

A

INSTITUTE OF LAW & ORS.  
v.  
NEERAJ SHARMA & ORS.  
(Civil Appeal No. 2143 of 2007)

B

SEPTEMBER 19, 2014

[SUDHANSU JYOTI MUKHOPADHAYA AND  
V. GOPALA GOWDA, JJ.]

C

*Constitution of India, 1950 – Arts. 14, 226 – Allotment of 5.75 acres of land in Chandigarh to the appellant-Law Institute, at Rs. 900/- per square yard only – Writ petition challenging the allotment – Division Bench of the High Court, consisting of the then Chief Justice and a puisne Judge, by two separate but concurring orders disposed of the writ petition cancelling the allotment of land, however, the puisne Judge, did not agree on certain paragraph – Applications thereagainst – Nominated judge held that though the Bench recorded different reasons, the conclusion was same – On appeal, held: Petitioner filed a bonafide writ petition and had the necessary locus – Writ petition was maintainable in public interest as the allotment of the land made in favour of Institute was arbitrary, illegal and violative of Art.14 – Administration of the Union Territory of Chandigarh conferred largesse on the appellant-Institute by allotting land in its favour for inadequate consideration without following procedure – Allottee cannot be allowed to make money or profiteer with the aid of the public property – Impugned order passed by the puisne Judge, which was concurred by the then Chief Justice by his separate order and the order of the third nominated Judge holding that there is no difference of opinion in the orders of the Division Bench are legal and valid – Thus, there is no reason to interfere with the impugned orders in exercise of this Court's appellate jurisdiction – Allotment of Land to Educational Institutions (Schools) Rules Etc. on*

H

*Lease Hold basis in Chandigarh Scheme, 1996 – cl. 18.*

**Dismissing the appeal, the Court**

**HELD: 1.1. The settlement of the land in favour of the appellant-Institute was done within a few days without following the mandatory procedure for the allotment of land. The intention of the appellants to set up the law institute, however, their private interest is pitted against the public interest. The loss to the public exchequer could have been easily avoided had the land been settled by way of public auction inviting applications from eligible persons. [Para 23] [1106-B, C]**

**1.2. The respondent No.1-writ petitioner has filed a *bonafide* writ petition and he has the necessary locus. There is an apparent favour shown by the Union Territory of Chandigarh in favour of the appellant-Institute which is a profit making company. Hence, there is a strong reason to hold that the writ petition is maintainable in public interest. The High Court rightly held that the writ petition is a Public Interest Litigation and not a Private Interest Litigation. [Para 25] [1110-C-E]**

**1.3. The appellants have miserably failed to show the *malafide* intention on the part of the respondent No. 1 in filing writ petition and he is a public spirited person. The record of the AAO (Audit) submitted to the Chandigarh Administration proves the allegations made by him. The Administration of the Union Territory of Chandigarh has conferred largesse on the appellant-Institute by allotting land in its favour for inadequate consideration without following procedure. Therefore, the writ petition filed by the first respondent is maintainable as the allotment of the land in question made in favour of the first appellant-Institute was arbitrary, illegal and the same was in violation of Article 14 of the Constitution. [Para 26] [1110-F-H; 1111-A, B]**

- A *Fertilizer Corporation Kamgar Union (Regd.) Sindri & Ors. v. Union of India & Ors.* 1981 (2) SCR 52 : AIR 1981 SC 344, (1981) 1 SCC 568; *S.P. Gupta v. Union of India and Anr.* 1982 SCR 365: (1981) Supp SCC 87; *Dattaraj Nathuji Thaware v. State of Maharashtra & Ors.* 2004 (6) Suppl. SCR 900: (2005) 1 SCC 590 – referred to.

C 2.1. The discretionary power conferred upon the public authorities to carry out the necessary Regulations for allotting land for the purpose of constructing a public educational institution should not be misused. The plea of charitable intention or philanthropic goal behind the establishment of the appellant educational institution is discarded as the establishment of the same does not serve any public interest and the allottee cannot be allowed to make money or profiteer with the aid of the public property. [Para 29, 32] [1116-B, G]

E 2.2. The reasoning of the High Court in the impugned orders that the Screening Committee allotted the institutional sites in favour of the allottee without following any objective criteria and policy is concurred with. The High Court rightly held that the policy followed by the Chandigarh Administration where the allotment of land was done in favour of the appellant-Institute without giving any public notice and in the absence of a transparent policy based upon objective criteria and without even examining the fact that the Union Territory of Chandigarh is already under extreme pressure of over population and even in the case of allotment of school sites by making no attempt to enforce clause 18 of the Allotment of Land to Educational Institutions (Schools) Rules Etc. on Lease Hold basis in Chandigarh Scheme, 1996, thereby confining the provision merely to the statute book, is arbitrary, unreasonable and unjust and is opposed to the provisions of Article 14 of the Constitution. [Para 33] [1117-B-E]

2.3. The order passed by the then Chief Justice cannot be said to have rendered a different opinion so as to attract the applicability of Rule 31 of Chapter 4, para F, of the High Court Rules and Orders, r/w clause 26 of the Letters Patent. A perusal of the directions contained in the orders of the High Court reveals a common effect, i.e. the allotment of the institutional plot made in favour of the appellant-Institute stands cancelled as it did not conform to the constitutional philosophy enshrined in Art.14 of the Constitution. Nominated Judge while conceding the same rightly pointed out that there may apparently seem to be a difference in the thought process and also the relative rigour of the expressions used by both the Judges, yet, it has not been possible to conclude that there was any divergence in the directions recorded in their separate views.[Para 34,35] [1117-G, H; 1118-A-D]

2.4. The impugned order passed by the puisne Judge, which was concurred by the then Chief Justice by his separate order and the order of the third nominated Judge holding that there is no difference of opinion in the orders of the Division Bench are legal and valid and do not require any interference by this Court. There is no reason to interfere with the impugned orders in exercise of this Court's appellate jurisdiction. [Para 36, 37, 38] [1118-E-G]

*Union of India & Anr. v. Jain Sabha, New Delhi & Anr.* 1996 (9) Suppl. SCR 1:(1997) 1 SCC 164; *New India Public School & Ors. v. HUDA and Ors.* 1996 (3) Suppl. SCR 597:(1996) 5 SCC 510; *Akhil Bhartiya Upbhokta Congress v. State of M.P. & Ors.* 2011 (5) SCR 77: (2011) 5 SCC 29; *Modern School v. Union of India and Others* 2004 (1) Suppl. SCR 668:(2004) 5 SCC 583- referred to.

#### Case Law Reference:

1981 (2) SCR 52

Referred to

Para 23

A	1982 SCR 365	Referred to	Para 23
	2004 (6) Suppl. SCR 900	Referred to	Para 23
	1996 (9) Suppl. SCR 1	Referred to	Para 27
B	1996 (3) Suppl. SCR 597	Referred to	Para 28
	2011 (5) SCR 77	Referred to	Para 29
	2004 (1) Suppl. SCR 668	Referred to	Para 32

C **CIVIL APPELLATE JURISDICTION : Civil Appeal No. 2143 of 2007.**

D From the judgment and order dated 14.02.2005 passed in C.W.P. No. 6916 of 2004 and order dated 26.04.2006 passed in CM No. 5016 of 2005 and CM No. 6173 of 2005 by the High Court for the States of Punjab & Haryana at Chandigarh.

Nidhesh Gupta, Tarun Gupta, Mohan K. Ghos, Ashok Mathur, E.C. Agrawala for the appellants.

E Jatinder Kumar Bhatia, Sanjay Jain for the respondents.

The Judgment of the Court was delivered by

F **V. GOPALA GOWDA, J.** 1. This appeal is directed against the two separate impugned orders dated 14.2.2005 passed in Civil Writ Petition No. 6916 of 2004 by both the members of the Division Bench of the High Court of Punjab & Haryana at Chandigarh and against the order dated 26.04.2006 passed in Civil Misc. No. 5016 of 2005 and Civil Misc. No. 6173 of 2005. The brief facts of the case are stated hereunder:-

H 2. The appellant-Institute of law was allotted the land measuring 28,376.23 sq. yards (5.75 acres) in Sector 38-A in the Union Territory of Chandigarh at the rate of Rs.900/- per sq. yard by the administration of Union Territory of Chandigarh. The

rate was fixed by the Chandigarh Administration vide its Notification No. 31/1/100-UTFI (4-2002/1823) dated 7.3.2002 issued under the Punjab Development Regulation Act, 1952 fixing the land rates for allotment to educational institutions in the Union Territory of Chandigarh. The allotment of land was made in favour of appellant-Institute for 99 years on lease hold basis with the condition that the initial lease period will be 33 years and renewable for two like periods only if the lessee continues to fulfil all conditions of allotment.

3. The respondent No.1, Neeraj Sharma, filed a Writ Petition No.6916 of 2004 before the High Court of Punjab and Haryana at Chandigarh questioning the legality and validity of the allotment of land involved in this case urging various grounds.

4. On 14.2.2005, the Division Bench of the High Court, consisting of the then Chief Justice and a puisne Judge, by two separate but concurring orders disposed of the writ petition cancelling the allotment of land and directing the Union Territory of Chandigarh to take necessary corrective steps in the matter in consonance with the constitutional philosophy of Article 14 of the Constitution of India and further directed the Union Territory of Chandigarh to take policy decision for allotment of educational institutional sites in favour of eligible persons so as to ensure that the allotments are made objectively and in a transparent manner. After delivering the separate concurring orders, however, the puisne Judge, on the post judgment script, specified that there was no agreement on certain paragraph Nos. 10, 12, 13, 14 and 15 of the order passed by the then Chief Justice.

5. Aggrieved by the orders, the appellants filed the applications being Civil Misc. No. 5016 of 2005 and Civil Misc. No. 6173 of 2005 under Rule 31 of Chapter 4(F) of the High Court Rules and Orders read with Clause 26 of the Letters Patent, urging that the matter be referred to another Bench or the full Bench for adjudication on the points of difference.

A 6. The learned nominated Judge of the High Court disposed of the Civil Misc. Application Nos. 5016 of 2005 and Civil Misc. No. 6173 of 2005 vide order dated 26.4.2006, holding that there was no point of difference between the Judges of the Division Bench on the question of maintainability  
B of the writ petition and the *locus standi* of the writ petitioner. It was held by him that although different reasons have been recorded by the members of the Division Bench, the conclusion recorded by them on the issue of maintainability of the writ  
C petition was the same. It was further held that both the orders reveal a common object i.e. the cancellation of the allotment of land made in favour of the appellant-Institute. The learned Judge has further clarified that a process of auction by necessary implication requires invitation to all eligible prospective allottees through public notice which will be in  
D conformity with the constitutional philosophy under Article 14 of the Constitution of India. Having clarified in the aforesaid terms, the learned Judge dismissed both the applications.

E 7. The correctness of both the separate orders dated 14.02.2005 delivered by the Division Bench and the order dated 26.4.2006 of the learned nominated Judge hearing Civil Misc. Nos. 5016 and 6173 of 2005 are under challenge in this appeal filed by the appellant-Institute, raising certain substantial questions of law.

F 8. It was contended by Mr. Nidhesh Gupta, the learned senior counsel for the appellant-Institute that the learned nominated Judge has erred in not appreciating the separate orders passed by the two learned Judges of the Division Bench of the High Court, who have given separate and distinct orders, which are absolutely conflicting in nature and had no  
G commonality at all. The learned Judge has failed to appreciate that even the 'post judgment script', one of the learned judge has clearly spelt out the differences of opinion between the two learned Judges and on this basis alone the matter ought to have  
H been referred to a larger bench.

9. It was further contended that the High Court ought to have noticed that the land involved in this appeal had been allotted to the appellant-Institute after proper scrutiny and on the published and notified rates of the land with a condition for specific utilization of the land on lease hold basis and that none of the town planning was affected by the allotment of land in question in favour of the appellant-Institute since the area of land in question is situated in the institutional area where educational institutions are functioning.

A

B

10. It was further contended that the High Court has gravely erred in not dismissing the writ petition on the basis of lack of *locus standi* of the writ petitioner who has filed the writ petition for personal interest for the reason that a residential site was not allotted to him by the Administration of Union Territory of Chandigarh.

C

D

11. The High Court has further erred in holding that the appellants are influential persons, therefore, the land was allotted to them, although no basis whatsoever has been shown in the impugned judgments.

E

12. The High Court has erred in not appreciating that the allotment of land in favour of the appellant-Institute was made as per regular procedure adopted and being followed by Administration of Union Territory of Chandigarh for the last more than 50 years and there was no deviation whatsoever from the said procedure in allotting the land in favour of the appellant-Institute which is also non-profitable institute.

F

13. It is further contended that the land is not auctioned by the Chandigarh Administration but it has allotted it to qualified persons/institutions on the basis of the social and economic needs of the city and society. Further, the allotment of land for the purposes of establishing educational institutions has restrictions on the transfer as well as usage and therefore, it is different from the general land rates (*viz.* commercial and

G

H

A residential) which have no such restrictions and are freely marketable.

B 14. It is submitted that the land was allotted with certain conditions, (a) on leasehold basis initially for 33 years (b) non transferable directly or indirectly and (c) usage was only for law institute. The appellant-Institute deposited 25% of the lease amount with the administration of Union Territory where upon the letter of allotment dated 22.01.2004 in respect of the land in question was issued in favour of the appellant-Institute.

C 15. It is further submitted by the learned senior counsel that the writ petition dubbed as a Public Interest Litigation filed by the respondent No. 1 is frivolous, malicious and illegal as it does not disclose the source of information.

D 16. On the other hand, it is contended by the learned counsel on behalf of the first respondent that the respondent is a dedicated social worker having deep concern for the laws of land.

E 17. It is further contended that the appellants have managed to get the allotment of land which is contrary to the policy of the Union Territory of Chandigarh, the laws laid down by this Court in relation to the management of public property and is in the teeth of Article 14 of the Constitution of India.

F 18. The respondents have further contended that the said allotted land's market value is worth more than Rs.50/- crores but, was granted by way of lease to the appellant-Institute for an amount of Rs.2.55 crores only, which amounts to conferring largesse upon them which is not permissible in law and has caused huge loss to the public exchequer.

G 19. It has been further contended that according to the rules for allotment of land in favour of schools and other educational institutions, no land can be allotted to any institute without an advertisement and inviting applications from the eligible persons.

20. On the basis of the aforesaid rival legal contentions urged on behalf of both the parties, the following points would arise for our consideration:

(i) Whether the writ petition filed in the public interest is maintainable or not and whether the writ petitioner has *locus standi* to file the writ petition?

(ii) Whether the separate but concurring orders passed by the Division Bench of the High Court which were concurred by the nominated third Judge are legal and valid or whether the same requires interference by this Court?

(iii) Whether the allotment order of land made in favour of the appellant-Institute is in violation of Article 14 of the Constitution of India along with the applicability of the "Allotment of land to Educational Institutions (Schools), Rules etc. on a Lease-hold basis in Chandigarh Scheme, 1996"?

(iv) What Order?

**Answer to Point No.1**

21. We will first consider and answer the question of maintainability of the Writ Petition and *locus standi* of the writ petitioner, the respondent No. 1 herein who has filed the writ petition.

22. The property in question belongs to the Union Territory of Chandigarh Administration. Under our constitutional philosophy, it is a public property and therefore, belongs to the people. Hence, the Union Territory of Chandigarh Administration is the trustee of the land whose duty is to see that the property is allotted in favour of eligible persons by following the procedure laid down by the Chandigarh Administration, and the same should not be allowed to be squandered or sold away by it at a throw away price as it has been done in the instant case as pointed out by its Audit Department itself that there is

A a clear loss of about Rs.139 crores to the public exchequer.

23. It has also come to our notice that the settlement of the land in question in favour of the appellant-Institute was done within a few days without following the mandatory procedure for the allotment of land. We do not doubt the intention of the appellants to set up the law institute, however, their private interest is pitted against the public interest. The loss to the public exchequer could have been easily avoided had the land in question been settled by way of public auction inviting applications from eligible persons.

24. Further, as stated in the writ petition, the petitioner is a resident of State of Punjab and is also an Income Tax Payee. It has neither been shown nor proved by the appellants that he is a (i) *meddlesome interloper*, (ii) that he is acting under *malafide* intention or (iii) that he has been set up by someone for settling his personal scores with Chandigarh Administration or the allottee. Dealing with the question of *locus standi* of the writ petitioner, we would like to refer to certain decisions of this Court to hold that the writ petition filed by the first respondent is a public interest litigation to protect public interest. In the case of *Fertilizer Corporation Kamgar Union (Regd.) Sindri & Ors. v. Union of India & Ors.*<sup>1</sup>, the constitutional Bench of this Court has held as under:-

“29-30. ....Where does the citizen stand, in the context of the democracy of judicial remedies, absent an ombudsman? In the face of (rare, yet real) misuse of administrative power to play ducks and drakes with the public exchequer, especially where developmental expansion necessarily involves astronomical expenditure and concomitant corruption, do public bodies enjoy immunity from challenge save through the post-mortem of parliamentary organs. What is the role of the judicial

H 1. AIR 1981 SC 344, (1981) 1 SCC 568.

process, read in the light of the dynamics of legal control and corporate autonomy?

XXX            XXX            XXX

47. ....Nevertheless, the broad parameters of fairness in administration, bona fides in action, and the fundamental rules of reasonable management of public business, if breached, will become justiciable.

48. If a citizen is no more than a wayfarer or officious intervener without any interest or concern beyond what belongs to any one of the 660 million people of this country, the door of the court will not be ajar for him. But, if he belongs to an organisation which has special interest in the subject-matter, if he has some concern deeper than that of a busybody, he cannot be told off at the gates, although whether the issue raised by him is justiciable may still remain to be considered. I, therefore, take the view that the present petition would clearly have been permissible under Article 226.

(emphasis supplied)

Similarly, in the case of *S.P. Gupta v. Union of India and Anr.*<sup>2</sup>, this Court has categorically laid down the law in relation to *locus standi* as under :-

"18.....whenever there is a public wrong or public injury caused by an act or omission of the State or a public authority which is contrary to the Constitution or the law, any member of the public acting bona fide and having sufficient interest can maintain an action for redressal of such public wrong or public injury. The strict rule of standing which insists that only a person who has suffered a specific legal injury can maintain an action for judicial redress is relaxed and a broad rule is evolved which gives standing

2. (1981) Supp SCC 87.

A to any member of the public who is not a mere busy body  
or a meddlesome interloper but who has sufficient interest  
in the proceeding. There can be no doubt that the risk of  
 B legal action against the State or a public authority by any  
 citizen will induce the State or such public authority to act  
 with greater responsibility and care thereby improving the  
 C administration of justice.....It is also necessary to point  
 out that if no one can have standing to maintain an action  
 for judicial redress in respect of a public wrong or public  
 injury, not only will the cause of legality suffer but the people  
 not having any judicial remedy to redress such public wrong  
 or public injury may turn to the street and in that process,  
 the rule of law will be seriously impaired....

19. There is also another reason why the Rule of locus  
standi needs to be liberalised. Today we find that law is  
 D being increasingly used as a device of organised social  
action for the purpose of bringing about socio-economic  
change. The task of national reconstruction upon which we  
 E are engaged has brought about enormous increase in  
 developmental activities and law is being utilised for the  
 purpose of development, social and economic. It is  
 creating more and more a new category of rights in favour  
 of large sections of people and imposing a new category  
 of duties on the State and the public officials with a view  
 F to reaching social justice to the common man..... In other  
words, the duty is one which is not correlative to any  
individual rights. Now if breach of such public duty were  
allowed to go unredressed because there is no one who  
has received a specific legal injury or who was entitled to  
participate in the proceedings pertaining to the decision  
 G relating to such public duty, the failure to perform such  
public duty would go unchecked and it would promote  
disrespect for the rule of law. It would also open the door  
for corruption and inefficiency because there would be no  
check on exercise of public power except what may be

H

provided by the political machinery, which at best would be able to exercise only a limited control and at worst, might become a participant in misuse or abuse of power. It would also make the new social collective rights and interests created for the benefit of the deprived sections of the community meaningless and ineffectual.

A  
B

20. ....If public duties are to be enforced and social collective "diffused" rights and interests are to be protected, we have to utilise the initiative and zeal of public-minded persons and organisations by allowing them to move the court and act for a general or group interest, even though, they may not be directly injured in their own rights. It is for this reason that in public interest litigation — litigation undertaken for the purpose of redressing public injury, enforcing public duty, protecting social, collective, "diffused" rights and interests or vindicating public interest, any citizen who is acting bona fide and who has sufficient interest has to be accorded standing. What is sufficient interest to give standing to a member of the public would have to be determined by the court in each individual case. It is not possible for the court to lay down any hard and fast rule or any straitjacket formula for the purpose of defining or delimiting "sufficient interest". It has necessarily to be left to the discretion of the court.....

C  
D  
E

XXX                      XXX                      XXX

F

23. We would, therefore, hold that any member of the public having *sufficient interest* can maintain an action for judicial redress for public injury arising from breach of public duty or from violation of some provision of the Constitution or the law and seek enforcement of such public duty and observance of such constitutional or legal provision....."

G

(Emphasis supplied)

H

A Further, in the case of *Dattaraj Nathuji Thaware v. State of Maharashtra & Ors.*<sup>3</sup>, this Court held that Public Interest Litigation is a weapon which has to be used with great care and circumspection. It has to be used as an effective weapon in the armoury of law for delivering social justice to citizens. The aim of Public Interest Litigation should be to redress genuine public wrong or public injury.

25. It is clear to us that the respondent No. 1-the writ petitioner has filed a *bonafide* writ petition and he has the necessary locus. There is an apparent favour shown by the Union Territory of Chandigarh in favour of the appellant-Institute which is a profit making company and it has not shown to this Court that the allotment of land in its favour is in accordance with law. Hence, we are of the view that there is a strong reason to hold that the writ petition is maintainable in public interest. We completely agree with the views taken by the High Court, wherein it has rightly held that the writ petition is a Public Interest Litigation and not a Private Interest Litigation. The writ petition in question is the first petition filed by the first respondent and his first endeavor to knock the doors of the constitutional court to protect the public interest by issuing a writ of certiorary.

26. The appellants have miserably failed to show the *malafide* intention on the part of the respondent No. 1 in filing writ petition and we agree with the view of the then Chief Justice in his order who has held that he is a public spirited person. The cause ventilated by him is definitely worth consideration and the record of the AAO (Audit) submitted to the Chandigarh Administration proves the allegations made by him. Further it is observed that His Excellency, the Governor of Punjab-cum-Administrator, Chandigarh has rightly come to the conclusion in his decision that the impugned allotment of land in favour of the first appellant-Institute requires taking up of corrective steps. The Administration of the Union Territory of Chandigarh has

H 3. (2005) 1 SCC 590.

conferred largesse on the appellant-Institute by allotting land in its favour for inadequate consideration without following procedure. Therefore, we hold that the writ petition filed by the first respondent is maintainable as the allotment of the land in question made in favour of the first appellant-Institute is arbitrary, illegal and the same is in violation of Article 14 of the Constitution.

A

B

Answer to Point Nos. 2, 3 and 4

27. We have carefully considered and examined the question of the legality of the allotment order of the land made in favour of the appellant-Institute. It is submitted on behalf of the first respondent that the allotment of public land at throw away price or at no price to the private educational institutions with an avowed object to serve the public interest is contrary to the theory of "charitable education" that serve the pious cause of literacy. The aforementioned legal issue was visualized by this Court and has lucidly laid down the law in the case of *Union of India & Anr. v. Jain Sabha, New Delhi & Anr.* wherein the plea of charitable intentions or philanthropic goal behind the establishment of private educational institution was not accepted by this Court, holding that :-

C

D

E

"11.....we think it appropriate to observe that it is high time the Government reviews the entire policy relating to allotment of land to schools and other charitable institutions. Where the public property is being given to such institutions practically free, stringent conditions have to be attached with respect to the user of the land and the manner in which schools or other institutions established thereon shall function. The conditions imposed should be consistent with public interest and should always stipulate that in case of violation of any of those conditions, the land shall be resumed by the Government. Not only such conditions should be stipulated but constant monitoring should be done to ensure that those conditions are being

F

G

H

A observed in practice. While we cannot say anything about  
 the particular school run by the respondent, it is common  
 knowledge that some of the schools are being run on totally  
 commercial lines. Huge amounts are being charged by  
 way of donations and fees. The question is whether there  
 B is any justification for allotting land at throw-away prices  
 to such institutions. The allotment of land belonging to the  
 people at practically no price is meant for serving the public  
 interest, i.e., spread of education or other charitable  
 purposes; it is not meant to enable the allottees to make  
 C money or profiteer with the aid of public property. We are  
 sure that the Government would take necessary measures  
 in this behalf in the light of the observations contained  
 herein.”

D 28. Further, in another case, this Court set aside the  
 allotments of land made by the allotment committee even though  
 most of the allottees had constructed the buildings, because,  
 the allotment Committee had not followed any rational or  
 reasonable criteria for inviting the applications for the allotment  
 of land through an open advertisement. Reliance is placed on  
 E the decision of this Court in *New India Public School & Ors.*  
*v. HUDA and Ors.*<sup>5</sup>, which states as under:-

F “4.....Therefore, the public authorities are required to  
 make necessary specific regulations or valid guidelines to  
 exercise their discretionary powers; otherwise, the salutary  
 procedure would be by public auction. The Division Bench,  
 therefore, has rightly pointed out that in the absence of  
 such statutory regulations exercise of discretionary power  
 to allot sites to private institutions or persons was not  
 G correct in law.”

29. Further, we have to refer to the case of *Akhil Bhartiya  
 Upbhokta Congress v. State of M.P. & Ors.*<sup>6</sup>, wherein this

---

5. (1996) 5 SCC 510.

H 6. (2011) 5 SCC 29.

Court has succinctly laid down the law after considering catena of cases of this Court with regard to allotment of public property as under :

"50. For achieving the goals of justice and equality set out in the Preamble, the State and its agencies/ instrumentalities have to function through political entities and officers/officials at different levels. The laws enacted by Parliament and the State Legislatures bestow upon them powers for effective implementation of the laws enacted for creation of an egalitarian society. The exercise of power by political entities and officers/officials for providing different kinds of services and benefits to the people always has an element of discretion, which is required to be used in larger public interest and for public good.....In our constitutional structure, no functionary of the State or public authority has an absolute or unfettered discretion. The very idea of unfettered discretion is totally incompatible with the doctrine of equality enshrined in the Constitution and is an antithesis to the concept of the rule of law.

XXX            XXX            XXX

54. In *Breen v. Amalgamated Engg. Union*, Lord Denning MR said: (QB p. 190, B-C)

'... The discretion of a statutory body is never unfettered. It is a discretion which is to be exercised according to law. That means at least this: the statutory body must be guided by relevant considerations and not by irrelevant. If its decision is influenced by extraneous considerations which it ought not to have taken into account, then the decision cannot stand. No matter that the statutory body may have acted in good faith; nevertheless the decision will be set aside. That is established by *Padfield v. Minister of Agriculture, Fisheries and Food* which is a landmark in modern administrative law.'

A 55. In *Laker Airways Ltd. v. Deptt. of Trade* Lord Denning discussed prerogative of the Minister to give directions to Civil Aviation Authorities overruling the specific provisions in the statute in the time of war and said: (QB p. 705, F-G)

B 'Seeing that the prerogative is a discretionary power to be exercised for the public good, it follows that its exercise can be examined by the courts just as any other discretionary power which is vested in the executive.'

C 56. This Court has long ago discarded the theory of unfettered discretion. In *S.G. Jaisinghani v. Union of India*, Ramaswami, J. emphasised that absence of arbitrary power is the foundation of a system governed by rule of law and observed: (AIR p. 1434, para 14)

D '14. In this context it is important to emphasise that the absence of arbitrary power is the first essential of the rule of law upon which our whole constitutional system is based. In a system governed by rule of law, discretion, when conferred upon executive authorities, must be confined within clearly defined limits. The rule of law from this point of view means that decisions should be made by the application of known principles and rules and, in general, such decisions should be predictable and the citizen should know where he is. If a decision is taken without any principle or without any rule it is unpredictable and such a decision is the antithesis of a decision taken in accordance with the rule of law.....'

XXX XXX XXX

H 59. In *Kasturi Lal Lakshmi Reddy v. State of J&K*, Bhagwati J. speaking for the Court observed: (SCC pp.

13-14, para 14)

'14. Where any governmental action fails to satisfy the test of reasonableness and public interest discussed above and is found to be wanting in the quality of reasonableness or lacking in the element of public interest, it would be liable to be struck down as invalid.....'

61. The Court also referred to the reasons recorded in the orders passed by the Minister for award of dealership of petrol pumps and gas agencies and observed: (*Common Cause case*, SCC p. 554, para 24)

'24. ... While Article 14 permits a reasonable classification having a rational nexus to the objective sought to be achieved, it does not permit the power to pick and choose arbitrarily out of several persons falling in the same category. A transparent and objective criteria/procedure has to be evolved so that the choice among the members belonging to the same class or category is based on reason, fair play and non-arbitrariness. It is essential to lay down as a matter of policy as to how preferences would be assigned between two persons falling in the same category....'

62. In *Shrilekha Vidyarthi v. State of U.P.* the Court unequivocally rejected the argument based on the theory of absolute discretion of the administrative authorities and immunity of their action from judicial review and observed: (SCC pp. 236, 239-40)

'29. It can no longer be doubted at this point of time that Article 14 of the Constitution of India applies also to matters of governmental policy and if the policy or any action of the Government, even in

A contractual matters, fails to satisfy the test of reasonableness, it would be unconstitutional.....”

B In the light of the above mentioned cases, we have to record our finding that the discretionary power conferred upon the public authorities to carry out the necessary Regulations for allotting land for the purpose of constructing a public educational institution should not be misused.

C 30. We further hold that the fundamental right to establish and run an educational institution in terms of Article 19 (1)(g) of the Constitution is subject to reasonable restrictions under Article 19(6) of the Constitution of India. Therefore, the State is within its competence to prohibit “commercialization of education”.

D 31. In *Modern School v. Union of India and Others*<sup>7</sup> (supra), this Court has held thus :-

E “72. So far as allotment of land by the Delhi Development Authority is concerned, suffice it to point out that the same has no bearing on the enforcement of the provisions” of the Act and the Rules framed thereunder but indisputably the institutions are bound by the terms and conditions of allotment. In the event such terms and conditions of allotment have been violated by the allottees, the appropriate statutory authorities would be at liberty to take appropriate step as is permissible in law.”

G 32. We, therefore, disregard the plea of charitable intention or philanthropic goal behind the establishment of the appellants educational institution as the establishment of the same does not serve any public interest and we cannot allow the allottee to make money or profiteer with the aid of the public property.

33. Further, on a careful evaluation of the statutory object behind clause 18 of the “Allotment of Land to Educational

Institutions (Schools) Rules Etc. on Lease Hold basis in Chandigarh Scheme, 1996" no systematic exercise has been undertaken by the Administration of Chandigarh to identify the needs of different kinds of professional institutions required to be established in Chandigarh. We thus concur with the reasoning of the High Court in the impugned orders that the Screening Committee comprising of senior and responsible functionaries allotted the institutional sites in favour of the allottee without following any objective criteria and policy. The Screening Committee acted in a manner which is contrary to the principles laid down by this Court in the judgments cited above in allotting the land in question in favour of the first appellant. We, therefore, conclude that the High Court has rightly held that the policy followed by the Chandigarh Administration where the allotment of land was done in favour of the appellant-Institute without giving any public notice and in the absence of a transparent policy based upon objective criteria and without even examining the fact that the Union Territory of Chandigarh is already under extreme pressure of over population and even in the case of allotment of school sites by making no attempt to enforce clause 18 of the Scheme, 1996, thereby confining the said provision merely to the statute book, is arbitrary, unreasonable and unjust and is opposed to the provisions of Article 14 of the Constitution of India.

A

B

C

D

E

34. We now come to the opinion expressed by the then Chief justice in his order which was concurred by the nominated Judge hearing the Civil Misc. Applications that although different reasons have been recorded by the members of the Division Bench in their order who have disposed of CWP No.6916 of 2004, the conclusion arrived at by them was the same. Therefore, the order passed by the then Chief Justice cannot be said to have rendered a different opinion so as to attract the applicability of Rule 31 of Chapter 4, para F, of the High Court Rules and Orders, read with clause 26 of the Letters Patent.

F

G

H

A 35. A perusal of the directions contained in the orders of the High Court reveals a common effect, i.e. the allotment of the institutional plot made in favour of the appellant-Institute stands cancelled as it did not conform to the constitutional philosophy enshrined in Article 14 of the Constitution of India.

B This was also conceded by the learned nominated Judge of the High Court hearing the Civil Misc. No.5016 of 2005 and Civil Misc. No. 6173 of 2005. Thus, there appears to be absolutely no point of difference or divergence between the then Chief justice and the companion puisne Judge, who have issued

C directions to the Administration of the Union Territory of Chandigarh. It has rightly been pointed out by the nominated Judge that there may apparently seem to be a difference in the thought process and also the relative rigour of the expressions used by both the learned Judges, yet, it has not been possible

D to conclude that there was any divergence in the directions recorded in their separate views.

E 36. We thus hold that the impugned order passed by the learned puisne Judge, which was concurred by the then Chief Justice by his separate order and the order of the third nominated Judge holding that there is no difference of opinion in the orders of the Division Bench are legal and valid and do not require any interference by this Court.

F 37. It is needless to state that certain observations made in the impugned orders against some of the appellants and the respondents are totally unwarranted and the same are expunged.

G 38. In view of the foregoing reasons, we do not find any reason to interfere with the impugned orders in exercise of this Court's appellate jurisdiction. The appeal is accordingly dismissed. The order dated 16.04.2007 granting stay shall stand vacated.