



WEB COPY

WP No. 727 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 25-02-2026

CORAM

THE HON'BLE MR.JUSTICE V. LAKSHMINARAYANAN

**WP No.727 of 2026 &
W.M.P.No.898 of 2026**

A.Sharmela

... Petitioner

Vs

The Executive Officer,
Pennagaram Town
Panchayat,
Pennagaram,
Dharmapuri District.

... Respondents

Prayer: Writ Petition filed under Article 226 of the Constitution of India seeking a Writ of Certiorarified Mandamus calling for the records relating to the impugned order passed by the respondent in his proceedings Na.Ka.No.60/2025/A1, dated 03.10.2025 and quash the same and consequently directing the respondent to refix the monthly lease amount by enhanced 30% from laid paid lease amount in the year of 2019 by taking note of order made in WA.No.771 of 2016 dated 01.09.2016.

For Petitioner : Mr.C.Prakasam

For Respondents : Mr.P.Kumaresan, AAG
for Mr.M.Rajendran, AGP

**ORDER**

The petitioner was running a Vulcanizing Centre within Pennagaram Bus Stand, Dharmapuri District. The petitioner was called upon to vacate and hand over possession of the property. This measure was undertaken by the Town Panchayat in order to pull down the existing shopping complex and construct a new one.

2. The respondent constructed a shopping complex and brought the same for auction. Challenging the same, the present Writ Petition.

3. It is the plea of Mr.C.Prakasam that certain shop owners, similarly situated had approached this Court, by way of a Writ Petition in W.P.No.16430 of 2015. The same came to be allowed by this Court on 07.12.2015. In the appeal preferred therefrom, a compromise was entered into between the parties on 01.09.2016. In terms of clause (v) of the said compromise, the Town Panchayat had agreed that as a first option, the right to take shops on rental basis would be given to existing shop holders and only on their refusal, the right to occupy the same would be brought for auction. Instead of adhering to this compromise, the Town Panchayat is bringing the shop for auction. Hence, the Writ Petition.



4. On 17.02.2026, after hearing the arguments of Mr.C.Prakasam and Mr.P.Kumaresan, learned Additional Advocate General for Mr.M.Rajendran, Additional Government Pleader, I pointed out that a Town Panchayat, in terms of Rule 316 of the Tamil Nadu Urban Local Bodies Rules, 2023 and the applicable Government Orders, is entitled to bring the shops for auction. Once the price is fixed in auction, the Government had directed the local body to inform the existing shop owners about the average rental value of the shops. If the existing shop owners are willing to pay the average rental value arrived at, then to allot the shops in their favour. On this aspect, Mr.C.Prakasam took time to get instructions and file an affidavit.

5. When the matter was taken up for hearing today (25.02.2026), Mr.C.Prakasam reported that the petitioner in this Writ Petition alone is not willing to file an affidavit. Hence, I am dealing with this Writ Petition on merits.

6. The entire case of Mr.C.Prakasam is based on the compromise entered into between the appellant and the respondents in W.A.No.771 of 2016. The said compromise was on account of a mediation that had taken place between the parties therein. The writ petitioner herein was not a party to the said compromise. A compromise between two parties cannot be treated as laying down a



precedent. The order passed by the Division Bench endorses the contract/compromise entered into between the appellant and the respondents therein is lawful and binding. It is not a precedent to be applied across the Board.

7. Furthermore, from 2024 onwards, statutory rules have come into force. When rules are in existence, a contract to the contrary cannot be given effect to. It is, hence, that this Court gave an option to the writ petitioner to file an affidavit to avail the benefit for average amount fixed for the other tenants. Unfortunately, the petitioner had not availed the same.

8. The rules and the Government Orders are clear that an auction has to be conducted. Thereafter, the previous lessee must be given an opportunity as a first option. If they do not avail the option, the Town Panchayat cannot wait *ad nauseam*. The Town Panchayat has obviously incurred expenditure in putting up the new shopping complex. Properties of the Town Panchayat are not meant to be parted away for a song. The Town Panchayat too has made an effort to adhere to the rules and the instructions given by the Government. Yet, the petitioner is insisting on her pound of flesh. It is not for the petitioner to dictate the rate at which she will take the shop for lease.



9. In the light of the above discussion, I find no merits in the Writ Petition. This Writ Petition is dismissed. No costs. Consequently, connected miscellaneous petition is closed.

25-02-2026

nl/Lm

Neutral Citation: Yes/No

To

The Executive Officer,
Pennagaram Town Panchayat,
Pennagaram,
Dharmapuri District.



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V.LAKSHMINARAYANAN, J.

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