



**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

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LPA-1142-2021 (O&M)

Decided on : 04.02.2026

SATNAM SINGH

...Appellant

Versus

STATE OF HARYANA AND OTHERS

. . . Respondents

**CORAM: HON'BLE MR. JUSTICE HARSIMRAN SINGH SETHI
HON'BLE MR. JUSTICE VIKAS SURI**

PRESENT: Mr. Arvinder Arora, Advocate for the appellant.

Mr. Sandeep Chhabra, Addl. Advocate General, Haryana.

HARSIMRAN SINGH SETHI, J. (Oral)

1. In the present appeal, the challenge is to the impugned order dated 02.11.2021 passed by the learned Single Judge, wherein the cancellation of the auction which was in favour of the appellant but was cancelled subsequently, has not been interfered with on the ground that respondent No.8, subsequent to the auction proceedings, was prepared to give to more amount as being offered by the appellant and that auction was not conducted in the manner required on account of it being not proclaimed by beat of drums.

2. Learned counsel for the appellant argues that once, respondent No. 8 never participated in the auction proceedings qua cutting of the trees standing on the land belonging to the gram panchayat and the highest bid of Rs.46.27 lakhs for cutting of said tress was offered by the appellant which offer was accepted, after which, the appellant started exercising his jurisdiction by cutting the trees but in the meanwhile, an offer of Rs. 56 lakhs for the same auction was made by respondent No. 8 after which, the contract entered into between the parties, i.e. the auction got canceled vide

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letter dated 06.11.2020 (Annexure P-12), which is incorrect and unlawful.

3. Learned counsel for the appellant further submits that once, the auction proceedings were finalized and work of cutting the trees had already begun, stopping of the said work merely upon receiving another offer of higher amount by respondent No. 8 is contrary to the settled principle of law. Learned counsel further submits that merely upon receiving offer of higher amount subsequent to the conclusion of the auction proceedings cannot be made a ground for setting aside the auction proceedings and hence, the learned Single judge should have interfered with the cancellation of the auction proceedings initiated in favour of the appellant wherein the appellant was granted the right to cut the trees upon a payment of Rs.46.27 Lakhs.

4. Learned counsel for the State submits that though the auction was cancelled on the ground that 15 days notice was not given before conducting the auction of cutting the trees therefore, as the process which was envisaged under auction proceedings was not followed, hence, the same was set-aside coupled with the fact that the respondents No. 8 had offered the auction amount of Rs. 56 lakhs i.e. more than the amount offered by the appellant, therefore, the impugned order passed by the learned Single judge, as well as the act of canceling of the auction proceeding by the authority concerned is perfectly valid and legal.

5. We have heard learned counsel for the parties and have gone through the case file with their able assistance.

6. It may be noticed that as per the settled principle of law, an auction cannot be cancelled merely upon asking of a stranger to the proceedings, Learned counsel for the respondent-State has not been able to show that respondent No. 8 had ever participated in the auction proceedings



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and it was only after the appellant started cutting the trees in terms of the contract, he offered Rs. 10 lakhs more than what was offered by the appellant.

7. As per settled principle of law settled by the Hon'ble Supreme Court of India in **Civil Appeal No. 791-792 of 2022, titled as K. Kumara Gupta versus Sri Markendaya and Sri Omkareswara Swamy Temple and others, decided on 18.02.2022,** wherein it has been held that re-auction of the property cannot be allowed on the basis of an offer made by a third party who has never participated in the auction process. The relevant paragraph of the said judgment is as under:-

*“8.2 It is also required to be noted that the sale was confirmed in favour of the appellant by the Commissioner, Endowments Department after obtaining the report of the Assistant Commissioner. Therefore, we are of the opinion that in the aforesaid facts and circumstances of the case, the High Court ought not to have ordered re-auction of the land in question after a period of 23 years of confirmation of the sale and execution of the sale deed in favour of the auction purchaser by observing that the value of the property might have been much more, otherwise, the object and purpose of holding the public auction and the sanctity of the public auction will be frustrated. Unless there is concrete material and it is established that there was any fraud and/or collusion or the land in question was sold at a throw away price, the sale pursuant to the public auction cannot be set aside at the instance of strangers to the auction proceeding. The sale pursuant to the public auction can be set aside in an eventuality where it is found on the basis of material on record that the property had been sold away at a throw away price and/or on a wholly inadequate consideration because of the fraud and/or collusion and/or after any material irregularity and/or illegality is found in conducting/holding the public auction. After the public auction is held and the highest bid is received and the property is sold in a public auction in favour of a highest bidder, **such a sale cannot be set aside on the basis of some offer made by third parties subsequently and that too when they did not participate in the auction proceedings and made any offer***



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and/or the offer is made only for the sake of making it and without any serious intent. In the present case, as observed hereinabove, though Shri Jagat Kumar immediately after finalising the auction stated that he is ready and willing to pay a higher price, however, subsequently, he backed out. If the auction/sale pursuant to the public auction is set aside on the basis of the such frivolous and irresponsible representations made by such persons then the sanctity of a public auction would be frustrated and the rights of a genuine bidder would be adversely affected ”

8. It is a conceded position that respondent No. 8 had never participated in the auction process, hence, no role to offer more money than the appellant so as to get the auction proceedings in favour of the respondent No. 8.

9. Further the argument raised by the learned State counsel is that 15 days notice was not given before conducting the auction, it may be noticed that at the time of auction proceedings, 54 persons had deposited the required amount for participating in the said process of auction and they actually had participated in the auction process. It may be noticed that once, 54 persons had participated in the auction process wherein the appellant had given the highest bid, the same could not have been rejected merely on the ground that the 15 days notice was not given before conduct of auction is not correct.

10. Once, 55 person including appellant had participated in the auction proceedings and they had also deposited the security amount required to enter the auction proceedings and 22 persons participated in the bid process, the highest bid was offered by the appellant which bid was accepted after which appellant successfully entered into contract and started work of cutting the tress, which fact has gone unrebutted, therefore, the



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cancellation of the auction at the hands of the state only on the ground that there was a higher bid subsequent to the auction cannot be accepted.

11. Further another ground taken by State that 15 days prior notice was not given by appellant before cutting the trees, it shall be noted that same is not a condition of the order/contract, on the basis of which the contract/auction of the appellant was cancelled and the said contract was cancelled only on the ground that respondent No. 8 has offered Rs. 10 lakhs more than the amount offered by the appellant.

12. That being so, as per the judgment passed by the Hon'ble Supreme Court of India in **Mohinder Singh Gill v. Chief Election and connected case -16 Commr., (1978) 1 SCC 405 at page 417** has held that authority cannot plead beyond the order under challenge and authority has to depend on the reason mentioned in the order and not supplemented in the written statement. The relevant paragraph No. 8 of the judgement is as under:-

“8. The second equally relevant matter is that when a statutory functionary makes an order based on certain grounds, its validity must be judged by the reasons so mentioned and cannot be supplemented by fresh reasons in the shape of affidavit or otherwise. Otherwise, an order bad in the beginning may, by the time it comes to court on account of a challenge, get validated by additional grounds later brought out. We may here draw attention to the observations of Bose, J. in Gordhandas Bhanji [Commr. of Police, Bombay v. Gordhandas Bhanji, AIR 1952 SC 16] : “Public orders, publicly made, in exercise of a statutory authority cannot be construed in the light of explanations subsequently given by the officer making the order of what he meant, or of what was in his mind, or what he intended to do. Public orders made by public authorities are meant to have public effect and are intended to affect the actings and conduct of those to



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whom they are addressed and must be construed objectively with reference to the language used in the order itself.” Orders are not like old wine becoming better as they grow older.”

13. Keeping in view the above, the impugned order passed by the learned Single Judge as well as the order of authorities cancelling the auction proceedings finalized in favour of the appellant are set-aside and the respondents are directed to continue with the auction proceedings as per the terms and condition as mentioned in the contract to execute the same.

14. Accordingly, the present appeal is allowed.

(HARSIMRAN SINGH SETHI)
JUDGE

(VIKAS SURI)
JUDGE

04.02.2026

Riya
Whether speaking/reasoned: Yes/~~No~~
Whether Reportable: ~~Yes~~/No