



IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CR No. 1931 of 2026(O&M)

Rajinder Kaur

...Petitioner

Versus

Late Joginder Kaur & Ors.

...Respondents

Reserved on: 26.02.2026

Pronounced on: 05.03.2026

Pronounced fully/ operative part: fully

CORAM: HON'BLE MR. JUSTICE DEEPAK GUPTA

Argued by:- Mr. Atul Lakhanpal, Sr. Advocate with
Ms. Neha Lakhanpal, Advocate
For the petitioner.

Mr. Paras Money Goyal, Advocate for
Caveator/ respondent No.3.

DEEPAK GUPTA, J.

The supervisory jurisdiction of this Court under Articles 226 / 227 of the Constitution of India has been invoked by the petitioner to assail the order dated 16.02.2026 (*Annexure P-7*) passed by the learned Additional District Judge, Chandigarh, whereby the appeal preferred by the petitioner against the order dated 19.01.2026 (*Annexure P-5*) passed by learned Civil Judge (Junior Division), Chandigarh, in Execution Case No. 363 of 2019 titled "*Rajinder Kaur & Ors. vs. Late Joginder Kaur & Ors.*" was dismissed.

2. The dispute pertains to House No. 2781, Sector 22-C, Chandigarh. A preliminary decree for partition in respect of the said property was passed on 06.01.2017 in favour of the widow and five children of late Khushal Singh, declaring each of them entitled to 1/6th share therein. It is not in dispute that the widow, Joginder Kaur, has since expired. Owing to the applicable by-laws of the Chandigarh Estate Office Rules, which prohibit fragmentation of such



property, partition by metes and bounds was not feasible. Consequently, the Executing Court proceeded to effect partition by way of auction.

3. In the first auction conducted on 06.01.2025, Arvinder Singh emerged as the highest bidder with an offer of ₹2,49,50,000/-, while one of the decree-holders submitted the second highest bid of ₹ 2,49,00,000/-. However, as Arvinder Singh failed to deposit the balance sale consideration within the stipulated period, the bid was cancelled.

4. A subsequent auction was held on 20.04.2025, but no bids were received. Thereafter, vide order dated 26.08.2025 (*Annexure P-2*), the Executing Court fixed a fresh schedule for auction on 15.10.2025. The auction was conducted accordingly, in which, respondent No.3 Pankaj Bansal was declared the highest bidder with an offer of ₹ 2,10,00,000/-.

5. On the same day (15.10.2025), some of Decree-Holders and judgment-debtors, moved an application (*Annexure P-3*) before the Executing Court raising objections to the manner in which the auction had been conducted. It was alleged that the sale proceedings were neither fair nor transparent and had been conducted in undue haste. It was further contended that sale value was much lesser than the market price.

6. Subsequently, on 23.10.2025, the petitioner filed an application (*Annexure P-4*), under Order XXI Rule 90 read with Section 151 CPC with detailed objections and seeking setting aside of the auction sale. The principal grounds urged were that the property had been sold at a grossly inadequate price; that mandatory compliance with the provisions of Order XXI Rule 66 read with Order XXI Rule 54(2) of the Code of Civil Procedure had not been effected; that no base price had been fixed prior to the auction; and that the sale was vitiated by collusion amongst bidders, who were allegedly accompanying one of the legal representatives of a judgment-debtor. The said application was dismissed by the Executing Court vide order dated 19.01.2026 (*Annexure P-5*). Aggrieved thereof, the petitioner preferred an appeal (*Annexure P-6*), which too came to be dismissed by the learned Additional District Judge, Chandigarh, vide order dated 16.02.2026 (*Annexure P-7*).



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7. It is these two orders dated 19.01.2026 and 16.02.2026—Annexures P-5 and P-7 respectively, which have been impugned before this Court on various grounds, which shall be adverted to in the subsequent part of this judgment.

8. Upon hearing learned Senior Counsel for the petitioner, notice of motion was issued. Respondent No.3, the auction purchaser, who had lodged a caveat, entered appearance and contested the petition.

9. This Court has heard learned counsel for the parties at length and has carefully perused the record.

10. Before adverting to the factual matrix, it is necessary to notice the statutory framework governing sales by court auction.

11. Order XXI Rule 66 of the Civil Procedure Code provides the procedure for conducting of sale, wherever a property is ordered to be sold by public auction. It reads as under:

“66. Proclamation of sales by public auction.—

(1) Where any property is ordered to be sold by public auction in execution of a decree, the Court shall cause a proclamation of the intended sale to be made in the language of such Court.

(2) Such proclamation shall be drawn up after notice to the decree-holder and the judgment-debtor and shall state the time and place of sale, and specify as fairly and accurately as possible—

(a) the property to be sold 1 [or, where a part of the property would be sufficient to satisfy the decree, such part];

(b) the revenue assessed upon the estate or part of the estate, where the property to be sold is an interest in an estate or in part of an estate paying revenue to the Government;

(c) any incumbrance to which the property is liable;

(d) the amount for the recovery of which the sale is ordered; and



(e) every other thing which the Court considers material for a purchaser to know in order to judge of the nature and value of the property:

Provided that where notice of the date for settling the terms of the proclamation has been given to the judgment-debtor by means of an order under rule 54, it shall not be necessary to give notice under this rule to the judgment-debtor unless the Court otherwise directs:

Provided further that nothing in this rule shall be construed as requiring the Court to enter in the proclamation of sale its own estimate of the value of the property, but the proclamation shall include the estimate, if any, given, by either or both of the Parties.

(3) Every application for an order for sale under this rule shall be accompanied by a statement signed and verified in the manner hereinbefore prescribed for the signing and verification of pleadings and containing, so far as they are known to or can be ascertained by the person making the verification, the matters required by sub-rule (2) to be specified in the proclamation.

(4) For the purpose of ascertaining the matters to be specified in the proclamation, the Court may summon any person whom it thinks necessary to summon and may examine him in respect to any such matters and require him to produce any document in his possession or power relating thereto."

12. It may be noted that a proviso has been added to Clause [e] of Sub-Rule (2) by way of amendment of this Court, which reads as under:-

"Provided that it shall not be necessary for the for the Court itself to give its own estimate of the value of the property; but proclamation shall include the estimate, if any, given by either or both of the parties"

13. By way of the same amendment, a new Sub-Rule (3) was inserted; and Sub-Rule (3) and (4) have been re-numbered as Sub-Rule (4) and (5). As substituted Sub-Rule (3) pertains to the movable property, therefore, the same is not being reproduced, as it is not relevant for the purpose of present case.

14. Thus, as per the pre conditions under Order 21, Rule 66 CPC, the Court shall cause a proclamation of the intended sale to be drawn up after notice to the decree-holder and judgment-debtor. The proclamation must



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specify - (i) the time and place of sale, (ii) as fairly and accurately as possible, the property to be sold, (iii) encumbrances, (iv) the amount for recovery, and (v) every other material fact necessary for a purchaser to judge the nature and value of the property. Generally, the court is not required to mention in the proclamation of sale its own estimate of the value of the property, but if estimate is given by either of the party, then same is to be included in the proclamation.

15. Order 21 Rule 67 CPC provides the mode of making proclamation. It reads as under:

“67. Mode of making proclamation.—(1) Every proclamation shall be made and published, as nearly as may be, in the manner prescribed by rule 54, sub-rule (2).

(2) Where the Court so directs, such proclamation shall also be published in the Official Gazette or in a local newspaper, or in both, and the costs of such publication shall be deemed to be costs of the sale.

(3) Where property is divided into lots for the purpose of being sold separately, it shall not be necessary to make a separate proclamation for each lot, unless proper notice of the sale cannot, in the opinion of the Court, otherwise be given.”

16. As the above said provision makes it clear that proclamation is to be made and published as nearly as may be in the manner prescribed by Rule 54, Sub-Rule (2), therefore, it is necessary to refer to said Sub-Rule (2) of Rule 54, which reads as under:

“54. Attachment of immovable property.—

(1) Where the property is immovable, the attachment shall be made by an order prohibiting the judgment-debtor from transferring or charging the property in any way, and all persons from taking any benefit from such transfer of charge.

[(1A) The order shall also require the judgment-debtor to attend Court on a specified date to take notice of the date to be fixed for settling the terms of the proclamation of sale.]



*(2) The order shall be proclaimed at some place on or adjacent to such property by beat of drum or other customary mode, and a copy of the order shall be affixed **on a conspicuous part of the property** and then upon, a **conspicuous part of the Court-house**, and also, where the property is land paying revenue to the Government, in the office of the Collector of the district in which the land is situate and, where the property is land situate in a village, also in the office of the Gram Panchayat, if any, having jurisdiction over that village.”*

17. Thus, Rule 67 prescribes the mode of publication, and Rule 54 (2) requires proclamation by customary mode and affixation at the property site and court house. Court may also direct such proclamation to be published in the Official Gazette or in a local newspaper, or in both.

18. In ***Desh Bandhu Gupta v. N.L. Anand & Rajinder Singh, (1994) 1 SCC 131***, Hon’ble Supreme Court emphasized that proclamation of sale under Order XXI Rule 66 CPC is a fundamental and mandatory step in execution proceedings. The Court held that the proclamation must be drawn with care and must contain all material particulars that would enable intending purchasers to properly assess the nature and value of the property. While it is not obligatory for the Court to state its own valuation of the property, the proclamation must ordinarily include the valuation, if any, given by the decree-holder and the judgment-debtor, unless such valuation appears fanciful. The Court clarified that Rule 66(2)(e) obligates disclosure of essential facts bearing on valuation so that prospective bidders are neither misled nor deterred from offering a fair price. The Supreme Court further held that the Court cannot mechanically accept the ipse dixit of one party regarding valuation, and must ensure that the material particulars affecting value are fairly and accurately stated. The object of publication under Rules 66 and 67 is to secure competitive bidding and ensure that the property fetches a fair price.

19. Similarly, in ***M/s Shalimar Cinema vs Bhasin Film Corporation And Anr. (1987) 4 SCC 717***, it was held as under :

“.....the court has a duty to see that the requirements of Order XXI Rule 66 are properly complied with. In the words of the Judicial Committee, "In sales



under the direction of the court, it is incumbent on the court to be scrupulous in the extreme." Though it may not be necessary for the court to make a valuation and enter it in the sale proclamation in every case, it is desirable at least in cases of sale of valuable property that the court make its valuation and enter it in the sale proclamation. We think it necessary to add that no action of the court or its officers should be such as to give rise to the criticism that it was done in an indifferent or casual way."

20. Thus, it was emphasized that the Court must be scrupulous in judicial sales and avoid casualness in compliance with statutory requirements.

21. Once the sale of immovable property has been conducted in execution of a decree, the Code of Civil Procedure provides distinct remedies for setting aside such sale. Under Order XXI Rule 89 CPC, any person claiming an interest in the property sold may apply to have the sale set aside upon deposit of the decretal amount together with the prescribed percentage of the purchase money, subject to fulfilment of the statutory conditions contained therein.

22. In the present case, it is not in dispute that neither the petitioner nor any of the other judgment-debtors or decree-holders invoked the remedy available under Order XXI Rule 89 CPC.

23. The petitioner, instead, invoked Order XXI Rule 90 CPC, which enables an application to set aside a sale on the ground of material irregularity or fraud in publishing or conducting it. The same reads as under:-

"90. Application to set aside sale on ground of irregularity or fraud.—

(1) Where any immovable property has been sold in execution of a decree, the decree-holder, or the purchaser, or any other person entitled to share in a rateable distribution of assets, or whose interests are affected by the sale, may apply to the Court to set aside the sale on the ground of a material irregularity or fraud in publishing or conducting it.

(2) No sale shall be set aside on the ground of irregularity or fraud in publishing or conducting it unless, upon the facts proved, the Court is satisfied that the applicant has sustained substantial injury by reason of such irregularity or fraud.



(3) No application to set aside a sale under this rule shall be entertained upon any ground which the applicant could have taken on or before the date on which the proclamation of sale was drawn up.

Explanation.—The mere absence of, or defect in, attachment of the property sold shall not, by itself, be a ground for setting aside a sale under this rule.”

24. It may be noted that by way of an amendment, this High Court also added a Proviso to above Rule 90, which reads as under:-

“Provided further that no such sale shall be set aside on any ground which the applicant could have put forward before the sale was conducted”

25. As evident on bare perusal of above provision, Rule 90(1) permits the decree-holder, the purchaser, or any person, whose interests are affected by the sale to challenge the same on such grounds. However, sub-rule (2) makes it abundantly clear that no sale shall be set aside merely upon proof of irregularity or fraud unless the Court is further satisfied that the applicant has sustained substantial injury by reason thereof. Sub-rule (3) imposes an additional limitation by providing that no application under Rule 90 shall be entertained on any ground which the applicant could have taken on or before the date on which the proclamation of sale was drawn up. The Explanation clarifies that mere absence of, or defect in, attachment is not by itself a ground for setting aside a sale. Proviso to Rule 90 inserted by this High Court by way of amendment stipulates that no such sale shall be set aside on any ground, which the applicant could have put forward before the sale was conducted. This proviso reinforces the principle that objections, which could and ought to have been raised prior to the sale cannot be permitted to be agitated belatedly after the sale has been completed.

26. A conjoint reading of Rule 90 and the proviso makes the legal position clear. A sale can be set aside only upon proof of (i) material irregularity or fraud in publishing or conducting the sale, and (ii) substantial injury resulting therefrom. Further, the Court must examine whether the grounds urged were available to the applicant prior to settlement of the proclamation or prior to the



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conduct of the sale itself. If such grounds could have been raised earlier but were not so raised, the application under Rule 90 would not be maintainable.

27. Thus, Order XXI Rule 90 CPC does not provide a *carte blanche* to re-open concluded sales on grounds, which were available before the sale but were not pursued at the appropriate stage. The provision seeks to balance finality of judicial sales with protection against genuine irregularity or fraud resulting in substantial injury.

28. Having noticed the legal position as above, time is now ripe to consider the contentions raised by both the sides.

29. As noted earlier that schedule for auction of the property by way of public sale, was fixed by the Executing Court vide order dated 26.08.2025 (*Annexure P-2*). This order reads as under:-

“Power of attorney on behalf of JD NO.3 filed. Since, the warrant of sale received back with the report of unexecuted due to the non-participating of any of the co-sharers or no-owners in the auction proceedings and in this regard, a detailed order dated 13.08.2025 was passed.

Let fresh warrant of sale be issued and proper procedure be followed for auction as per the following schedule:

(i) Court Notice on 10.09.2025

(ii) Munadi on 26.09.2025

(iii) Auction on 15.10.2025

and Report on 31.10.2025

This Court also passed order dated 22.04.2025 as per which first preference in participating in sale proceedings will be given to the co-sharers/co-owners of the property in question i.e. # 2781 Sector 22(c) Chandigarh and if the co-sharers/co-owners failed to make the bid as per the required property value then it may be open to the public by the Civil Nazir who is to proceed for auctioning the suit property.



The Civil Nazir is hereby directed to ensure to mentioned the fact that bidder Arvinder Singh is de-barred from participating in the auction proceedings in view of non-depositing of required amount i.e. 25 per cent amount in the auction proceedings which was held on 20.01.2025. The Civil Nazir is further directed to mentioned this fact in notice that 10 per cent amount of the initial base price will be deposited in the shape of demand draft by the participating bidder before participating in the auction proceedings."

30. Pursuant to the aforesaid order, the proclamation (*Annexure P-10*) was drawn on 28.08.2025 and then the sale was conducted on 15.10.2025.

31. After conducting the sale on 15.10.2025, Civil Nazir (appointed as the Court auctioneer) conducted the sale and furnished his report (*Annexure P-11*) to the court, which reads as under:-

"Sir,

In this case, warrant of sale was received on 30.08.2025 for auction of property i.e. House No.2781, Sector 22-C, Chandigarh. The notice was affixed on the Court house on 10.09.2025 and thereafter, proclamation was effected by the Court Bailiff on 26.09.2025. After completing the proclamation process, the Auction Proceedings took place on 15.10.2025 as per the directions of the Court.

At the spot, Judgment Debtor and person from the general public were present. All the persons present at the spot marked their presence by signing the presence sheet.

That in pursuance of the warrant of Auction, Auction was held on 15.10.2025. The reserve price of the House No. 2781, Sector 22-C, Chandigarh was Rs.2,00,00,000/- (Rupees Two Crores only). Three bidders were present at the spot. As per the court directions, before participating in the bid, each bidder had to submit 10% amount of the initial base price in the shape of demand draft before participating in the auction proceedings. It is pertinent to mention here that legal heirs of JD No.02 namely Sh. Arvinder Singh and Sh. Davinder Singh and JD No.3 namely Sh. Ranjit Singh were also present at the spot but they did not bid for the sale auction, their presence has been marked in the presence



sheet. Even they were not having any demand draft as ordered by the Hon'ble Court.

Accordingly three demand drafts amounting to Rs.20,00,000/- (Rupees Twenty Lakhs Only) each from persons namely Sh. Pankaj Bansal, Sh. Vikas Mahajan and Sh. Gaurav Jain were received. Bidders came forward and gave bid and the highest bidder (Sh. Pankaj Bansal S/o of Sh. Pawan Kumar Bansal) R/o House No.1065, Sector 08-C, Chandigarh) was the successful bidder at the spot and the Highest Bid was of Rs.2,10,00,000/- (Rupees Two Crores Ten Lakhs Only).

Thereafter, demand drafts submitted by persons namely Sh. Vikas Mahajan and Sh. Gaurav Jain were returned to them against proper receipt. As per the terms and conditions of sale, 25% of the highest bid was to be paid by highest bidder i.e. Sh. Pankaj Bansal. In addition to the already submitted demand draft amounting to Rs.20,00,000/- vide DD No. 013808 dated 14.10.2025, remaining amount i.e. Rs.32,50,000/- vide DD No. 013811 dated 15.10.2025 totaling to Rs. 52,50,000/- (Rupees Fifty Two Lakhs and Fifth Thousand only) i.e. 25% of the highest bid value i.e. Rs.2,10,00,000/- (Rupees Two Crores Ten Lakhs Only) has been submitted by him for the auction of House No.2781, Sector 22-C, Chandigarh.

That auction sheet was prepared by the undersigned at the spot which was signed by all the bidders present at the spot. Presence sheet was also prepared by the undersigned. The undersigned is submitting the above said original draft from the auction purchaser in the Hon'ble Court.

All the relevant papers including the two original demand drafts amounting to Rs.20,00,000/- vide DD No. 13808 dated 14.10.2025, remaining amount i.e. Rs.32,50,000/- vide DD No. 13811 dated 15.10.2025 totaling to Rs.52,5,0,000/- (Rupees Fifty Two Lakhs and Fifty Thousand Only), auction sheet, original presence sheet of the parties and the warrants of sale are submitted herewith."

32. Apart from fraud, material irregularity in publishing the proclamation, or in conducting the sale constitutes a statutory ground for setting aside an auction sale under Order XXI Rule 90 CPC. The expression "material



irregularity” has consistently been interpreted by the Supreme Court to mean an irregularity, which goes to the root of the procedure and has the potential to affect the fairness of the sale.

33. In the present case, the Executing Court, vide order dated 26.08.2025, directed issuance of Court notice on 10.09.2025, munadi (proclamation) on 26.09.2025 and conduct of auction on 15.10.2025. However, the report of the Court auctioneer dated 15.10.2025 (*Annexure P-11*), as reproduced above, merely states that proclamation was effected by the Court Bailiff on 26.09.2025, without disclosing the manner in which such proclamation was carried out. There is nothing to show the compliance of Order 21 Rule 54 (2) CPC. Significantly, the Bailiff’s report was not appended to the auctioneer’s report.

34. Upon a specific query raised during hearing, respondent No.3— auction purchaser produced, by way of affidavit dated 26.02.2026, a copy of the Bailiff’s report to establish compliance. A perusal thereof, however, reveals that affixation on the Court house and notice board is shown on 09.10.2025. The munadi and affixation at the site of the property was also conducted only on 09.10.2025. This materially contradicts the Civil Nazir’s report, which records proclamation on 26.09.2025 and affixation on 10.09.2025.

35. Thus, the record discloses internal inconsistency in official reporting. More importantly, even accepting the Bailiff’s report at face value, effective proclamation at the property site occurred only on 09.10.2025 i.e., merely six days prior to the auction held on 15.10.2025.

36. This is in patent deviation from the order dated 26.08.2025, which mandated munadi on 26.09.2025. The prescribed interval between publication of proclamation and the date of auction is not an empty formality. The requirement of reasonable gap, which is ordinarily not less than fifteen days under the applicable High Court Rules, is intended to ensure adequate publicity, to inform the general public and intending purchasers of the sale conditions, and to provide sufficient time for preparation and participation. The underlying



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object is to secure maximum competitive bidding so that the property fetches the best possible price. Curtailment of the interval between proclamation at the site and conduct of auction defeats that object and materially affects the fairness of the sale process.

37. Hon'ble Supreme Court in ***Desh Bandhu Gupta v. N.L. Anand(supra)***, categorically held that settlement and publication of proclamation under Order XXI Rule 66 are fundamental steps in execution proceedings, and that details must be ascertained and noted with care, so that intending bidders are not misled and fair price is secured. It was further held that absence of proper notice affects the very jurisdiction of the executing court. Similarly, in ***Gajadhar Prasad v. Babu Bhakta Ratan, (1973) 2 SCC 629***, the Court emphasized that material particulars affecting valuation must be fairly and accurately stated so that prospective purchasers may form an informed judgment. The object of due publication under Rules 66 and 67 is to secure competitive bidding.

38. In ***M/s Kayjay Industries (P) Ltd. v. M/s Asnew Drums (P) Ltd. & Ors., 1974 AIR (SC) 1331***, Hon'ble Supreme Court observed that a court sale is a forced sale and the Court must exercise vigilance to ensure that the property fetches the best possible price. The authority conducting the sale must actively safeguard against circumstances, which may result in inadequate realization.

39. Again, in ***M/s Shalimar Cinema v. Bhasin Film Corporation, (1987) 4 SCC 717***, it was observed by Hon'ble Supreme Court that in sales under the direction of the Court, it is incumbent upon the Court to be "scrupulous in the extreme." Any casual or indifferent approach to compliance with Order XXI Rule 66 is impermissible.

40. The purpose of ensuring a reasonable interval between publication and auction is precisely to allow intending bidders adequate time to assess the property, arrange finances, and participate in the bidding process. Curtailment of this interval to a mere six days undermines competitive participation and defeats the very object of judicial sale.



41. The procedural safeguards governing court sales are not empty formalities but are designed to ensure transparency, fairness and maximization of price. Deviation from such safeguards, particularly where it affects public participation, constitutes material irregularity.

42. In the present case, the deviation from the Court's own schedule, coupled with inconsistent official reports and the truncated publication period, cannot be treated as a minor procedural lapse. It strikes at the fairness and transparency of the sale process. The irregularity is therefore material within the meaning of Order XXI Rule 90 CPC.

43. Matter does not rest here. A more serious infirmity concerns fixation of the reserve or base price. It is of considerable significance that the order dated 26.08.2025 (*Annexure P-2*) directed that 10% of the "initial base price" be deposited in the form of a demand draft by intending bidders as a condition precedent to participation in the auction. However, neither the said order nor the proclamation of sale (*Annexure P-10*) disclosed what the "initial base price" was. In the absence of such disclosure, it was impossible for any intending participant to ascertain the quantum of 10% required to be deposited. A direction to deposit 10% of an undisclosed base price is inherently vague, legally unsustainable, and incapable of uniform compliance. The requirement of deposit pre-supposes prior judicial determination and public disclosure of the base price. In the present case, that foundational step was wholly absent.

44. The matter assumes greater seriousness in light of the report dated 15.10.2025 (*Annexure P-11*) submitted by the Civil Nazir, wherein it is recorded that the reserve price of the property was ₹2 crores. There is no judicial order fixing such reserve price. There is no reasoning, valuation report, prior bid reference, or material on record explaining how the figure of ₹2 crores was arrived at. The reserve price does not find mention either in the order dated 26.08.2025 or in the proclamation of sale.

45. In ***Navalkha & Sons vs. Sri Ramanya Das & Ors. AIR 1970 SC 2037***, it was held Hon'ble Supreme Court as under :



“The principles which should govern confirmation of sales are well-established. Where the acceptance of the offer by the Commissioners is subject to confirmation of the Court the offeror does not by mere acceptance get any vested right in the property so that he may demand automatic confirmation of. His offer. The condition of confirmation by the Court operates as a safeguard against the property being sold at inadequate price whether or not it is a consequence of any irregularity or fraud in the conduct of the sale. In every case it is the duty of the Court to satisfy itself that having regard to the market value of the property the price offered is reasonable. Unless the Court is satisfied about the adequacy of the price the act of confirmation of the sale would not be a proper exercise of judicial discretion.Where the property is authorised to be sold by private contract or otherwise it is the duty of the Court to satisfy itself that the price fixed ‘is the best that could be expected to be offered.....it was pointed out that the condition of confirmation by the Court being a safeguard against the property being sold at an inadequate price, it will be not only proper but necessary that the Court in exercising the discretion which it undoubtedly has of accepting or refusing the highest bid at the auction held in pursuance of its orders, should see that the price fetched at the auction, is an adequate price even though there is no suggestion of irregularity or fraud.”

46. Fixation of reserve price is not a ministerial act and rather, it is a judicial function. It directly impacts competitive bidding, adequacy of price and fairness of the sale process. Hon’ble Supreme Court has clearly held that judicial sales require vigilant supervision and that essential decisions affecting valuation cannot be abdicated or delegated to ministerial staff. Confirmation of sale operates as a safeguard against inadequacy of price and the Court must satisfy itself that the price offered is reasonable. Where the foundational determination of reserve price itself is absent, judicial oversight stands diluted.

47. The Executing Court, having mandated deposit of 10% of the base price, was under a corresponding obligation to judicially determine and publicly declare such base price. Leaving such determination to the discretion of the Civil Nazir amounts to abdication of judicial responsibility.



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48. Equally troubling is the circumstance that only three bidders participated in the auction and each of them arrived with a demand draft of ₹20 lakhs i.e., precisely 10% of ₹2 crores, the reserve price later recorded by the Nazir. The reserve price was not disclosed in the proclamation. Yet all participating bidders were prepared with identical drafts corresponding exactly to 10% of the reserve price ultimately recorded. This coincidence cannot be brushed aside as immaterial.

49. Still further, the highest bidder, respondent No.3, had obtained a demand draft of ₹20 lakhs dated 14.10.2025, as mentioned in Nazir's report, i.e., one day prior to the auction. Immediately upon being declared highest bidder at ₹2,10,00,000/- on 15.10.2025, he produced an additional demand draft of ₹32,50,000/- so as to complete the statutory requirement of 25% of the bid amount. In ordinary course, where neither the base price nor the eventual bid amount is known in advance, preparation of drafts in precise conformity with the required figures is difficult to explain.

50. Though this Court refrains from attributing motives or recording findings of personal misconduct without direct evidence but it is necessary to observe that judicial sales must not only be fair but must inspire confidence in their transparency. When the reserve price is neither judicially fixed nor publicly disclosed, yet participating bidders appear prepared with exact drafts corresponding to that undisclosed figure, the process stands objectively compromised. The appearance of prior knowledge regarding reserve structure undermines the integrity of the auction.

51. The cumulative effect of (i) absence of judicial fixation of reserve price, (ii) non-disclosure of base price in proclamation, (iii) delegation of a judicial function to ministerial staff, and (iv) uniform preparedness of bidders with drafts precisely matching the subsequently recorded reserve price, renders the entire exercise procedurally suspect and legally indefensible.

52. It is true that under the proviso to Order XXI Rule 66 (2) CPC, the Court is not bound to state its own valuation of the property in the



proclamation. However, that principle cannot be invoked to justify non-disclosure of a base price, when the Court itself has made deposit of 10% of such base price a pre-condition for participation. Once deposit is linked to a quantified base value, judicial determination and disclosure of that value becomes indispensable. Such determination cannot be left to the discretion of the Nazir or any other ministerial officer.

53. The sanctity of judicial sale rests upon strict adherence to procedure and transparent judicial supervision. In the present case, those safeguards were not observed. The process adopted strikes at the very foundation of fairness expected in court-conducted auctions.

54. Under Order XXI Rule 90 CPC, a sale may be set aside on proof of material irregularity or fraud in publishing or conducting it, provided substantial injury is shown. The irregularities noted herein i.e., truncated publication period; absence of judicial fixation of reserve price; non-disclosure of base price in proclamation; and deviation from the court's own schedule, constitute material irregularities in the conduct of sale.

55. As regards substantial injury, it is noteworthy that in January 2025, the property fetched a bid of ₹2,49,50,000/-. In October 2025, it was sold for ₹2,10,00,000/-, a reduction of approximately ₹39 lakhs within nine months. No material suggests decline in property market in a prime Chandigarh sector. When procedural lapses have the potential to restrict competitive participation, and the result is a significantly lower price compared to a recent prior auction, prejudice stands established. Substantial injury, therefore, is made out.

56. It is true that jurisdiction under Article 227 is supervisory and not appellate. This Court does not reappreciate evidence or substitute its view merely because another view is possible. However, where mandatory procedural safeguards are ignored, where jurisdictional pre-conditions are not satisfied, and where statutory requirements governing deprivation of property are not strictly adhered to, supervisory correction becomes necessary. The



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failure to judicially settle proclamation and reserve price is not an error of appreciation but a jurisdictional infirmity.

57. Both the Executing Court and the Appellate Court failed to address these foundational defects. The approach adopted was mechanical, overlooking the binding principles laid down by Hon'ble Supreme Court governing court sales.

58. Accordingly, the orders dated 19.01.2026 (*Annexure P-5*) and 16.02.2026 (*Annexure P-7*) are set aside. The auction conducted on 15.10.2025 and all consequential proceedings including confirmation of sale, are hereby quashed.

59. In view of the foregoing discussion and the setting aside of the impugned sale, the matter is remitted to the learned Executing Court for conducting a fresh auction in accordance with law.

60. The following directions are issued to ensure transparency, fairness and strict compliance with statutory requirements:

(i) The Executing Court shall issue fresh notice to all decree-holders, judgment-debtors and other concerned stakeholders and thereafter, draw up a fresh proclamation of sale strictly in conformity with Order XXI Rule 66 CPC.

(ii) Before settling the terms of proclamation, the Executing Court shall obtain an appropriate valuation report from an approved valuer and may also take into consideration the prevailing circle rates, municipal assessment, nature and location of the property, and the bids received in earlier auction proceedings. On the basis of such material, the Court shall, by a reasoned judicial order, determine and fix an appropriate reserve price.

(iii) The proclamation of sale shall expressly disclose:

- the reserve price so fixed,
- the amount required to be deposited for participation,



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- the terms and conditions of sale,
- and all material particulars affecting the valuation of the property, so as to enable intending purchasers to make an informed decision.

(iv) Publication of proclamation shall strictly comply with Order XXI Rule 54(2) and Rule 67 CPC. Affixation at the property site and Court house shall be duly proved by proper report. A reasonable and adequate interval, not less than fifteen clear days, shall intervene between publication of proclamation and the date of auction.

(v) In addition to the statutory modes of publication prescribed under Order XXI Rules 54 and 67 CPC, the Executing Court shall also ensure publication of the auction notice in at least one widely circulated newspaper having substantial circulation in the concerned area, so as to ensure wider publicity, maximize participation of intending purchasers, and secure competitive bidding. The initial expenses for such newspaper publication shall be borne by the petitioner, who shall deposit the requisite amount as directed by the Executing Court within the time stipulated by it. However, such expenditure shall be treated as part of the execution expenses and shall, at the stage of final distribution of sale proceeds, be apportioned proportionately amongst all co-owners/deed-holders in accordance with their respective shares.

(vi) The reserve price shall not, under any circumstance, be fixed or altered by the Court Auctioneer or any ministerial officer. The role of the Court Auctioneer shall remain strictly confined to execution of judicial directions.

(vii) Confirmation of sale, if any, shall be granted only after the Executing Court records its independent judicial satisfaction regarding the adequacy of price and compliance with all statutory requirements.

(viii) The amount equivalent to 25% of the bid amount deposited by respondent No.3 pursuant to the auction dated 15.10.2025 shall be refunded to him forthwith, along with any amount lying deposited in Court in connection with



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the said auction. The refund shall be made within four weeks from the date of receipt of a certified copy of this order.

(ix) Respondent No.3 shall be at liberty to participate in the fresh auction proceedings, subject to fulfillment of the conditions prescribed in the fresh proclamation of sale, and no adverse inference shall be drawn against him solely on account of the setting aside of the earlier sale.

61. It is clarified that the Executing Court shall proceed expeditiously and conclude the fresh auction process preferably within a period of four months from the date of receipt of this order.

(DEEPAK GUPTA)
JUDGE

05.03.2026

Jiten

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No

Uploaded on : March 5, 2026