

Surinder Singh vs Central Government & Ors on 26 September, 1986

Equivalent citations: 1986 AIR 2166, 1986 SCR (3) 946, AIR 1986 SUPREME COURT 2166, (1986) JT 578 (SC) 1986 (4) SCC 667, 1986 (4) SCC 667

Author: M.P. Thakkar

Bench: M.P. Thakkar, K.N. Singh

PETITIONER:
SURINDER SINGH

Vs.

RESPONDENT:
CENTRAL GOVERNMENT & ORS.

DATE OF JUDGMENT 26/09/1986

BENCH:
THAKKAR, M.P. (J)
BENCH:
THAKKAR, M.P. (J)
SINGH, K.N. (J)

CITATION:
1986 AIR 2166 1986 SCR (3) 946
1986 SCC (4) 667 JT 1986 578
1986 SCALE (2) 550

ACT:

Constitution of India, 1950-Article 226-Copy of the impugned order to be produced before High Court in writ proceedings-Improper for High Court to quash an order not produced before it.

Displaced Persons (Compensation and Rehabilitation Compensation) Act 1954/ Displaced Persons (Compensation & Rehabilitation) Rules, 1955

Administrative Law-Delegated legislation-Framing of the rules is not condition precedent to the exercise of power expressly and unconditionally conferred by statute.

HEADNOTE:

The plot in question, being an evacuee property was included in the compensation pool under s. 14 of the

Displaced Persons (Compensation and Rehabilitation Compensation) Act, 1954 and put to auction sale on August 24, 1959. The highest bid of the appellant was provisionally accepted and he deposited 1/5th of the amount, but failed to deposit the balance amount. The Managing officer, therefore, cancelled the auction sale. The Chief Settlement Commissioner set aside the order of the Managing officer and allowed time to the appellant to deposit the balance of purchase price by May 30, 1968, but the appellant again failed to deposit the amount within time. Consequently the Settlement officer by his order dated October 2, 1968 cancelled the auction sale made in appellant's favour and the property was put to auction sale on January 17, 1969. Respondents Nos. 2 and 3 made the highest bid and deposited 20% of the amount. The appellant appealed before the Assistant Settlement officer against the order dated October 2, 1968 cancelling the auction sale, which was rejected on April 2, 1969. His revision petition was also dismissed on August 13, 1969. However, in the petition under s. 33 of the Act made before the Central Government, the order cancelling the auction sale held on August 24, 1959 was

947

set aside by the authority exercising the delegated powers of the Central Government and granted 15 days' time to the appellant for depositing the balance of the purchase price with a condition that on failure to deposit the balance of the auction price the petition shall stand dismissed. The appellant again failed to deposit the amount within time, but on a request made by him, the time was extended till February 28, 1970 and the appellant deposited the remaining auction price within the extended time.

A petition under Article 226 filed by the respondents Nos. 2 and 3 challenging the order dated February 6, 1970 setting aside the order cancelling the auction sale held on August 24, 1959 and order extending time till February 28, 1970 and also for a direction to the authorities to finalise the auction sale held in their favour on January 17, 1969 was dismissed by a Single Judge. The Division Bench, however, allowed the Letters Patent Appeal, quashed the orders of delegated authority and directed the authorities to finalise the auction sale held in respondents' favour and held: (1) that sale of urban agricultural property which formed part of the compensation pool could be held only in accordance with the Rules framed under the Act as contemplated by ss. 8 and 40. Since no rules had been framed for the disposal of the urban agricultural property, the Central Government could not lawfully provide for sale of the urban agricultural land by executive directions and consequently auction sale held on August 24, 1959 was illegal; (2) that the delegated authority exercising powers under s. 33 had no jurisdiction to grant time to the appellant for making deposit or to further extend the time to enable him to deposit balance of auction price by

February 28, 1970; and (3) that the delegated authority had passed orders in violation of natural justice as no notice was issued to the respondent Nos. 2 and 3 and no opportunity of hearing was afforded to them.

Allowing the appellant's appeal partly and modifying the order of the High Court, the Court,

^

HELD: 1. Sections X and 20 of the Displaced Persons (Compensation and Rehabilitation Compensation) Act 1954 provide for payment of compensation to displaced persons in any of the forms as specified including by sale to the displaced persons of any property from the compensation pool and setting off the purchase money against the compensation to them. [956B-C]

2. Section 16 confers power on the Central Government to take

948

measures which it may consider necessary for the custody, management and disposal of compensation pool property. The Central Government had, therefore, ample powers to take steps for disposal of pool property by auction sale and for that purpose it had authority to issue administrative directions. [956C-D]

3. Section 40(2) (j) of the Act provides for framing of rules prescribing procedure for the transfer of property out of the compensation pool and the adjustment of the value of the property so transferred against the amount of compensation. Neither s. 8, 16, 20 nor s. 40 lay down that payment of compensation by sale of the pool property to a displaced person shall not be done unless rules are framed. These provisions confer power on the Central Government and the authorities constituted under the Act to pay compensation to displaced persons by sale, or allotment of pool property to them in accordance with rules, if any. [956D-E]

4. Framing of rules regulating the mode or manner of disposal of urban agricultural property by sale to a displaced person is not a condition precedent for the exercise of power by the authorities concerned under ss. 8, 16 and 20. If the legislative intent was that until and unless rules were framed power conferred under the said sections could not be exercised, that intent could have been made clear by using the expression "except in accordance with the rules framed" a displaced person shall not be paid compensation by sale of pool property. In the absence of any such provision the framing of rules, could not be a condition precedent for the exercise of power. [956E-G]

5. Where a statute confers powers on an authority to do certain act or exercise power in respect of certain matters subject to rules, the exercise of such power does not depend on the existence of Rules unless the statute expressly provides for the same. In other words, framing of rules is not a condition precedent to the exercise of the power

expressly and unconditionally conferred by the statute. [954H; 955A-B]

6. The expression "subject to Rules" only means in accordance with the rules, if any. If rules are framed, the powers so conferred on authority could be exercised in accordance with those rules. But if no rules are framed, there is no void and the authority is not precluded from exercising the Power conferred by the statute. [955B-C]

Bishan Singh v. The Central Govt. and others 1961(63) Punjab Law Reporter p. 75, over-ruled.
949

T. Cajee v. U. Jormanik Siem and Anr., [1961] 1 SCR 750, B.N. Nagarajan and Ors. v. State of Mysore and Ors., [1966] 3 S.C.R. 682, Mysore State Road Transport Corporation v. Gopinath, [1968] 1 S.C.R. 767, U.P. State Electricity Board v. City Board Mussoorie and Ors., [1985] 2 S.C.R. 815, relied upon.

7. The Central Government had ample jurisdiction to issue administrative directions regulating the payment of compensation to the displaced persons by sale of the urban agricultural property. The view taken by the High Court in Bishan Singh's case [1961] 63 P.L.R. 75 is not sustainable. The High Court was, therefore, in error in holding that the auction sale held in appellant's favour on August 24, 1959 was illegal and void. [956G-H]

8. So far as the challenge to the validity of the order of the delegated authority extending time to enable the appellant to deposit the auction sale money is concerned, the High Court had quashed the same although that order was not before it, as none of the parties filed the same. Respondents who had challenged that order should have filed a copy thereof. In the absence of the impugned order the High Court could not quash the same.

(9) Normally whenever an order of Government or some authority is impugned before the High Court under Article 226 of the Constitution, the copy of the order must be produced before it. In the absence of the impugned order it could not be possible to ascertain the reasons which may have impelled the authority to pass the order. It is, therefore, improper to quash the order which is not produced before the High Court in a proceeding under Article 226 of the Constitution. [957E-F]

(10) The power conferred upon the Central Government under s. 33 of the Act is a residuary power in nature. It confers wide powers on the Central Government to call for the record of any case and to pass any order which it may think fit in the circumstances of the case. The only limitation on exercise of this power is that the Central Government shall not pass any order which may be inconsistent with any of the provisions of the Act and the rules made thereunder. Therefore, the Central Government or the delegated authority has power to set aside any order of the subordinate authorities, or to issue directions which it

may consider necessary on the facts, of the case subject to the aforesaid rider. This power is intended to be used to do justice and to mitigate hardship to a party unbridled by technicalities. Therefore, the

950

delegated authority while exercising powers of the Central Government under s. 33 had ample jurisdiction to grant time. [957H; 958A-C]

11. Extension of time to enable the appellant to deposit the money did not amount to review of the earlier order dated 6.2.70 and the default cause therein was intended to ensure compliance of the order. [958D]

Mahanta Ram Das v. Ganga Das, [1961] 3 S.C.R. 763, relied upon.

12. After cancellation of the auction sale held in appellant's favour, the property in dispute was again put to auction sale and at that auction sale respondent Nos. 2 and 3 were the highest bidders. Their bid was provisionally accepted and they had deposited one-fifth of the auction sale amount. [959D E]

13. The highest bidder at an auction sale does not get any right or interest in the property till the auction sale is approved, confirmed and the sale deed is executed in his favour. The respondents have been in possession of the property since long and furthermore on the basis of their highest bid made at the subsequent sale they had sufficient interest in the matter to contest the appellant's petition made under s. 33 of the Act. The High Court was, therefore, right in holding that the respondents should have been afforded opportunity of hearing before any order on the appellant's petition was passed. Since no such opportunity was afforded, the High Court was justified in quashing the order. The High Court's order to that extent is upheld. [960A-D]

Bombay Salt and Chemical v. Johnson and Ors., AIR 1958 SC 289, referred to.

14. The Central Government or the authority exercising its power under s. 33 of the Act is directed to consider the appellant's petition afresh in accordance with law after giving notice and affording opportunity of hearing to respondent Nos. 2 and 3. [960D-E]

JUDGMENT:

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 2062 of 1972.

From the Judgment and order dated 14.10.1971 of the Punjab and Haryana High Court in Letters Patent Appeal No. 63 of 1971.

Rajinder Sacchar, Naunit Lal, Kailash Vasdev and P.R. Ramesesh for the Appellant.

A. Minocha and Mrs. Veena Minocha for the Respondents. The Judgment of the Court was delivered by SINGH, J. This appeal is directed against the Judgment of a Division Bench of Punjab & Haryana High Court setting aside order of a Single Judge and also the order made by the Central Govt. granting extension of time to the appellant to deposit purchase price in connection with the auction sale dated August 24, 1959 held in appellant's favour, and directing the Rehabilitation Department to take further proceedings regarding auction sale held in favour of the respondents.

Plot No. 168 situate in Jalandhar City, an evacuee property was included in the compensation pool under Sec. 14 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954. This plot was put to auction sale on August 24, 1959. The appellant who was displaced person made the highest bid of Rs.20,000, it was provisionally accepted and he deposited one-fifth of the amount at the conclusion of the auction, but he failed to deposit the balance amount. The Managing officer therefore cancelled the auction sale. On a Revision Petition filed by the appellant, the Chief Settlement Commissioner by his order dated March 30, 1968 set aside the order of the Managing officer and allowed time to the appellant to deposit the balance of purchase price by May 30, 1968. The appellant again failed to deposit the amount within time, consequently Settlement officer by his order dated 2.10.1968 cancelled the auction sale made in appellant's favour. Thereafter the property was put to auction sale on January 17, 1969. At that auction sale Sohan Lal and Sunder Lal, respondents who are also displaced persons made their highest bid for Rs.27,025 and they deposited 20% of the amount at the conclusion of the auction. Meanwhile the appellant preferred an appeal against the order dated 2.10.1968 cancelling the auction sale before the Asstt. Settlement officer, but the appeal was rejected on 2.4.1969. The appellant preferred a Revision Petition before the Chief Settlement Commissioner but that too was dismissed on August 13, 1969. Thereafter the appellant made a petition under sec. 33 of the Displaced Persons (Compensation & Rehabilitation) Act, 1954 (hereinafter referred to as the Act) before the Central Government. Shri Rajni Kant exercising the delegated powers of the Central Govt. set aside the order cancelling the auction sale held on August 24, 1959 and granted 15 days' time to the appellant for depositing the balance of the purchase price by his order dated February 6, 1970 with a condition that on failure to deposit the balance of the auction price the petition shall stand dismissed. The appellant again failed to deposit the amount within time, but on a request made by the appellant Shri Rajni Kant extended time till February 28, 1970 for depositing the remaining amount of purchase money. Admittedly the appellant deposited the remaining auction price by February 28, 1970. The respondents filed a Writ Petition under Article 226 of the Constitution of India before the Punjab & Haryana High Court challenging the order of Shri Rajni Kant dated February 6, 1970 as well as his subsequent order extending time till February 28, 1970 and also for issue of a direction to the authorities to finalise the auction sale held in their favour on January 17, 1969. A learned Single Judge after hearing the parties dismissed the petition. On a Letters Patent Appeal a Division Bench of the High Court allowed the appeal set aside the order of the learned Single Judge dismissing the writ petition, and quashed the order of Shri Rajni Kant granting time to the appellant to deposit the balance amount of the sale price under sec. 33 of the Act. The Division Bench directed the authorities to finalise the auction sale held in respondents' favour. Aggrieved the appellant has preferred this appeal on a certificate granted by the High Court.

The High Court held that sale of urban agricultural property which formed part of the compensation pool could be held only in accordance with the Rules framed under the Act as contemplated by sec. 8 and sec. 40. Since no rules had been framed for the disposal of the urban agricultural property; the Central Government could not lawfully provide for sale of the urban agricultural land by executive directions. Consequently auction sale held on August 24, 1959 was illegal. The High Court further held that Sri Rajni Kant exercising the powers under sec. 33 of the Act had no jurisdiction to grant time to the appellant for making deposit or to further extend the time to enable him to deposit balance of auction price by February 28, 1970. Lastly the High Court held that Shri Rajni Kant had passed orders in violation of natural justice as no notice was issued to the respondents Sohan Lal and Sunder Lal and no opportunity of hearing was afforded to them.

The first question which falls for consideration is as to whether in the absence of the rules the Central Govt. had authority in law to provide for disposal of urban agricultural land by auction sale. In order to appreciate the problem it is necessary to refer to the relevant provisions of the Act and the rules. The Act was enacted by the Parliament to provide for the payment of compensation and rehabilitation of the displaced persons and to provide for matters connected therewith. A large number of persons had been displaced on account of the civil disturbances which occurred due to partition of the country in 1947. The Act provides for payment of compensation to the "displaced persons" as defined by sec. 2(b) of the Act. Section 4 provides for making of an application by displaced persons for payment of compensation. Section 8 lays down that a displaced person shall be paid compensation as determined under sec. 7 "subject to any rules that may be made under this Act" in any one of the forms, namely:-

- (a) in cash;
- (b) in Govt. bonds;
- (c) by sale to the displaced person of any property from the compensation pool and setting off the purchase money against the compensation payable to him;
- (d) by any other mode of transfer to the displaced person of any property from the compensation pool and setting off the valuation of the property against the
- (e) transfer of shares or debentures in any company or corporation;
- (f) in such other form as may be prescribed.

Section 14 constitutes compensation pool which consists of evacuee property including urban and rural agricultural land. Section 16 confers power on the Central Govt. to take such measures as it considers necessary or expedient for the custody, management and "disposal" of the compensation pool in order that it may be effectively utilised in accordance with the provisions of the Act. Sec. 20 provides that subject to any rules that may be made under the Act the Managing officer or Managing Corporation may transfer any property by sale or by lease to a displaced person or by allotment or in any other manner as may be prescribed. Section 40 confers power, on the Central Government to

frame rules to carry out the purpose of the Act. Subsec. (2) specifies the matters in respect of which rules may provide for payment of compensation. Clause (j) provides for framing of rules laying down procedure for transfer of property out of the compensation pool and the manner of realisation of the sale proceeds or the adjustment of the value of the property transferred against the amount of compensation. The Central Govt. in exercise of its powers under the Act framed rules known as the "Displaced Persons (Compensation & Rehabilitation) Rules 1955. These rules were notified on May 21, 1955. The rules did not contain any express provision for the disposal of urban agricultural property by sale. Since the Central Govt. had not framed rules regulating the disposal by sale or otherwise of urban agricultural land forming part of the compensation pool, it issued press notes and memorandum in 1957 & 1958 containing executive directions laying down principles and procedure for the transfer of urban agricultural land to displaced persons. According to these directions the evacuee urban agricultural land was to be disposed of in the same manner as other urban evacuee property. These directions accordingly authorised disposal of the urban agricultural property by auction sale in case the value of the property was more than Rs. 10,000. The auction sale of the plot in dispute on August 24, 1959 was held in accordance with the aforesaid directions issued by the Central Govt.

The High Court has held that the disposal of property forming part of the compensation pool was "subject" to the rules framed as contemplated by ss. 8 and 40 of the Act and since no rules had been framed by the Central Government with regard to the disposal of the urban agricultural property forming part of the compensation pool, the authority constituted under the Act had no jurisdiction to dispose of urban agricultural property by auction sale. Unless rules were framed as contemplated by the Act, according to the High Court the Central Govt. had no authority in law to issue executive directions for the sale and disposal of urban agricultural property. This view was taken, placing reliance on an earlier decision of a Deviation Bench of that Court in "Bishan Singh v. The Central Govt. & Ors.", 1961 (63) Punjab Law Reporter P. 75. The Division Bench in Bishan's case took the view that since the disposal of the compensation pool property was subject to the rules that may be made, and as no rules had been framed, the Central Govt. had no authority in law to issue administrative directions providing for the transfer of the urban agricultural land by auction sale. In our opinion the view taken by the High Court is incorrect. Where a statute confers powers on an authority to do certain acts or exercise power in respect of certain matters, subject to rules, the exercise of power conferred by the statute does not depend on the existence of Rules unless the statute expressly provides for the same. In other words framing of the rules is not condition precedent to the exercise of the power expressly and unconditionally conferred by the statute. The expression "subject to the Rules only means, in accordance with the rules, if any. If rules are framed, the powers so conferred on authority could be exercised in accordance with these rules. But if no rules are framed there is no void and the authority is not precluded from exercising the power conferred by the statute. In "T. Cajee v. U. Jormanik Siem & Anr. ", [1961] 1 S.C.R. 750 the Supreme Court reversed the order of the High Court whereby the order of District Council removing Siem, was quashed by the High Court on the ground that the District Council had not framed any rules for the exercise of its powers as contemplated by para 3(1) (g) of 6th Schedule to the Constitution. The High Court had taken the view that until a law as contemplated by para 3(1) (g) was made there could be no question of exercise of power of appointment of a Chief or Siem or removal either. Setting aside the order of the High Court, a Constitution Bench of this Court held that the

administration of the District including the appointment or removal of Siem could not come to a stop till regulations under para 3(1) (g) were framed. The view taken by the High Court that there could be no appointment or removal by the District Council without framing of the Regulation was set aside. Similar view was taken by this Court in *B.N. Nagarajan & Ors. v. State of Mysore & Ors.*, [1966] 3 S.C.R. 682, *Mysore State Road Transport Corporation v. Gopinath*, [1968] 1 S.C.R. 767. In *U.P. State Electricity Board v. City Board Mussoorie & Ors.*, [1985] 2 S.C.R. 815 validity of fixation of Grid Tarrif was under-challenge. Section 46 of the Electricity (Supply) Act, 1948 provide that tariff known as the Grid Tariff shall be fixed from time to time in accordance with any regulations made in that behalf. Section 79 of the Act conferred power on the Electricity Board to frame regulations. The contention that Grid Tariff as contemplated by sec. 46 of the Electricity (Supply) Act could not be fixed in the absence of any regulations laying down for fixation of tariff, and that the notification fixing tariff in the absence of such Regulations was illegal, was rejected and this Court observed-

"It is true that sec. 79(h) of the Act authorises the Electricity Board to make Regulations laying down the principles governing the fixing of Grid Tariffs. But s. 46(1) of the Act does not say that no Grid Tariff can be fixed until such regulations are made. It only provides that the Grid Tariff shall be in accordance with any Regulations and nothing more. We are of the view that the framing of regulations under sec. 79(h) of the Act cannot be a condition precedent for fixing Grid Tariff."

As noted earlier ss. 8 and 20 of the Act provide for payment of compensation to displaced persons in any of the forms as specified including by sale to the displaced persons of any property from the compensation pool and setting off the purchase money against the compensation payable to him. Sec. 16 confers power on the Central Govt. to take measures which it may consider necessary for the custody, management and disposal of the compensation pool property. The Central Govt. had therefore ample powers to take steps for disposal of pool property by auction sale and for that purpose it had authority to issue administrative directions. Sec. 40(2) (j) provides for framing of rules prescribing procedure for the transfer of property out of the compensation pool and the adjustment of the value of the property so transferred against the amount of compensation. Neither ss. 8, 16, 20 or sec. 40 lays down that payment of compensation by sale of the pool property to a displaced person shall not be done unless rules are framed. These provisions confer power on the Central Government and the authorities constituted under the Act to pay compensation to displaced persons by sale, or allotment of pool property to them in accordance with rules, if any. Framing of rules regulating the mode or manner of disposal of urban agricultural property by sale to a displaced person is not a condition precedent for the exercise of power by the authorities concerned under ss. 8, 16 and 20 of the Act. If the legislative intent was that until and unless rules were framed power conferred on the authority under ss. 8, 16 and 20 could not be exercised, that intent could have been made clear by using the expressing "except in accordance with the rules framed" a displaced person shall not be paid compensation by sale of pool property. In the absence of any such provision the framing of rules, could not be a condition precedent for the exercise of power.

The Central Govt. had ample jurisdiction to issue administrative directions regulating the payment of compensation to the displaced persons by sale of the urban agricultural property. The view taken by the High Court in *Bishan Singh's case* (supra) is not sustainable. The High Court was therefore in

error in holding that the auction sale held in appellant's favour on August 24, 1959 was illegal and void .

The second question relates to the validity of the order of Shri Rajni Kant the officer to whom power under s. 33 was delegated, extending time to enable the appellant to deposit the auction sale money. Shri Rajni Kant by his order dated 6.2.70 exercising the delegated powers of the Central Govt. under sec. 33 of the Act set aside the order cancelling the auction sale held in August 1959 and permitted the appellant to deposit the balance of the purchase money within fifteen days from the date of the order with a default clause that on his failure his petition would stand dismissed. In accordance with that order appellant was entitled to deposit the money till February 21, 1970. It appears that on appellant's request the office prepared a challan which was valid up to February 20, 1970. The appellant went to the State Bank on February 20, 1970 to make the deposit but due to rush he could not make the deposit. On his application Shri Rajni Kant extended the time permitting the deposit by 28.2.1970 as a result of which a fresh challan was prepared which was valid up to 28.2.1970 and within that period appellant deposited the balance purchase money. The subsequent order of Shri Rajni Kant was challenged by the respondents and the High Court has quashed that order, although that order was not before the High Court as none of the parties filed the same. The respondents who had challenged the order of Shri Rajni Kant should have filed a copy of the order. In the absence of the order under challenge the High Court could not quash the same. Normally whenever an order of Govt. Or some authority is impugned before the High Court under Art. 226 of the Constitution, the copy of the order must be produced before it. In the absence of the impugned order it would not be possible to ascertain the reasons which may have impelled the authority to pass the order. It is therefore improper to quash an order which is not produced before the High Court in a proceeding under Art. 226 of the Constitution. The order of the High Court could be set aside for this reason, but we think it necessary to consider the merits also.

Sec. 33 reads as under:

"Certain residuary powers of Central Govt.-

The Central Govt. may at any time call for the record of any proceeding under this Act and may pass such order in relation thereto as in its opinion the circumstances of the case require and as is not inconsistent with any of the provisions contained in this Act or the rules made thereunder."

The power conferred upon the Central Govt. under this provi-

sion is a residuary power in nature as the title of the section itself indicates. By enacting this section Parliament has conferred wide powers on the Central Govt. to call for the record of any case and to pass any order which it may think fit in the circumstances of the case. The only limitation on exercise of this power is that the Central Govt. shall not pass any order which may be inconsistent with any of the provisions of the Act and the rules made thereunder. Therefore the Central Govt. Or the delegated authority has power to set aside any order of the subordinate authorities, or to issue directions which it may consider necessary on the facts of a case. subject to the aforesaid rider. This

power is intended to be used to do justice and to mitigate hardship to a party unriddled by technicalities. Sri Rajni Kant while exercising powers of the Central Govt. under sec. 33 of the Act had ample jurisdiction to set aside the orders of the subordinate authorities cancelling the auction held on August 24, 1959 and to permit the appellant to deposit the balance amount of the purchase money and he further had jurisdiction to extend the time initially granted by him. Extension of time to enable the appellant to deposit the money did not amount to review of the earlier order dated 6.2.70. In our opinion the High Court has committed error in holding that extension of time amounted to review of the order dt. 6.2.1970. The default clause in the initial order dt. 6.2.1970 was intended to ensure compliance of the order. It did not mean that on expiry of the stipulated period Sri Rajni Kant had no power to extend the period or to pass another order. The purpose and object of such orders was considered by this Court in Mahanth Ram Das v. Ganga Das [1961] 3 S.C.R. 763 where the High Court, had granted time to the appellant for payment of deficit court fee with a condition that in default the appeal shall stand dismissed. The appellant made an application for extension of time but the High Court rejected the application on the ground that grant of time would amount the review of earlier order. This Court while setting aside the High Court's order, observed:

"Such procedural orders though peremptory (conditional decrees apart) are, in essence, in terrorem, so that dilatory litigants might put themselves in order and avoid delay. They do not, however, completely stop a Court from taking note of events and circumstances which happen within the time fixed. "

This Court further held that the court was not powerless to deal with events which may have taken place subsequently and the court has power to mould its practice to meet a situation. In the instant case, the Central Govt. has very wide powers and it could mould its practice in order to mitigate hardship which may be caused to a party in the circumstances of a case and for that purpose it may grant or extend time as it may consider fit in the circumstances of a case having regard to subsequent events. Such orders do not amount to review. Sri Rajni Kant had no doubt passed a peremptory order but nonetheless he had jurisdiction to take into account subsequent events and to enlarge time granted to the appellant for making the deposit as that order was not inconsistent with any provision of the Act or Rules. In our opinion the High Court committed an error in holding that by granting time Sri Rajni Kant had reviewed his earlier order.

The High Court has further held that Sri Rajni Kant had acted in violation of principles of natural justice in passing orders in appellant's favour as no notice or opportunity of hearing was afforded to respondents Sohan Lal and Sunder Lal. There is no dispute that after cancellation of the auction sale held in appellant's favour, the property in dispute was again put to auction sale on January 17, 1969 and at that auction sale Sohan Lal and Sunder Lal respondents were the highest bidders. Their bid was provisionally accepted and in pursuance thereof they deposited one-fifth of the auction sale amount. If the Central Govt. Or any other authority exercising power under sec. 33 of the Act were to set aside the order cancelling the auction sale held in appellant's favour and if he was permitted to deposit the remaining amount of the purchase money the property would be transferred to him and in that event Sohan Lal and Sunder Lal who had also made the highest bid and made the initial deposit would suffer prejudice as they would not be entitled to the property in dispute. In these circumstances the respondents were interested in supporting the order of cancellation of the auction

sale made in appellant's favour and they had sufficient interest in proceedings taken under sec. 33 of the Act. We therefore agree with the High Court that in all fairness, respondents should have been afforded opportunity of hearing to the respondents while exercising power under sec. 33 of the Act.

Learned counsel for the appellant urged that the respondents being the highest bidders at the subsequent auction sale had no right in the property and as such they were not entitled to any opportunity of hearing before the Central Govt. He placed reliance on a decision of this Court in *Bombay Salt and Chemical v. Johnson & Ors.*, AIR 1958 SC

289. We have considered the said decision, where in this Court has taken the view that the highest bidder at an auction sale does not get any right or interest in the property till the auction sale is approved, confirmed and the sale deed is executed in his favour. The respondents even though they were the highest bidders at the subsequent auction sale do not have any right or interest in the 'property' in dispute. The question is however not whether they have any 'right or interest' in the property but whether they would be prejudicially affected. They would certainly be affected, adversely if the appellant get relief in proceedings under sec. 33 of the Act in respect of the said property. Respondents have been in possession of the property since long and further more on the basis of their highest bid made at the subsequent sale they have sufficient interest in the matter to contest the appellant's petition made under sec. 33 of the Act. We are therefore in agreement with the High Court that respondents should have been afforded opportunity of hearing before any order on the appellant's petition was passed. Since no such opportunity was afforded, the High Court was justified in quashing the orders of Sri Rajni Kant. We accordingly uphold the High Court's order to that extent.

We therefore allow the appeal partly and modify the order of the High Court to the extent indicated hereinabove. The Central Government or the authority exercising its power under sec. 33 of the Act is directed to consider the appellant's petition afresh in accordance with law after giving notice and affording opportunity of hearing to Sohan Lal and Sunder Lal, respondents. In these circumstances of the case there will be no order as to costs.

A.P.J.

Appeal allowed in part.