Bench observed that no doubt, the price offered by the Appellant was 41% above the reserve price but this loses significance in light of conclusion drawn by DDA that the subject plot had the potential of fetching more price. Division Bench also took note of another judgment of the Division Bench of the Bombay High Court in ***Shree Ganesh Enterprises and Another v. City & Industrial Development Corporation of Maharashtra Limited and Others,***

2024 SCC OnLine Bom 2346, where writ petition was dismissed though the Petitioner was the highest bidder on similar grounds. Plea of DDA also stands fortified by the judgment of this Court in ***Hari Singh (supra)***, where the Court distinguished the judgment in ***Aman Hospitality (supra)*** and upheld the stand of DDA to reauction the plot, holding that there was no arbitrariness in the decision of VC, DDA rejecting the bid of the highest bidder owing to the fact that it was below the market rate.

21. For all the aforesaid reasons, this Court finds that the impugned decision of DDA in rejecting the highest bid of the Petitioner is neither unfair nor arbitrary and hence, there is no merit in the writ petition and the same is accordingly dismissed.

JYOTI SINGH, J

DECEMBER 19, 2025
S.Sharma