

CWP-14243-2024 (O&M) and other connected case

2025:PHHC:160459-DB



263 (2 cases)

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

Date of decision : 16.10.2025

1. CWP-14243-2024 (O&M)

Vishal Kandwal

...Petitioner

Vs.

State of Haryana and others

...Respondents

2. CWP-13782-2024 (O&M)

Anil Kumar and another

...Petitioners

Vs.

State of Haryana and others

...Respondents

**CORAM: HON'BLE MR. JUSTICE ANUPINDER SINGH GREWAL
HON'BLE MR. JUSTICE DEEPAK MANCHANDA**

Present: Mr. Kshitij Sharma, Advocate and
Ms. Shruti Sharma, Advocate,
for the petitioner(s).

Mr. Anant Kataria, DAG, Haryana.

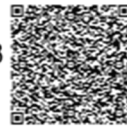
Mr. Deepak Sabherwal, Advocate,
for respondents No.2 and 3-HSVP.

Mr. Chander Shekhar Khare, Chief Administrator,
HSVP in person.

DEEPAK MANCHANDA, J.

1. By this common order, the aforementioned two writ petitions, i.e., CWP-14243-2024 and CWP-13782-2024, shall stand disposed of. Since both petitions involve similar questions of law, the facts of CWP-14243-2024 are being considered for adjudication of both the petitions.

2. Through the present petition, the petitioner seeks quashing of the



decision of the respondent-HSVP whereby the allotment made in favour of the petitioner has been cancelled without assigning any reason. The petitioner further prays for allotment of an alternative plot in light of policies dated 18.02.2013, 15.11.2021 and 24.11.2022 (Annexures P-8 to P-10), or, in the alternative, directions be issued to the respondent-HSVP to decide the petitioner's legal notice dated 17.05.2024 (Annexure P-7)

3. The brief facts emerging from the pleadings are that the respondent-HSVP had invited online bids for 51 properties in Panchkula Zone vide e-auction notice dated 25.01.2023 (Annexure P-1). Pursuant thereto, the petitioner participated in the e-auction for Plot No.41, Sector-5, Pinjore, measuring 162 sq. mtrs., and submitted a bid of ₹1,50,99,300/-, which was duly accepted. The petitioner paid the entire sale consideration in terms of the Letter of Intent (LOI) dated 24.02.2023 (Annexure P-2). Thereafter, the allotment letter and offer of possession dated 02.12.2023 (Annexures P-3 and P-4) were issued in favour of the petitioner, where no dues were outstanding.

4. It is pleaded that to the petitioner's utter shock, on 20.02.2024, the entire amount of ₹1,50,99,300/- was suddenly credited back to his bank account without any prior notice, explanation, or reason. Aggrieved by such arbitrary action of the respondent-HSVP, the petitioner submitted a detailed representation dated 20.03.2024 (Annexure P-6), complaining of illegal cancellation, alleging fraud, and seeking either an alternative plot or payment of damages/compensation. This was followed by a legal notice dated 17.05.2024 (Annexure P-7), demanding restoration of the plot or an alternative allotment. Neither the representation nor the legal notice was adjudicated, which compelled the petitioner to approach this Court challenging the unilateral cancellation of



allotment and refund by the respondent-HSVP.

5. Learned counsel for the petitioner contends that a concluded contract came into existence upon acceptance of the petitioner's bid and issuance of the LOI, where after full payment of the sale consideration, the respondent-HSVP had no authority in law to revoke the allotment unilaterally. He also contends that such action is in violation of Sections 4 and 5 of the Indian Contract Act, 1872, relating to completion of communication and revocation of acceptance. Further, none of the applicable e-auction policies or clauses in the LOI or allotment letter permit cancellation after 100% payment and the only circumstances permitting refund (force majeure/litigation/stay) are not attracted in the present case. Thus, the impugned action is beyond the permissible policy framework. It is argued that after accepting the full consideration, the respondent-HSVP cannot resile from its obligations whimsically, without notice or opportunity of hearing, thereby violating the principles of natural justice including *audi alteram partem*. Therefore, the impugned unilateral cancellation is arbitrary, irrational, and unsustainable in law.

6. Learned counsel for the petitioner to support his contentions relies upon the judgment referring to the fairness doctrine and legitimate expectations of a contracting party, in ***State of Jharkhand & Ors. Versus Brahmaputra Metalics Pvt. Ltd., Ranchi & Anr., (2020) SCC OnLine SC 968.***

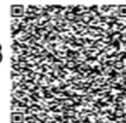
7. On the other hand, learned counsel for respondents No.2 and 3, while referring to the written statement dated 23.07.2025, submits that the petitioner participated in the e-auction conducted by HSVP and, being the highest bidder, deposited 10% of the bid amount i.e., ₹15,09,930/- as per the terms and conditions of the Letter of Intent (LOI). He submits that the petitioner



subsequently deposited the balance amount as well, which is also undisputed. It is further submitted that one of the bidders raised an issue regarding the absence of development works in the concerned area, and accordingly, respondent No.2 – Chief Administrator, HSVP, approved cancellation of the auction of Plot Nos.36, 40, and 41 on 06.07.2023 and directed refund of the deposited amount vide memo dated 24.07.2023 (Annexure R-2/1), thereby restraining further auction till development works were completed.

8. He further submits that due to inadvertence, the cancellation memo escaped the notice of the authorities and an allotment letter was issued to the petitioner on 02.12.2023 after the full payment had been made. Although the offer of possession was also issued, physical possession could not be delivered since development work at the site had not been completed. Thereafter, respondent No.2 sought an explanation from the concerned official vide memo dated 01.02.2024 and disciplinary action was initiated against the erring official. The refund of ₹1,50,99,300/- was made to the petitioner on 20.02.2024 after cancellation of the allotment. It is further submitted that the revised plan for Sector-5, Pinjore was approved by the Chief Town Planner vide letter dated 14.11.2023 (Annexure R-2/3), whereby 102 plots of sizes i.e. 8 Marla, 14 Marla and 1 Kanal were deleted and only 32 plots of 1000 sq. yards were retained, resulting in the deletion of Plot No.41 that had been originally allotted to the petitioner.

9. Learned counsel for the respondent-HSVP argues that the auction stood cancelled prior to allotment and, therefore, the petitioner cannot claim any legal right over the plot. Reliance is placed upon Clause 39 of the E-Auction Policy dated 20.07.2022, which provides that if possession cannot be delivered



after full payment due to court orders, litigation, or circumstances beyond control, the entire amount shall be refunded and no claim for the property or alternative site shall lie. Reference was also made to Clause 6 of the allotment letter dated 02.12.2023, reiterating the refund clause. It is contended that the petitioner is not entitled to allotment of any alternative plot. Therefore, HSVP's action is bona fide, consistent with policy, and has caused no prejudice to the petitioner. The writ petition, accordingly, deserves to be dismissed.

10. Heard.

11. The principal issue raised in the petition is that despite full payment and issuance of the possession letter, the Respondent-HSVP unilaterally cancelled the allotment and refunded the amount without giving any notice, reason, or passing any speaking order, thereby violating contractual obligations and constitutional safeguards.

12. This Court, vide order dated 06.08.2025, issued notice to the respondents on the ground that the petitioner, serving as a Commandant in the Central Reserve Police Force, had applied for the allotment of an 8-marla plot on 24.02.2023. Being the highest bidder, he was allotted the plot upon depositing the entire requisite amount within the stipulated period in accordance with the terms and conditions of the allotment. However, the respondent-HSVP admitted that although symbolic possession was given, due to non-development of the project, physical possession could not be delivered and the amount was refunded to the petitioner as per policy on 20.02.2024. It is further stated that the respondent-HSVP decided to construct only 1000 sq. yard plots in Sector-5, Pinjore, thereby deleting the plot allotted to the petitioner. After knowing these facts, respondent No.2-Chief Administrator, HSVP, was directed to remain



present in Court to explain the reason and basis for developing only larger plots to the detriment of persons allotted smaller plots, including the petitioner. Further action pursuant to the revised layout was also stayed till the next date of hearing.

13. On 27.08.2025, in compliance with the order dated 06.08.2025, respondent No.2-Chief Administrator, HSVP remained present and submitted that although allotments had been made earlier, it was later found that the area was located on hilly terrain, and therefore, the plot sizes were altered. Accordingly, the direction was issued to file an affidavit along with the site plan setting out the original plan as well as the plan after the afore-noted changes. Thereafter, vide order dated 10.09.2025, this Court granted time to HSVP to seek instructions regarding whether environmental clearance was obtained for the project revised after cancellation of the plot in dispute located near Kaushalya Dam, and to justify the decision to restrict the project to only 1000 sq. yard plots instead of the previously proposed 8 Marla, 14 Marla, and 1 Kanal plots. The respondent-HSVP was also directed to produce the original record reflecting the decision for revising the layout plan.

14. In compliance with the order dated 10.09.2025, an additional affidavit dated 08.10.2025 along with a report dated 06.10.2025 (Annexure R-1) was filed by respondent No.2. It is stated therein that respondent-HSVP did not obtain environmental clearance as the project area was less than the MoEF norms under Clause 8(a) & 8(b) of Environmental Impact Assessment Notification, 2006. The report further states that the project was reorganized into approximately 32 plots of 1000 sq. yards each and a Community Centre measuring approx. 2.83 acres as approved by respondent No.2, which was



circulated on 14.11.2023. However, the said report mentioned above does not disclose any rationale or justification for changing the original layout plan. The minutes of the meeting dated 06.10.2025 (Annexure R-1) also reveal that although approval was granted, but there are no proceedings or documents available showing the basis for the change in layout. Even the original record produced in Court further indicates that there is no explanation or reasoning provided for replacing plots of 8 Marla, 14 Marla, and 1 Kanal with only 1000 sq. yard plots. This lack of justification raises concerns about arbitrariness and mala fides on the part of the respondent-HSVP.

15. We cannot lose sight to the fact that the petitioner invested his entire lifetime savings to construct a house as a government servant and had legitimately obtained allotment of Plot No.41, where even symbolic possession was also handed over to him on 02.12.2023. Still, without assigning any reason, the allotment was cancelled, and the payment was refunded on 20.02.2024. Such arbitrary action has deprived the petitioner of affordable housing, violating his right to life under Article 21 of the Constitution of India, particularly considering the steep rise in property prices between 2023 and 2025 and we believe that the petitioner cannot be penalized for HSVP's alleged discovery of hilly terrain conditions after allotment. Moreover, during proceedings it has emerged that the same land has been levelled and converted to normal terrain for carving out 1000 sq. yard plots as admitted by the respondent-HSVP vide additional affidavit dated 04.09.2025. Therefore, HSVP's justification is both unreasonable and unjustifiable.

16. When queried by this Court regarding carving out a substitute plot for the petitioner or an allotment of an alternative plot, the respondent-HSVP



replied in the negative citing Clause 39 of the e-auction policy dated 20.07.2022. Even so, this excuse does not stand in view of the respondent's own conduct in leveling the area and altering the layout for larger plots, where the petitioner had a preferential right as a successful bidder who had paid the entire amount, yet was denied allotment merely due to a unilateral change in planning by the respondent-HSVP, itself.

17. Learned counsel for the respondent-HSVP referred to Clause 39 of the e-auction policy dated 20.07.2022 and attempted to justify the cancellation based on the same. Clause 39 of the said policy is reproduced below:

"39. If due to stay by the Court or litigation or any other circumstances beyond control, i.e. force majeure, HSVP is not able to deliver possession of the property within three months after deposit of the full (100%) bid amount, the full amount deposited by the successful bidder shall be refunded. The successful bidder will not have any claim on this property in question or any other property of the HSVP, including allotment of alternative site/plot."

18. A bare perusal of the aforesaid clause shows that cancellation does not fall within the scope of "circumstances beyond control" as the action was knowingly taken and was very much within the respondent's control. After going through the material on record, as well as stand taken by the respondent-HSVP, this court finds that the reasons leading to cancellation were rather, whimsical and could have been avoided, had due diligence been exercised prior to issuance of the advertisement. Therefore, reliance on Clause 39 of the e-auction policy is misplaced and does not apply to the facts and circumstances of this case.

19. This Court observes that HSVP, being a public authority was constituted to provide affordable housing on a "no profit-no loss" basis and is expected to act fairly, reasonably, and within the legal framework, but in contrary, the conduct of the respondent-HSVP, appears to be profit-driven and



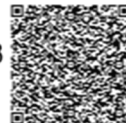
detrimental to the middle and lower-income citizens, thus contradicting its statutory purpose. Keeping in view the conduct of the respondent-HSVP, it can be safely drawn that converting a plan meant for affordable housing into high-value plots exclusively for the higher strata of society indicates exploitation and discrimination by violating the constitutional and administrative law principles.

20. The pleadings as well as original record produced before this Court demonstrates lack of due diligence before advertising the original plots and in the absence of any bona fide reasons for subsequent cancellation, the decision reflects abuse of discretion, arbitrariness, and unreasonableness in the Wednesbury sense as no public authority can be permitted to act unfairly or capriciously to the detriment of law-abiding citizens. Reference may be made to ***State of Jharkhand and others Versus Brahmputra Metalics Ltd., Ranchi and another, 2020 SCC Online SC 968***. Relevant paragraphs of said judgment are reproduced hereunder:

“....41. When public authorities fail to adhere to their representations without providing an adequate reason to the citizens for this failure, it violates the trust reposed by citizens in the State. The generation of a business friendly climate for investment and trade is conditioned by the faith which can be reposed in government to fulfil the expectations which it generates.

43. In National Buildings Construction Corporation vs. S. Raghunathan (“National Buildings Construction Corpn.”), a three Judge bench of this Court, speaking through Justice S.Saghir Ahmad, held that:

“18. The doctrine of “legitimate expectation” has its genesis in the field of administrative law. The Government and its departments, in administering the affairs of the country, are expected to honour their statements of policy or intention and treat the citizens with full personal consideration without any iota of abuse of discretion. The policy statements cannot be disregarded unfairly or applied selectively. Unfairness in the form of unreasonableness is akin to violation of natural justice. It was in this context that the doctrine of “legitimate expectation” was evolved which has today become a source of substantive as well as procedural rights. But claims based on “legitimate



expectation” have been held to require reliance on representations and resulting detriment to the claimant in the same way as claims based on promissory estoppel.”

21. This Court, while dealing with a similar issue, has already commented upon the conduct of respondent-HSVP in the case of ***Tamanna Babbar Versus State of Haryana and Others, CWP No.3314 of 2025, decided on 13.08.2025***. The relevant extracts of the said judgment are reproduced below:

“16. On the other hand, to do substantial justice with an object to prevent abuse of process and ensure that justice is not only done but seen to be done, we cannot lose sight of the fact that the site has been cancelled for the reason that there is an existing nalla on the land in question, and said fact was not verified by the respondent-HSVP at the time of issuing the advertisement. It has also been fairly endorsed by the Chief Administrator, HSVP, in the impugned order dated 24.11.2024 (Annexure P-9), wherein a specific direction has also been issued that e-auction Cell of the HSVP (HQ) will make sure that in future, before putting the site to e-auction, a proper physical verification of the site is done by the concerned Estate Officer, HSVP.

17. Even as per short affidavit dated 19.02.2025 available on record, wherein the fault of the respondent-HSVP has been admitted, and the Chief Vigilance Officer, HSVP, was directed to hold a fact-finding inquiry and submit a report to the Estate Officer, Gurugram, for not verifying the status of land before putting the same in e-auction on 30.11.2022. After that, directions were issued to the Chief Vigilance Officer, HSVP, to submit the inquiry report within 15 days so that appropriate action as per law could be taken against the defaulting officials responsible for this lapse.

18. The perusal of the present case file would show that though the said inquiry was initiated in pursuance of order dated 05.02.2025 passed by this Court but nothing has been placed on record in reference to the completion of the said inquiry or the action taken against the officials responsible for advertising the site without verifying the factual position. Once, there is an admission on the part of the respondent-HSVP and even during the course of the arguments, upon asking of this Court that whether earlier any similar situation arose with the respondent-HSVP, learned counsel for the respondent-HSVP fairly apprised this Court by referring to a matter decided by the National Green Tribunal (NGT), wherein, under similar circumstances, a penalty of Rs.50 lakhs was imposed upon HSVP for carving out the plot in Sector-50 Gurugram. Under such circumstances, as explained above, this court is duty bound to correct wrongs, prevent abuse of power and ensure that legal and executive



actions are lawful and such admitted continued lapses have compelled us to take the view that despite repeated mistakes, the respondent-HSVP has failed to perform its duties as a welfare department, and people are suffering due to its lapses and conduct, which amounts to dereliction of duty by the respondent department.

19. We are, therefore, constrained to impose costs of Rs.1,00,000 /- upon the respondent-HSVP, so that such mistakes are not repeated in the future as a punitive measure to avoid a miscarriage of justice and the respondent-HSVP is directed to comply with the directions issued by respondent No.2 i.e. the Chief Administrator in Letter and spirit as mentioned in the impugned order dated 24.11.2024 (Annexure P-9).”

22. Although the aforementioned petition was dismissed as the site was cancelled because due diligence was not conducted, and a *nallah* existed at the location. Further, the respondent-HSVP was burdened with costs as a punitive measure, but the facts of the present case on merits are distinguishable. Even in the aforesaid writ petition, vide impugned order dated 24.11.2024 (Annexure P-9), realizing its mistake, respondent No.2-HSVP admitted its lapse and issued general directions ensuring proper physical verification before advertising any site. Here too, respondent No.2 has admitted that the site in question was situated on hilly terrain, and levelling the site itself indicates lack of prior verification. Although disciplinary action was initiated vide memo dated 12.02.2024, but again no document has been produced to show completion of the said inquiry or action against the erring officials. Therefore, present proceedings are yet another example of such conduct, where the petitioner has been subjected to undue cancellation of the allotted plot.

23. Now the second question arises whether under explained circumstances the petitioner is entitled for restoration of the same plot or allotment of an alternative plot, in light of the policies as relied upon by the petitioner. The relevant clauses of the policy dated 18.02.2013 are reproduced



here below:-

“xxxx xxxx xxx

c) Terms and Conditions of allotment of alternative plot:-

1. The alternative plot should be given in the same sector out of the balance available vacant plots. In case unallotted plots of required category/size are not available in the same sector, then plots shall be carved out in any unplanned pocket or plots shall be carved out by re-planning of available unsold plots of smaller/bigger sizes and category, if found technically feasible. The alternative plots so carved out shall be allotted on the same terms and conditions on which original plot was allotted.

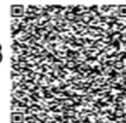
xxxx xxxx xxx

d. Power to sanction allotment of alternative plot.

1. The Chief Administrator, HUDA shall be Competent Authority to allot alternative plot in the same sector.

2. In case of allotment of alternative plots in sectors other than the sector in which original plot was allotted, approval of Chairman HUDA shall be required.”

24. The afore-noted clause clearly stipulates for an alternative plot in favour of the petitioner where it is mentioned that in case plots of desired category/size are not available in the same sector, then plot can be carved out in any pocket or plot shall be carved out by replanning of available unsold plots of smaller, bigger, sizes and category. In this case, petitioner is suffering for no fault of his own and is entitled for allotment of plot, either by carving out or as per availability, in light of the policy mentioned above. We also disagree with the plea raised by learned counsel for the respondent-HSVP justifying their stand that there is no provision in the e-auction policy for allotment of an alternative plot after cancellation. Broadly, analysis of both the policies meant for e-auction and allotment of alternative plot reflects about two different aspects. One deals with the auction only and other deals with only allotment of alternative plot. So, the same cannot be clubbed together. Once, purposefully the policy for allotment of alternative plot is already in existence and does not distinguish the category for the said purpose in that case, such an argument will not have any weightage



and will not come for the rescue of the respondent especially when the framer of the policies is the same i.e. HSVP.

25. Given the above discussions, the cancellation of the plot allotted to the petitioner is unjustified, arbitrary and is a clear example of *mala fide* on the part of the respondent-HSVP. Consequently, both the petitions are allowed, subject to costs of Rs. 1 lakh each, which shall be paid to the petitioner(s) within two months. Further, respondent No.2 is directed to restore the allotment of the plot to the petitioner(s) in the same vicinity, either by carving out a fresh plot in the newly developed site as per the revised plan or through any other suitable alternative measure, within three months from the date of receipt of a certified copy of this order.

26. The Registry shall list this matter again confined to a limited issue, if the cost imposed in accordance with the aforesaid directions, is not paid by the respondent-HSVP.

27. Pending miscellaneous application(s), if any, also stand disposed of.

(DEEPAK MANCHANDA)
JUDGE

(ANUPINDER SINGH GREWAL)
JUDGE

16.10.2025
sandeep

Whether speaking/reasoned :
Whether Reportable :

Yes/No
Yes/No