



WEB COPY

WP Nos. 2328 & 2693 of 2



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 16-02-2026

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THE HON'BLE MR.JUSTICE V. LAKSHMINARAYANAN

WP Nos. 2328 & 2693 of 2026

and

WMP Nos. 2580, 2583, 2584, 2937 & 2941 of 2026

W.P. No. 2328 of 2026:-

R.Kanagaraj

..Petitioner(s)

Vs.

1.The Commissioner
Tiruppur City Municipal Corporation,
Tiruppur- 641 604.

2.The District Collector
Tiruppur District,
Tiruppur- 641 604.

3.The Principal Secretary to Government
Municipal Administration and Water Supply
Department, Secretariat, Chennai- 600 009.

..Respondent(s)

Prayer : This petition has been filed under Article 226 of the Constitution of India, calling for the records relating to the impugned Notification issued by the Commissioner, Tiruppur City Municipal Corporation made in P.O.No.16/2026 Se.Ma.Tho.A/2026/Tiruppur dated 16.01.2026 and quash the same and consequently, to direct the 1st and 2nd respondents to fix the fair and affordable rent to the shops in Tiruppur Corporation Daily Flower Market, Eswaran Koil Street, Tiruppur, within a reasonable period.



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For Petitioner(s):

Mr.T. Ranganathan

For Respondent(s):

Mr. M.Suresh Kumar, AAG
Asst. by Mr.Abishek Moorthy - R1
Mr. L.S.M. Hasan Fizal-AGP-R2
Dr. T. Seenivasan-SGP-R3

W.P. No. 2693 of 2026:-

Rajesh

... Petitioner

Vs.

1.The Director of Municipal Administration
Office of the Directorate of Municipal Administration
No.75, Urban Administrative Building
Santhome High Road, MRC Nagar
Raja Annamalaipuram, Chennai-600 028.

2.The Commissioner
Tiruppur City Municipal Corporation
Tiruppur.

... Respondents

Prayer : This petition has been filed under Article 226 of the Constitution of India, calling for the records of the 2nd respondent relating to the tender notification in Reference No.Na.Ka.No.5688/2025/A1 dated 13.01.2026 insofar as to Serial No.3 and quash the same and consequently direct the Respondents to fix daily shop rents for the shops in Flower Market Complex, Zone No.3, Tiruppur Municipal Corporation.

For Petitioner(s):

Mr.S.Arjun

For Respondent(s):

Dr. T. Seenivasan-SGP-R1
Mr. M.Suresh Kumar, AAG
Asst. by Mr.Abishek Moorthy - R2



COMMON ORDER

W.P. No. 2328 of 2026 and W.P. No. 2693 of 2026 have been filed challenging the tender called by the Commissioner, Tiruppur City Municipal Corporation, Tiruppur, bringing the Tiruppur Corporation Daily Flower Market, Eswaran Koil Street, Tiruppur, for auction. As both the writ petitions relate to the same market and challenge the same impugned tender notification bringing the right to collect fees in the market for auction, I clubbed the same together and heard them.

2. I heard Mr.T.Ranganathan for the petitioner in W.P. No. 2328 of 2026 and Mr.S.Arjun for the petitioner in W.P. No. 2693 of 2026. I heard Mr.M.Suresh Kumar, learned Additional Advocate General assisted by Mr.Abishek Moorthy for the first respondent, Mr.L.S.M.Hasan Fizal, learned Additional Government Pleader for the second respondent and Dr.T.Seenivasan, learned Special Government Pleader for the third respondent.

3. The petitioners claim to be in the trade of selling flowers in the Tiruppur area. Originally, the flower market was situated in Easwaran Koil Street. The respondents proposed to avail the benefit under the Smart City Scheme, and pulled down the existing market, and put up a new one therein. The flower vendors were temporarily shifted till the construction was completed. For the period from 2022 to 2025, the right to collect fees from



those occupying the market was auctioned. It went for a sum of Rs.2.5 crores. In terms of the prevailing orders of the Government, for the subsequent years i.e., 2026-2029, the amount that the successful tenderer/auctioner has to pay to the Corporation was increased by 5% over the previous year. On account of the enhancement, the successful auctioner started demanding higher rent from the writ petitioners and others utilizing the market. This gave rise to a flurry of writ petitions. The present writ petitions relate to the period commencing from 01.04.2026 till 31.03.2029.

4. It is the plea of the petitioners, that giving a go-by to the norms laid down by the Government in G.O.Ms. No. 2(Pa) No.66, Municipal Administration and Water Supply (Na.Ni.4) Department, dated 06.08.2024, the Tiruppur Corporation is bringing the shops for auction without fixing the ground rent for the shops.

5. Mr.S.Arjun and Mr.T.Ranganathan placed reliance upon Clause 3(iii) and (iv) of the said G.O. It is added by both the counsel, that the Tiruppur Corporation is adopting different set of rules, one for the vegetable market and another for the flower market. Insofar as the vegetable market is concerned, both the counsel rely upon the minutes of the Council for Corporation in Sl.No. 374 dated 06.10.2025, and point out that insofar as the flower market is concerned, a different treatment has been meted out as per Sl.No. 393 of the Council Meeting held on the very same day.



6. It is the plea of both the counsel, that the rent has to be fixed by the Council and not by the successful auctioner. Furthermore, they plead that it is their individual shops which should be auctioned and not the whole market, which includes the two-wheeler and four-wheeler parking areas, toilet, and other facilities available in the area.

7. Mr.T.Ranganathan made an additional plea that the action of the respondents is irrational and arbitrary, since they did not fix rent, on one hand, and left it to the market forces, and at the same time, prevented the opening of a private market by flower vendors in Tiruppur Town in another place than the Smart City Easwaran Koil Flower Market.

8. Rejecting these pleas, Mr.M.Suresh Kumar submits that the G.O. referred to by the petitioners apply only when the license to occupy the individual shops are auctioned, and not when the market as a whole is brought for auction sale. He further submits that the G.O. is advisory in nature and it is the discretion of the Council to apply the G.O. or not. He points out that in any event, the basic rate / upset price in the auction was fixed at Rs.50 lakhs, which corresponds to the fair rent that the entire market will fetch. He states that the auction has been conducted, and the right to collect fees from the shop owners in the Easwaran Koil Flower Market, as well as for two-wheeler and four-wheeler parking and other facilities, have been sold for Rs.4.10 crores.



9. I have carefully considered the submissions of both sides and I have gone through the records.

10. The Challenge before me today is against the tender-cum-auction notice that has been issued by the Commissioner, Tiruppur City Municipal Corporation, by which the right to collect fees in the Smart City Easwaran Koil Flower Market has been brought for auction/tender. Their grievance is that, in case, a higher rate is fixed for the purpose of licensing the right to collect fees from users of the market, it will have the corresponding effect of the successful auction purchaser demanding higher rent from them.

11. The petitioners referred to a Government Order, to press forth their plea, that the Government Order should have been implicitly implemented before going ahead with the auction. According to them, the rate of each shop must be fixed first, and only then the auction must be conducted.

12. I am not agreeable to this submission. If these submissions were to be accepted, then the purpose of conducting auction itself would be defeated. The number of shops are fixed and the number of two-wheeler parking is also fixed, so are the number of four-wheeler parking and the number of toilets too. There is no variable at all. If the Commissioner were to fix the rate at which the



successful auction purchaser should collect the amount, then all those participating in the auction would have to quote a uniform rate, or must be so persuaded by generosity, that he should be willing to suffer a loss and bid for an amount, which would be more than what he would get in case the shop owners were to pay a fixed rate. No auctioneer is persuaded by such feelings. The purpose of conducting an auction is to get the best possible rate from the auction purchaser with respect to the shops from which he can collect a fee. As to the mathematical calculation by which an auction purchaser would go about things, it is not for this Court to look into the same, as it is a commercial decision, which are strictly dictated by business ideas and entirely left to the market forces. This Court is only concerned with the law that prevails over the issue.

13. The State of Tamil Nadu has framed the Tamil Nadu Urban Local Bodies Rules, 2023, in exercise of the powers vested in it, under Section 198 of the Tamil Nadu Urban and Local Bodies Act, 1998. The said Rules have come into force with effect from 13.04.2023. These Rules, obviously, could not be made applicable for the tender, which had taken place for the block period from 2022 to 2025, as the Rules were not in force, at that time. The Rules having come into force after the aforesaid date, it falls on the Commissionerate to implement and adhere to the same in the present case. All other Local Bodies would have to follow the said rules on and from the date on which it has come into force.



14. Chapter IX of the Tamil Nadu Urban Local Bodies Rules has two parts. Part-I deals with licensing of trades and businesses, industries and factories and for other purposes. This does not apply to the present case. The applicable rules are found in part 2 of Chapter IX. This deals with licensing of immovable properties of a local body.

15. Rule 316(1) permits the Municipal Council to grant license to any person for use and occupation of any land or building belonging to a local body for a period of three years. This Rule would apply when the local body decides to license each of the individual shops in a separate manner and not going for a wholesome auction for the entire shopping complex. The relevant rules for bringing the building /shopping complexes or public markets for lease is found under Rule 316(5) of the Rules. Under this statutory rule, the license for land and building let out for commercial purposes including the shopping complex or public markets belonging to a local body should be effected only by a public auction-cum-tender. The stark distinction between Rule 316(1) and Rule 316(5) is that, under Rule 316(1), the license may be granted for land or building, but where land and buildings in the nature set forth in the tabular column to Rule 316(6), shows that it is mandatory on the part of the Commissioner to bring the license for commercial activities to public auction.



16. Rule 316(6) also decides the manner in which the upset price for the auction floor price has to be fixed. We are concerned with the category of shopping complexes, which falls under item 5 of the table appended to Rule 316(6). The statutory rule directs that the Commissioner has to do the following:-

“Auction floor price shall be based on the actual rental value prevailing in the locality with such variations based on location of the shop in the market, demand, current vacancy levels, infrastructure facilities available, as may be decided by the council.”

17. A casual read shows that it is the discretion of the Council to decide the auction floor price. As rightly contended by the Additional Advocate General, the G.O. relied upon by the petitioners would only apply in case of an individual shop. This is clear from a reading of the G.O. itself. Even if I were to accept the arguments made by Mr.S.Arjun and Mr.T.Ranganathan, that it applies to shopping complexes also, the closing words of Clause 316(6) shows that it is only a suggestion made by the Government to the Council. It is, no doubt, open to the Government to make such suggestions as it so thinks to the Councils, functioning under it. This is especially so when the establishment of Smart City Market was set with funds given to the Commissionerate by the Government. However, when the word ‘*shall*’ has been used in Rule 316(5) and a suggestion is made under the G.O., it is for the Council to take a call while



fixing the rate for the auction floor price /upset price. The G.O., which is merely suggestive, cannot be read as mandatory, and as one which supplants the statutory rule. In law, a rule cannot be supplanted by executive instructions.

18. As to how the right for licensing a market should be brought for is an entirely commercial decision, and this Court would be loath to interfere with the same, unless and until there is an infraction between the statutes and the rules made thereunder.

19. The petitioners being vendors do not have any vested right to occupy the shops, belonging to the Corporation. They are not indulging in any charitable exercise, but are earning income by indulging in business. As much as the petitioners are entitled to make a profit in their area of activity, when it comes to commercial shopping complex, so is the Municipality entitled to make profit.

20. In view of the above discussion, I do not find any merits in these writ petitions and hence, these writ petitions are dismissed. No costs. Consequently, the connected miscellaneous petitions are closed.

16-02-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
Maya



To

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V.LAKSHMINARAYANAN, J.

Maya

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