

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CWP-18082-2024 (O&M)

Laxmi Devi... Petitioner

Versus

State of Haryana and others... Respondents

1.	Date when Order was reserved	19.03.2026
2.	Date of Pronouncement of Order	27.05.2026
3.	Date of uploading order	30.05.2026
4.	Whether operative part or full order is pronounced	FULL
5.	Delay, if any, in pronouncing of full order, and reasons thereof	Not Applicable

CORAM: **HON'BLE MR. JUSTICE SUVIR SEHGAL**
 HON'BLE MR. JUSTICE DEEPAK MANCHANDA

Present:- Mr. Sandeep Singh, Advocate and
 Mr. Vipin Kumar, Advocate for the petitioner.

 Mr. Anant Kataria, DAG, Haryana.

 Mr. Deepak Sabherwal, Advocate,
 for respondents No.2 to 4 - HSVP.

DEEPAK MANCHANDA, J.

CM-2353-CWP-2026

 In view of the reasons mentioned in the application, the same is

allowed and copy of the judgment passed by this Court in CWP-14243-2024

titled 'Vishal Kandwal Vs. State of Haryana and others' decided on



CWP-18082-2024 (O&M)

(2)

16.10.2025 annexed with the application is taken on record as (Annexures P-17).

CWP-18082-2024 (Main case)

1. The present petition has been filed seeking restoration of the status of originally allotted Plot No. 2373, Sector-1, Part-II, Hisar, allotted to the petitioner vide Allotment Letter No. ZO003/EO006/UE012/GALOT/0000000568 dated 27.06.2023 (Annexure P-3), and for handing over physical possession of the said plot after removal of the encroachment existing thereupon. In the alternative, the petitioner seeks issuance of directions to the respondent-HSVP to allot an alternative plot and hand over possession thereof in terms of the policy dated 18.02.2013 (Annexure P-12) framed by the respondent-authority.
2. A bare perusal of the pleadings as well as the material available on record reveals that the petitioner has placed reliance upon the judgment rendered by this Court in ***CWP No. 14243 of 2024 titled Vishal Kandwal vs. State of Haryana and others***, decided on 16.10.2025 (Annexure P-17). It has been contended that the controversy involved in the present petition is squarely covered by the aforesaid judgment, inasmuch as, even in the present case, actual physical possession of the plot was not delivered on account of the same being under encroachment by third parties, which is attributable to the negligence and inaction on the part of the respondent-authority. It has further been averred that prior to auctioning the plot in question, the requisite due diligence was not undertaken by the respondent-authority. Consequently, the petitioner has prayed that the present petition be disposed of in terms similar to those granted in the aforesaid judgment.



CWP-18082-2024 (O&M)

(3)

3. On the other hand, learned counsel for the respondent – authority (HSVP) submits that the prayer of the petitioner for allotment of an alternative plot cannot be accepted and the present petition is liable to be dismissed on the ground that the petitioner had agreed to the terms and conditions of the e-auction policy. He further submits that as per Clause 39 thereof, in the event of inability to deliver possession of the allotted plot, the petitioner is only entitled to refund of the amount deposited along with interest @ 5.5% per annum till the date of delivery of possession. He has further argued that once the petitioner had accepted the terms and conditions of allotment, he cannot now resile from the same.
4. We have heard learned counsel for the parties and have carefully gone through the record of the case with their able assistance
5. A perusal of pleadings would show that while issuing notice of motion on 01.08.2024, following order was passed by this court and same is reproduced hereinunder:

“Vide allotment letter dated June 27, 2023 (P-3), petitioner (Laxmi Devi) was allotted a site/plot No.2373 (measuring 135 sq. meters), Sector 1, Part II, Urban Estate, Hisar. It is not disputed that after allotment the petitioner remitted the entire sale consideration, i.e. Rs.76,45,900/-. Whereupon, vide communication dated June 27, 2023 (P-4), the respondent-authorities offered possession of the allotted site to the petitioner. However, the authorities failed to deliver the actual physical possession.

With reference to the report of the Committee dated September 27, 2023 (P-9), learned counsel for the petitioner submits that, in fact, plot Nos.2373 to 2364-P, Sector 1, Part II, Hisar were encroached by pucca structure/house that existed on the said site(s). And, therefore, it was not viable for the authorities to deliver the actual



physical possession. Further, he refers to the directions issued by the Chief Administrator, HSVP, Panchkula, dated January 2, 2024 (P-10), whereby the Administrator as also the Estate Officer, HSVP, Hisar were directed to either demolish the structure that existed upon the site(s) at the earliest or cancel the allotment and refund the amount deposited by the petitioner with interest @ 5.5% p.a.

It is submitted that authorities rather than removing the encroachments and delivering actual physical possession of the allotted site or a suitable alternate site in the same sector, unilaterally credited the amount the petitioner had deposited in her bank account. He asserts that apparently the action of the respondents is arbitrary and unjust. So much so, the petitioner to discharge her obligation and comply with the conditions of allotment had obtained housing loan to deposit the sale consideration. And, in the event, she fails to submit a copy of the sale deed with the bank, it would entail serious ramifications, and she would also be liable to pay penal interest.

Notice of motion.

Notice re: stay as well.

Served with the advanced copy of the petition, Mr. Deepak Sabherwal, Advocate is present in Court and accepts notice on behalf of respondents No.2 to 4-HSVP. He prays for a short accommodation to seek instructions and/or submit response.

May do so, a week prior to the adjourned date with an advance copy to the learned counsel for the petitioner.

As prayed, adjourned to 04.09.2024.

To be taken up immediately after the urgents.

In the meanwhile, one plot/site, measuring 135 sq. meters, in Sector 1, Part II, Urban Estate, Hisar shall not be put to auction by the respondent-authorities till the adjourned date. Further, the respondents are also restrained from alienating/transferring even the subject site/plot till the adjourned date.”



6. As the petitioner was declared the highest and successful bidder in the e-auction conducted by the respondent-authority, and had deposited the entire sale consideration in respect of the site/plot in question, pursuant thereto, the Letter of Intent (LOI) dated 21.01.2023 (Annexure P-1) was issued in favour of the petitioner, followed by Allotment Letter No. ZO003/EO006/UE012/GALOT/0000000568 dated 27.06.2023 (Annexure P-3). Even though possession of the said site/plot was formally offered to the petitioner, the actual physical possession thereof could not be delivered due to the encroachment existing over the site, which is attributable to the negligence and inaction on the part of the respondent-authority. We find merit in the submissions advanced by learned counsel for the petitioner regarding allotment of an alternative plot in a situation where actual physical possession of the originally allotted plot could not be delivered on account of encroachment thereupon by a third party.
7. Even in the reply dated 12.03.2026 filed by HSVP, the aforesaid lapse stands duly admitted by the respondent-authority. A perusal of paragraph No. 8 of the said reply reveals that the respondent-authority has not disputed the existence of encroachment over the site/plot in question prior to the conduct of the e-auction, rather, the same has been expressly acknowledged. The said reply further reflects that the respondent-authority itself has admitted failure and negligence on the part of its officers and has even recommended initiation of disciplinary action against the concerned officials for the lapse committed in auctioning a plot which was already under encroachment. The relevant extract of the said reply is reproduced hereinbelow:

“5. That the petitioner filed application dated 18.12.2023 for giving physical possession of the plot which was rejected by the Junior



Engineer office of Estate Officer, HSVP, Hisar by raising objection that there is encroachment in shape of pucca structure on site. It is relevant to mention here that a committee of SDE(S) and Two JE's o/o Estate Officer, HSVP, Hisar was constituted and as per the report dated 27.09.2023 of the committee there existed encroachment on Plot No. 2373 to 2364P, Sector 1 Part-II, Hisar.

6. *That the matter was immediately reported to the competent authority, namely the Chief Administrator, HSVP Haryana, Panchkula. Vide communication dated 02.01.2024, the Chief Administrator, HSVP Haryana, Panchkula issued the following directions:*
 - (a) *Demolition of the structure at the earliest and offer of possession to the highest bidder, if willing to wait;*
 - (b) *In case the bidder was not willing to wait, cancellation of allotment and refund with 5.5% interest.*
7. *That in view of the subsisting encroachment over the site and the pendency of the matter before the Vidhan Sabha Petition Committee Haryana at the relevant time, physical possession of the plot could not be delivered to the petitioner. Consequently, the amount deposited by the petitioner was refunded along with interest @ 5.5% per annum vide payment dated 23.01.2024 by the then Estate Officer, Hisar.*
8. *That it is respectfully submitted that the present litigation has arisen due to failure on the part of the then concerned Estate Officer and defaulting concerned Junior Engineer Oo Estate Officer, HSVP, Hisar and Assistant concerned in strictly and effectively complying with the directions of the competent authority in their true spirit. The concerned J.E and the then Estate Officer failed to inform the competent authority regarding encroachment at the site prior to conducting of e-auction Further, it has also been found that instead of ensuring removal of encroachment and properly ascertaining the petitioner's willingness to wait in terms of the direction dated 02.01.2024, the matter was processed by concerned Assistant, towards cancellation and refund by the then*



Estate Officer, HSVP, Hisar. The department has viewed the said lapse seriously and process to initiate the disciplinary proceedings in the matter has been issued as per communication received to the answering respondent vide email dated 02/03/2026 from the office of Chief Administrator, HSVP, Panchkula.

9. *That the lapse, if any, is attributable to the individual officer's concerned and not to any mala fide or deliberate action of the respondent-Authority as a department. Corrective steps have been taken to ensure accountability. However, it is submitted that such internal disciplinary action does not create or revive any enforceable legal right in favor of the petitioner contrary to the binding policy framework.”*
8. Furthermore, learned counsel for the petitioner has placed reliance upon the judgment rendered by this Court in **Vishal Kandwal's case (supra)**, wherein this Court had occasion to deal with an identical controversy arising under similar circumstances. In the said judgment, this Court observed that the lack of due diligence on the part of the respondent-authority prior to advertising the plots for auction, coupled with the absence of any *bona fide* justification for the subsequent cancellation thereof, reflected arbitrariness, unreasonableness and abuse of discretion in the Wednesbury sense. It was further held that no public authority can be permitted to act unfairly or capriciously to the detriment of law-abiding citizens. Moreover, once the respondent-authority had itself admitted that the site/plot in question was already under encroachment, the same clearly demonstrated lack of prior verification before conducting the e-auction. Even more the recommendation for initiation of disciplinary proceedings against its own officers amounted to an admission of such lapse on the part of the respondent-HSVP, which could not, by any stretch, be attributed to the petitioner. Consequently, the resultant



CWP-18082-2024 (O&M)

(8)

cancellation of the allotted plot is held to be wholly unjustified and unsustainable in law.

9. The stand taken by the respondent-authority (HSVP) that there exists no provision under the e-auction policy for allotment of an alternative plot and the contention that the petitioner had agreed to the terms & conditions thereof, is unsustainable in law, inasmuch as the identical issue already stands adjudicated by this Court in ***Vishal Kandwal's case (supra)*** wherein similar contentions raised on behalf of the respondent – authority (HSVP) were duly examined and rejected.
10. Even otherwise, the judgment rendered by this Court in ***Vishal Kandwal's case (supra)***, the same has attained finality. It is pertinent to note that an application seeking clarification/modification of the order dated 16.10.2025, filed by the respondent – authority (HSVP) bearing CM-517-CWP-2026 in CWP-14243-2024, was also dismissed as withdrawn vide order dated 06.02.2026, thereby lending further finality to the said judgment. The order dated 06.02.2026 is reproduced hereunder:-

“Learned counsel for the applicants/respondents No.2 and 3 submits that he wants to withdraw this application. The application stands dismissed as withdrawn. Photocopy of this order be placed on the connected file.”

11. Similar view has already been taken by a Coordinate Bench of this Court in ***Parveen Sharan Versus Haryana Shehri Vikas Pradhikaran and another, CWP-18713-2024 decided on 28.03.2025***, which reveals that a similar situation had arisen earlier as well, wherein a co-ordinate Bench of this Court allowed the petition, subject to imposition of exemplary costs of Rs.1 lakh upon the respondent – authority (HSVP), on similar facts and legal principles.



CWP-18082-2024 (O&M) (9)

The co-ordinate Bench has thus taken a consistent view under analogous circumstances in *Parveen Sharan’s case (supra)*.

12. In view of the discussion made hereinabove, we are of the considered opinion that the present writ petition is squarely covered by the judgment rendered by this Court in *Vishal Kandwal’s case (supra)*. Accordingly, the present writ petition is hereby allowed. The respondent-HSVP is directed to restore the allotment of the plot in favour of the petitioner, which had been ordered to be kept reserved in the same sector by this Court vide order dated 01.08.2024, and the respondent-authority was further restrained from alienating or transferring the said site/plot during the pendency of the present writ petition.

(DEEPAK MANCHANDA)
JUDGE

(SUVIR SEHGAL)
JUDGE

27.5.2026
Pankaj

Whether speaking /reasoned	Yes/No
Whether Reportable	Yes/No