



2026:CGHC:26192

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR**WPC No. 461 of 2018**Reserved on **24.04.2026**Pronounced on **29.06.2026**

Cheman Kumar Deshmukh S/o Late Shri Parsadi Ram Deshmukh,
Aged 49 Years, R/o Village Umardah, Tahsil Balod, Post Belmand,
District Balod Chhattisgarh

--- Petitioner(s)**versus**

1 - State Of Chhattisgarh Through The Secretary, Revenue And
Disaster Management Department, Mantralaya, Mahanadi Bhawan,
Capital Complex, Naya Raipur, District Raipur Chhattisgarh.

2 - Secretary, Urban Administration Department, State Of Chhattisgarh,
Mantralaya, Mahanadi Bhawan, Capital Complex, Naya Raipur, District
Raipur Chhattisgarh

3 - Collector, Balod, District Balod Chhattisgarh.

4 - Municipal Council, Balod, Through The Chief Municipal Officer,
Municipal Council, Balod, District Balod Chhattisgarh

--- Respondent(s)

**WPC No. 489 of 2018**

Rakesh Yadav S/o Shri Ram Kumar Yadav, Aged 48 Years,
Occupation Agriculturist, R/o Ward No. 13, Dalli Road, Balod, District
Balod Chhattisgarh

---Petitioner(s)

Versus

1 - Union Of India, Through the Town and Country Planning
Organisation, Government of India, Ministry of Urban Development, E-
Block, Vikas Bhawan, I.P. Estate, New Delhi-110 002

2 - State Of Chhattisgarh, Through The Secretary, Revenue And
Disaster Management Department, Mantralaya, Mahanadi Bhawan,
Capital Complex, Naya Raipur, District Raipur Chhattisgarh

3 - Secretary, Urban Administration Department, State Of Chhattisgarh,
Mantralaya, Mahanadi Bhawan, Capital Complex, Naya Raipur, District
Raipur Chhattisgarh

4 - Director, Urban Administration and Development, Raipur, District
Raipur Chhattisgarh.

5 - Collector, Balod, District Balod Chhattisgarh

6 - Municipal Council, Balod, Through The Chief Municipal Officer,
Municipal Council, Balod, District Balod Chhattisgarh

7 - Chief Municipal Officer, Municipal Council Balod, District Balod
Chhattisgarh

--- Respondent(s)



Kishore Kumar Yadu S/o Late Shri Tekram Yadu, Aged 51 Years R/o Village Umardah, Post Belmand, Tahsil Balod, District Balod, Chhattisgarh

---Petitioner(s)

Versus

1 - State Of Chhattisgarh Through The Secretary, Revenue and Disaster Management Department, Mantralaya, Mahanadi Bhawan, Capital Complex, Naya Raipur, District Raipur, Chhattisgarh

2 - Secretary, Urban Administration Department, State Of Chhattisgarh, Mantralaya, Mahanadi Bhawan, Capital Complex, Naya Raipur, District Raipur, Chhattisgarh

3 - Collector, Balod, District Balod, Chhattisgarh

4 - Municipal Council, Balod, Through The Chief Municipal Officer, Municipal Council, Balod, District Balod, Chhattisgarh

--- Respondent(s)

WPS No. 1699 of 2018

Toran Singh Thakur S/o S/o Late Keju Ram Thakur, Aged 65 Years, Occupation Retired Government Servant, R/o Ward No. 19, Budha Talab Road, Balod, District- Balod, Chhattisgarh

---Petitioner(s)

Versus



1 - State Of Chhattisgarh Through the Secretary, Revenue and Disaste.
Management Department, Mantralaya, Mahanadi Bhawan, Capital
Complex, Naya Raipur, District : Raipur, Chhattisgarh

2 - Collector, Balod, District- Balod Chhattisgarh

3 - Municipal Council, Balod, Through the Chief Municipal Officer,
Municipal Council, Balod, District- Balod, Chhattisgarh

4 - Chief Municipal Officer, Municipal Council, Balod, District- Balod,
Chhattisgarh

--- Respondent(s)

WPC No. 743 of 2018

1 - Ashok Kumar Sahu S/o Guman Singh Sahu, Aged About 58 Years,
R/o Ward No. 13, Aamapara, Balod District- Balod, Chhattisgarh

2 - Chetan Kumar Yadav S/o Krishna Kumar Yadav, Aged About 53
Years, R/o Ward No. 12, Aamapara, Balod District- Balod, Chhattisgarh

3 - Jaikumar Verma S/o Romnath Verma, Aged About 38 Years, R/o
Behind Jems Garage, Nalipar, Kundrupara, Balod District- Balod,
Chhattisgarh.

4 - Loman Kumar Rana S/o Ishwar Lal Rana, Aged About 41 Years, R/o
Ward No. 09, Mararpara, Balod, Mokhla Majhi Temple, Behind Tavri
Ashram, Balod District- Balod, Chhattisgarh

5 - Smt. Kamla Bai W/o Ram Singh Janghel, Aged About 55 Years, R/o
Village- Gaiji, Post- Sahgaon, Doundilohara, District- Balod,
Chhattisgarh



6 - Anil Janghel S/o Ramsingh Janghel, Aged About 35 Years R/c Village- Gaiji, Post- Sahgaon, Doundilohara, District- Balod, Chhattisgarh.

7 - Smt. Sushila Gupta W/o Beni Prasad Gupta Aged About 60 Years R/o Village Sahgaon, Doundilohara, District- Balod Chhattisgarh.

8 - Smt. Indrani Chandrakar W/o Mahendra Kumar Chandrakar, Aged About 51 Years R/o P. W. D. Colony, Balod District- Balod Chhattisgarh.

9 - Smt. Usha Thakur W/o Eman Singh Thakur Aged About 36 Years R/o P. W. D. Colony, Balod, District- Balod Chhattisgarh

10 - Smt. Shakuntala Bhuarya W/o Janak Lal Bhuarya, Aged About 41 Years R/o Village And Post- Bhaisbod, Tahsil- Balod, District- Balod, Chhattisgarh.

11 - Smt. Seema Kridant W/o Rajeshwar Rao Kridant, Aged About 46 Years, R/o Near Devarchana, Station Road, Balod, District- Balod, Chhattisgarh

12 - Smt. Indumati Sahu W/o Ashok Kumar Sahu, Aged About 51 Years R/o Ward No. 13, Aamapara, Balod District- Balod, Chhattisgarh.,

13 - Smt. Paraldas Narang W/o Khiyal Das Narang, Aged About 63 Years R/o Sindhi Colony Balod District- Balod, Chhattisgarh

14 - Ramnarayan Rana S/o Ishwar Lal Rana Aged About 38 Years R/o Mararpara Balod, Mokhlamanjhi Mandir, Behind Tavri Ashram, Balod, District- Balod, Chhattisgarh

15 - Khorbahra Ram Urvasha S/o Sunder Ram Urvasha, Aged About 50 Years R/o Village- Khaira, Post Koba, Tahsil- Doundilohara, District- Balod, Chhattisgarh



16 - Smt. Madhu Thakur W/o Yashwant Kumar Thakur, Aged About 38 Years R/o Village Kumhalori, Post- Koba, Tahsil- Doundilohara, District- Balod, Chhattisgarh.

17 - Shyam Pal Jaiswal S/o Ramsukh Jaiswal Aged About 56 Years R/o Ward No. 1, Pandardalli, Near Rajbahra Baba Mandir, Rajhara, District- Balod, Chhattisgarh

18 - Smt. Madhukanta Sen W/o Santosh Kumar Sen, Aged About 48 Years R/o Sonuram Bada, Near Vinay Talkies, Ward No. 03, Nayapara, Balod, District- Balod, Chhattisgarh

19 - Ishwar Lal Khobragade S/o Manna Lal Khobragade Aged About 55 Years R/o Main Road Chikhlakasa Ward No. 02, Block- Daundilohara, District Balod, Chhattisgarh

20 - Hemlal Sahu S/o Hagruram Sahu, Aged About 49 Years R/o Village Tamora, Post- Nipani, Tahsil Balod, District- Balod, Chhattisgarh

21 - Rohit Kumar Sahu S/o Chovaram Sahu, Aged About 48 Years, R/o Village Dhobanpuri, Post – Sorar, Tahsil Gurur, District- Balod, Chhattisgarh.

22 - Deendayal Rajput S/o Ranjan Singh Rajput, Aged About 48 Years, R/o Village- Surra, Post- Nipani, Tahsil- Gurur, District- Balod, Chhattisgarh

23 - Smt. Sangeeta Magar W/o Laxman Rao Magar Aged About 46 Years R/o Banspara, Dhamtari, District- Dhamtari, Chhattisgarh.

24 - Smt. Putli Bai Narang W/o Paraldas Narang Aged About 68 Years R/o Sindhi Colony, Balod District- Balod, Chhattisgarh.



25 - Smt. Manju Narang W/o Ashok Kumar, Aged About 48 Years, R/c Sindhi Colony, Balod, District- Balod, Chhattisgarh.

---Petitioner(s)

Versus

1 - State Of Chhattisgarh, through Secretary, Revenue Department, Mahanadi Bhawan, Mantralay, New Raipur, District : Raipur, Chhattisgarh

2 - State Of Chhattisgarh, Through Secretary, Nagriya Prashasan Department, Mahanadi Bhawan, Mantralaya, New Raipur, District- Raipur, Chhattisgarh

3 - Deputy Secretary, State Of Chhattisgarh, Revenue & Disaster Management Department, Raipur, District- Raipur, Chhattisgarh.

4 - Commissioner, Durg, District- Durg, Chhattisgarh.

5 - The Collector, Balod, District- Balod, Chhattisgarh

6 - Sub Divisional Officer (Revenue), Balod District- Balod, Chhattisgarh

7 - Municipal Council, Through Chief Municipal Officer, Balod, District- Balod, Chhattisgarh.

--- Respondent(s)

(Cause Title downloaded from CIS Periphery)

For Petitioner(s) in WPC Nos. 461/2018, 489/2018, 492/2018 & WPS No. 1699/2018	:	Mr. Rajeev Shrivastava, Senior Advocate with Ms. Anu Mishra, Advocate
For Petitioner(s) in WPC No.743/2018		Mr. Awadh Tripathi, Advocate
For Respective Respondents	:	Mr. Anand Dadariya, Dy. Advocate General and Mr. Anmol Sharma, Advocate

**SB: Hon'ble Mr. Justice Amitendra Kishore Prasad****C A V Order**

1. The Writ Petitioners in all the captioned petitions are aggrieved by the impugned order dated 10.1.2018, whereby, Respondent -State of Chhattisgarh cancelled the lease/Patta granted in favour of the Municipal Council, Balod and directed initiation of proceedings against the then Chief Municipal Officer namely Toran Singh Thakur (Petitioner in WPS No.1699/2018) and the then President namely Rakesh Yadav (Petitioner in WPC No.489/2018) of the Municipal Council, Balod. The order also directed that the lease amounts diverted to different accounts be recovered so that they may be returned to the respective beneficiaries. Furthermore, the impugned order directed the registration of criminal cases against both the then Chief Municipal Officer and the then President of the Municipal Council, Balod for allegedly committing illegalities and irregularities by deviating from the terms of the original lease deed. Aggrieved by these directions, the allottees, who were granted lease, have filed WPC No.461/2018, WPC No.492/2018 & WPC No.743/2018, whereas, the then Chief Municipal Officer as well as the then President have filed two separate writ petitions bearing Nos. WPC No. 489/2018 & WPS No.1699 of 2018 respectively, challenging the order of criminal prosecution. Pertinently, vide an interim order dated 28.2.2018 passed in WPC No.489/2018, this Court directed the respondents not to take any coercive steps against both the then Chief Municipal Officer and the then President of the Municipal Council, Balod.



2. Since all the writ petitions involve a common question of law and are founded on similar facts and circumstances, they have been clubbed together, heard analogously and are being disposed of by this common order.
3. For the sake of convenience, WPC No. 489 of 2021 is treated as the lead case, and the facts of the said petition are being referred to for the purpose of adjudication. The decision rendered herein shall, however, govern the connected writ petitions as well, as the issues raised therein are identical in nature. In WPC No. 489 of 2021 , the petitioners have prayed for the following reliefs :

10.1 The Hon'ble Court may kindly be pleased to call for the entire records leading to passing of the impugned order, for the kind perusal of this Hon'ble Court.

10.2 The Hon'ble Court may further kindly be pleased to quash the order impugned Annexure P-1 dated 10.01.2018 bearing No F 4-41/7-1/2014 passed by the respondent No.2 communicated to the petitioner by the respondent No.3 vide letter dated 25/01/2018.

10.3 Cost of the petition may also be granted to the petitioner.

10.4 Any other relief which this Hon'ble Court deems fit and proper may also kindly be granted to the petitioner, in the interest of justice.

4. The factual matrix advanced by the petitioner(s) is that the Central Government prepared a Centrally Sponsored Scheme named 'Integrated Development of Small and Medium Towns' (henceforth



'IDSMT') in the Sixth Five-Year Plan in the year 1979-80. The primary object of the Scheme was to slow down migration from rural areas and smaller towns to large cities by developing selected small and medium towns capable of generating economic growth and employment. In the year 1995, revised guidelines were issued for the Scheme. Under the said revised guidelines, one of the objectives set out under the scheme was (E) promoting resource-generating schemes for the urban local bodies to improve their overall financial position and ability to undertake long-term infrastructure development programmes on their own as well as to repay borrowed capital and usher in necessary municipal reforms. Under the IDSMT Scheme, a plan was prepared by Municipal Council Balod on 26.2.1996 and sent to the State Government for approval. Subsequently, the Scheme prepared by the Municipal Council, Balod received approval from the Government of India, Ministry of Urban Affairs and Employment vide its order dated 6.4.1999.

5. During the tenure of the then President, except for one component of the project i.e. development of residential plots, all other components of the project had taken final shape. On 27.1.2006, the State Level Screening Committee, in its meeting, decided to prepare a revised project under the IDSMT scheme. To complete the project, the Municipal Council, Balod was directed to submit a revised plan under the IDSMT Scheme. In compliance with the directions issued by the State Government, the Municipal Council, Balod prepared a revised Detailed Project Report (DPR) under the IDSMT scheme and forwarded the same for approval to the State Government vide its letter dated 18.9.2006. On 1.12.2006, the Town and Country Planning Organisation,



Government of India, sanctioned the revised project submitted by the Municipal Council, Balod under the IDSMT scheme. On 10.6.2008, the concerned Collector, District Durg sanctioned Government land situated at Patwari Halka No.5/1, Khasra No.918/1, admeasuring 22.02 acres and directed the Municipal Council, Balod to pay the applicable lease rent and premium for the said land. In pursuance of the directions issued by the Collector, Durg, the Municipal Council, Balod deposited the requisite payment on 2.7.2008. The Municipal Council, Balod, in its meeting dated 25.8.2008, unanimously passed a resolution to develop and auction the said plots. On 17.09.2008, a lease deed was executed between the Government of Chhattisgarh and the Municipal Council, Balod with regard to the subject plots. In accordance with the unanimous resolution of the Municipal Council, Balod, the plots were put to auction. Subsequently, the Municipal Council, in its meeting dated 9.9.2008, passed another unanimous resolution resolving to utilize the revenue generated from the auction of the plots towards the payment of salaries of its officers/employees, settlement of electricity bills and the provision of basic civic amenities. The Municipal Council, Balod vide its letter dated 4.2.2009 sought approval of the auction from the State Government. The State Government vide its order dated 20.7.2009 duly approved the auction conducted by the Municipal Council, Balod. Further, as various local bodies within the State were facing huge arrears of electricity bills, the State Government vide its order dated 4.1.2007 allowed a One Time Settlement of these dues and directed timely payment of future electricity bills regularly w.e.f. 31.5.2006. Additionally, the payment of electricity bills was made the



personal responsibility of the Commissioner/Chief Municipal Officer of the concerned local body. In pursuance of the order dated 4.1.2007, the Chhattisgarh State Power Distribution Company Limited (CSPDCL) adjusted an amount of Rs.32,92,528/- against an outstanding demand of Rs.47,72,781/- from the Municipal Council, Balod. Under severe financial strain, the Municipal Council requested the Superintending Engineer, CSPDCL, Durg vide a letter dated 4.6.2009, to waive the remaining demand, highlighting that the Council was continuously struggling under a heavy financial burden. Thereafter, the Municipal Council, Balod utilized the funds generated from the auction only to strengthen the basic civic amenities and meet unavoidable operational liabilities. Without utilizing these funds, the Municipal Council would have been unable to provide essential civic services to the public. However, without taking into consideration these material facts, the State Government vide its impugned order dated 10.1.2018 arbitrarily held that the Municipal Council was not permitted to develop and auction the plots under the IDSMT Scheme and further that the revenue generated could not be utilized for salaries, electricity bills or basic amenities. Hence, the impugned order was passed without giving any opportunity of hearing, issuing any show cause notice or seeking any explanation from the petitioner(s) and thereby, violating the principles of natural justice.

6. Mr. Rajeev Shrivastava, learned Senior Advocate along with Ms. Anu Mishra, Advocate appearing on behalf of the respective petitioners i.e. the then Chief Municipal Officer and the then President of the Municipal Council, Balod submit that the subject leases were granted to the



concerned private parties (allottees) pursuant to the approval granted by the State Government and subsequent execution of the lease agreement. They submit that the decision to grant the said leases was not an individual act but a collective corporate decision adopted by the entire body of the Municipal Council through a duly passed resolution by the office-bearers concerned, including the President, Vice President and the Councillors. Furthermore, the revenue generated from granting these Pattas was utilized for payment of employees' salaries, outstanding electricity dues and for the basic civic amenities of the Municipal Council, Balod. The expenditures incurred by the authorities were entirely genuine. They also submit that allocating funds to fulfill these essential statutory duties cannot, by any stretch of imagination, be construed as an illegality committed by the authorities. Had this been a case where sanction was withheld by the Municipal Council, such allegation might have been justified. However, given that a valid approval was obtained, the allegations does not have any legal merit. Even otherwise, since the decision was adopted by the entire body of the Municipal Council through a resolution, individual liability cannot be fastened upon two individuals for an act committed by the collective body. They further submit that the impugned notice directing action against the concerned President as well as the concerned Chief Municipal Officer of the Municipal Council, Balod is per se illegal. Since the State Government itself approved the lease, it cannot subsequently challenge its execution in favour of the private parties. So far as the alleged violation of the conditions of the lease is concerned, learned Senior Counsel submit that the petitioners have complied with



all the terms of the agreement executed between the between the Municipal Council, Balod and the State. The petitioners have acted entirely within the framework of the lease and no condition has been breached. Hence, the impugned order, including the direction for initiating criminal prosecution against the then President and the then Chief Municipal Officer, does not have any legal basis and is liable to be quashed.

7. Turning next to the second limb of the arguments, advanced on behalf of the private allottees/petitioners, Mr. Shrivastava, learned Senior Advocate assisted with Ms. Mishra, Advocate and Mr. Awadh Tripathi, Advocate appearing on their behalf, jointly submit that the respective petitioners/allottees have entered into a bonafide agreement with the Municipal Council, Balod, after paying the requisite lease rent. The petitioners/allottees have not committed any illegality or irregularity in obtaining lease and as such, the cancellation is not in accordance with law. They submit that since the time of allotment, the petitioners have been deprived of the fruits of their investment. On the contrary, the lease was cancelled without affording them any opportunity of hearing. They also submit that prior to cancellation of an executed lease where the petitioners are the beneficiaries, the respondent authorities were bound to grant them an opportunity of hearing. Having failed to do so, the impugned cancellation violates the well-settled principles of natural justice and *audi alteram partem*. Thus, on this ground alone, the respective petitions filed by the petitioners/allottees deserve to be allowed.
8. On the other hand, Mr. Anand Dadariya, learned Dy. Advocate General



appearing on behalf of the State submits that there is apparent violation of lease agreement executed between the parties. It is categorically argued that the lease was executed by the Municipal Council, Balod on 17.9.2008 specifically for construction of residential houses. Under the clear terms of the allotment, the land was restricted to residential use and prohibited from being utilized for any other purpose. He submits that the lessee has breached this vital condition, which has rendered the lease liable to cancellation. He further submits that the Municipal Council was directed to construct residential houses and allot the same in accordance with the IDSMT Scheme. The lease (patta) was granted for a fixed period up to 31.3.2038, subject to an annual premium of Rs.47,960/-. Significantly, the allotment was made to the concerned Municipal Council specifically for residential construction under the IDMST Scheme and the Council was restrained from sub-leasing or transferring any portion of the land to any person without the prior permission of the Governor, State of Chhattisgarh. He further submits that it was a condition of the lease that upon violation of any term, the respondent authorities would be at liberty to cancel the lease with immediate effect. Furthermore, the agreement contained a negative covenant prohibiting any commercial use of the leased land, commissioning that it be utilized only for construction of residential houses under the IDSMT Scheme. It was also directed that the houses were to be allotted only to the eligible beneficiaries who met the criteria prescribed under the scheme. The conditions further stipulate that if at any point of time the State finds that the land is not being utilized for the purpose for which it was allotted, the land, along



with all superstructures and other properties attached thereto, shall be forfeited to the State without any liability for compensation. On the strength of these conditions, learned counsel for the State submits that the Municipal Council, Balod has deviated from the terms of the grant by sub-leasing portions of the land in a manner completely prohibited under the subject lease agreement. He further submits that while the Municipal Council, Balod was enjoined to construct houses and allot them to eligible beneficiaries under the IDSMT Scheme, it acted contrary to the agreement by allotting individual plots of vacant land instead. Further, the terms of the lease explicitly prohibit the diversion of scheme funds for any other purpose. However, this condition was also flagrantly violated, as the revenue generated from the lease was diverted towards payment of salaries, electricity bills and other civic amenities, which were the uses entirely disallowed under the lease agreement executed between the parties. He also submits that since the authorities concerned i.e. the then Chief Municipal Officer as well as the then President of the Municipal Council, Balod have illegally and irregularly granted leases of land to individuals/allottees and have further deviated the funds for purposes entirely foreign to the conditions of the lease executed between the parties, the State by the impugned order has rightly cancelled the lease granted in favour of the Municipal Council, Balod. He also submits that the State has further rightly directed initiation of criminal proceedings against the authorities of the Municipal Council, an action which cannot be faulted. In view of the aforesaid, learned counsel for the State submits that all the petitions are liable to be dismissed, as there is apparent violation of the lease



conditions executed between the parties, and the actions of the petitioners cannot be countenanced.

9. I have heard learned counsel for the parties, considered their rival submissions made herein-above and went through the records with utmost circumspection.
10. A perusal of the record, particularly the lease agreement dated 17.9.2008, would show it is not in dispute that the subject lease was executed between the Municipal Council, Balod and the State of Chhattisgarh, in the name of Governor. Under the terms of the lease, the parties agreed that the Municipal Council would pay a lease amount of Rs.1 per sq. ft. Accordingly, a total premium of Rs.9,59,192/- along with an annual land rent of Rs.47,960/- was to be paid. The terms of the lease further show that the Municipal Council, Balod was granted the subject land on lease under the IDSMT Scheme specifically for construction of residential houses, which were to be allotted exclusively to the beneficiaries concerned for residential purposes only. The lease agreement categorically covenants that the demised premises shall not be utilized for any purpose other than the residential purposes under the Scheme. The lease deed unequivocally provides that upon violation of any of the conditions, the lease shall stand cancelled. Furthermore, any construction raised over the land, along with all articles lying thereon, shall be forfeited to the State without any right of reclamation or compensation by any means.
11. When parties enter into an agreement, they are bound to follow its terms and conditions in letter and spirit. Any deviation from the agreed conditions renders the agreement liable for cancellation. In the present



matter, under a special Scheme formulated by the Central Government, the State Government allotted land to the Municipal Council, Balod for construction of housing units to be allotted to the eligible beneficiaries. Further, any funds accruing from this initiative shall be utilized by the Municipal Council mainly for construction and maintenance of residential buildings thereon and for purposes incidental and ancillary thereto, in accordance with the conditions/terms prescribed under the lease agreement. It has been explicitly stipulated in the subject agreement that the land shall not be utilized for any other purpose (commercial). Prior to the construction of the residential houses, the requisite permission must be obtained from the concerned Department that has granted the 30-year lease. In the event that the land is used for any other purpose other than what is permitted, the possession thereof shall be resumed by the Department and the party concerned shall be deemed an unauthorized occupant. Though the constructed residential houses were intended solely for the designated beneficiaries, however, the Municipal Council allotted the lands to the respective private allottees in complete deviation from and contrary to the terms of the agreement.

12. Furthermore, the submission advanced by the petitioners claiming that the State Government approved the allotment is of no consequence, as the Municipal Council is bound by the conditions of the subject agreement executed between the concerned Municipal Council and the State. Even assuming that the conditions were violated with the knowledge/ consent of the concerned authorities, such consent does not alter or override the terms of the agreement. The terms of the



agreement remain unchanged, valid and binding upon the parties.

Where an agreement stipulates a specific mandate, it must strictly be adhered to as executed. Any deviation therefrom empowers the appropriate authorities to cancel the agreement pursuant to its terms.

13. In the present matter, it is apparent that in utter violation of the conditions of the subject agreement, the respondent-Municipal Council has allotted undeveloped plots of land to the allottees instead of constructing residential houses for them as mandated under the Scheme. In addition to this violation, the funds received from the said allotments were expended for purposes not envisaged in the agreement and that too without the prior permission of the competent authorities. In view of the clear contractual infractions, the impugned order regarding cancellation of the allotment cannot be held to be illegal. Instead, it can be safely said that the same is in accordance with law.
14. In light of the foregoing discussion, the writ petitions filed by allottees i.e. WPC No.461/2018, WPC No.492/2018 and WPC No.743/2018 are hereby dismissed, as the plots of land were allotted to them in direct contravention of the subject agreement executed between the State Government and the concerned Municipal Council. Accordingly, the impugned order, so far as it relates to cancellation of the allotments, is hereby affirmed and all such allotments stand cancelled. Any premium, deposit or other amounts paid by the allottees or any other party shall stand forfeited to the State in accordance with the default clauses of the subject lease agreement, without any right of refund, reclamation, and the allottees shall be free from any liability for further recovery.



15. Now, so far remaining two petitions i.e. WPC No. 489/2018 & WPS No.1699/2018 regarding the liability fastened upon the then President (Petitioner- Rakesh Yadav) as well as the then Chief Municipal Officer (Petitioner -Toran Singh Thakur) respectively of the Municipal Council, Balod are concerned, the documents appended to the petitions would show that the decision was predicated on a resolution passed by the Local Body. The entire Body of the office bearers, including the President, Vice-President and Councillors, unanimously agreed to the diversion of the funds for the payment of employee salaries, outstanding electricity bills and the provision of basic amenities. Thus, Petitioner – Toran Singh Thakur and Petitioner – Rakesh Yadav cannot be singled out or held exclusively liable for what was undeniably a collective institutional decision. Where a resolution represents a joint decision of the entire municipal body, individual liability cannot be restrictively imposed upon only two of its members.
16. In the matter of **Ravi Yashwant Bhoir Vs. District Collector, Raigad and others** reported in **(2012) 4 SCC C 407**, the following was held by the Hon'ble Supreme Court in para 66 :

66. So far as the other charges regarding laying down the pipelines at a much higher rate are concerned, it has been a positive case of the appellant that as the earlier contractor had abandoned the work in between and there was a scarcity of water in the city, the Chief Officer, the Junior Engineer considered the technical aspect and then recommendations were forwarded under the signatures of the appellant, the Chief Officer and Junior Engineer to the Council, which ultimately passed the resolution accepting the said tenders. In



such a fact situation, it was a collective consensus decision of the House after due deliberations. Admittedly, it was not even the ratification of contract awarded by the appellant himself. Thus, even by any stretch of imagination it cannot be held to be an individual decision of the appellant and the competent authority failed to appreciate that the tenders were accepted by the Council itself and not by the appellant alone. Therefore, he could not be held responsible for acceptance of tenders.

17. In WA No.109/2026 (**Smt. Soni Ajay Banjare Vs. State of Chhattisgarh and others**), decided on 5.2.2026, a Division Bench of this Court has held the following in para 30 :

30. The Hon'ble Supreme Court in **Ravi Yashwant Bhoir (supra)** has categorically held that where a decision is taken collectively by a statutory body, individual liability cannot be imposed unless there is a specific finding of dominant role, mens rea, or manipulation of the decision-making process. The learned Single Judge, with respect, failed to appreciate this settled position of law and erred in upholding the impugned order by attributing personal responsibility to the appellant for a collective decision of the Council.

18. Reverting to the facts of the present case, in light of the principles laid down in the aforementioned cases, with respect to the fixation of personal responsibility and initiation of criminal proceedings against Petitioner – Toran Singh Thakur, the then Chief Municipal Officer and Rakesh Yadav, the then President of the Municipal Council, Balod, this Court is of the opinion that the impugned action did not constitute



individual acts by the concerned petitioners. Rather, the decision to divert the funds was a collective responsibility shared by all members of the Council who voted for the resolution. As such, a collective corporate decision cannot be converted into an individual criminal culpability.

19. Accordingly, WPC No.489/2018 & WPS No.1699/2018 are allowed to the extent that the petitioners therein shall not be held individually or personally liable. Consequently, the impugned order, insofar as it directs the initiation of criminal proceedings against them, is hereby quashed.
20. At this juncture, learned Senior Counsel for the petitioners/allottees submits that no construction of any nature has been raised on the subject land and the same remains completely vacant.
21. Consequent upon the confirmation of the cancellation of the allotments by this Court, the State Government is at liberty to resume possession of the said vacant land and utilize it for any permissible purpose in accordance with law.
22. Resultantly, **WPC No.461/2018, WPC No.492/2018 & WPC No.743/2018 are Dismissed and WPC No.489/2018 & WPC No.1699/2018 are Partly Allowed.**

Sd/-

(Amitendra Kishore Prasad)
Judge