HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR

(1) S. B. Civil Writ Petition No. 9719/2025
CNR: RJHC020542772025 | URN: CW / 21979U / 2025

1. M/s. Arfat Petrochemicals Private Limited, Having Its Registered Office At B-59, Zainab Park Society, Gorat Road, Rander, Surat, Gujarat and Branch Office At Heavy Industrial Area, D.C.M. Road, District Kota (Rajasthan) Through Its Authorized Officer Being S.H.A. Rizvi.
2. Shri S.H.A. Rizvi S/o S.A.H. Rizvi, Aged About 70 Years, R/o Bunglow No. 24, Arfat Nagar Coloy, D.C.M. Road, District Kota, Rajasthan.

----Petitioners

Versus

1. State of Rajasthan, through The Principal Secretary, Department of Industries, Government Secretariat, Jaipur.
2. State of Rajasthan, through The Principal Secretary, Cabinet Secretariat, Government of Rajasthan, Jaipur.
3. State of Rajasthan, through Cabinet Secretary Department of Revenue, Secretariat, Jaipur, Rajasthan.
4. The District Collector, Kota.
5. Kota Development Authority, through Commissioner, CAD Circle, Rawatbhata Rd, CAD Colony, Dadabari, Kota, Rajasthan 324009.

----Respondents

Connected With

(2) S. B. Civil Writ Petition No. 6738/2025
CNR: RJHC020364022025 | URN: CW / 15689U / 2025

1. M/s. Arfat Petrochemicals Private Limited, Having Its Registered Office At B-59, Zainab Park Society, Gorat Road, Rander, Surat, Gujarat and Branch Office At Heavy Industrial Area, D.C.M. Road, District Kota (Rajasthan) through Its Authorized Officer Being S.H.A. Rizvi.
2. Shri S.H.A. Rizvi S/o S.A.H. Rizvi, Aged About 70 Years, R/o Bunglow No. 24, Arfat Nagar Coloy, D.C.M. Road, District Kota, Rajasthan.

----Petitioners

Versus

1. State of Rajasthan, through The Principal Secretary, Department of Industries, Government Secretariat, Jaipur.
2. State of Rajasthan, through The Principal Secretary, Cabinet Secretariat, Government of Rajasthan, Jaipur.
3. State of Rajasthan, through Principal Secretary, Department of Revenue, Government Secretariat, Jaipur.
4. The District Collector, Nayapura, Civil Lines, Kota.
5. Department of Tourism, through Commissioner, State of Rajasthan, Police Station, Department of Tourism, Government of Rajasthan Paryatan Bhawan, Mirza Ismail RD, Opposite Vidhayak Puri, Jaipur Rajasthan-302001.

----Respondents

For Petitioners	:	Mr. Kamlakar Sharma, Senior Advocate assisted by Mr. Gunjan Pathak Advocate, Mr. Aditya Bohra Advocate, Mr. Kanishk Singhal Advocate, Ms .Priyanshi Roongta Advocate, Mr. Yogesh Kala Advocate, Mr. Harshit Bansal Advocate.
For Respondents	:	Mr. Rajendra Prasad Advocate General assisted by Mr. Sheetanshu Sharma Advocate and Ms. Dhriti Laddha Advocate. Mr. Yogesh Kumar Sharma Advocate.

HON'BLE MR. JUSTICE ANAND SHARMA

Judgment

REPORTABLE

Date of conclusion of arguments	**::**	**10.08.2026**
Date on which judgment was reserved	**::**	**10.08.2026**
Whether the full judgment or only the operative part is pronounced	**::**	**Full Judgment**
Date of pronouncement	**::**	**28.09.2026**

1. By way of filing Writ Petition No. 9719/2025, the petitioners have challenged seven orders dated 24.06.2025, including seven show cause notices dated 16.06.2025, whereby seven different lease deeds earlier granted in favour of the petitioner No. 1 have been cancelled. Petitioners have further

prayed for issuance of a direction against the respondent-State restraining it from creating any third-party rights over the land in question, and for declaring ejection of the petitioners from the land in question as arbitrary and illegal. So far as Writ Petition No. 6738/2025 is concerned, the petitioners have challenged order dated 07.03.2025 passed by the District Collector and District Magistrate, Kota (hereinafter to be referred as 'the District Collector'), whereby application under Rule 8 of the Rajasthan Industrial Areas Allotment Rules, 1959 (hereinafter to be referred to as 'the Rules of 1959'), filed by the petitioners for permitting change of land use of the land in question for the purpose of establishing tourism unit has been rejected.

2. Since the facts, cause of action and grievances raised in both the writ petitions are interrelated and substantially interconnected, therefore, with the consent of learned counsel for the parties, both the above writ petitions were heard analogously and are being decided by this common judgment. For the sake of convenience, clarity and ease of reference, the facts stated in Writ Petition No. 9719/2025 are being noticed, unless the context or any specific facts mentioned in other writ petition otherwise require.

3. The petitioners have come out with a case that on 12.09.1958, 70 acres of land was allotted by the Revenue Department of Government of Rajasthan to J.K. Synthetics Limited (hereinafter to be referred as 'JKSL') through M/s. J.K. Investment Trust Limited, on lease for a period of 99 years in order to set up Nylon factory in Kota. Thereafter, the State Government framed the Rajasthan Industrial Areas Allotment Rules, 1959, which came

into force on 01.01.1960. Later on, the Industries Department on 21.08.1965 issued another order whereby additional 200.87 acres of land situated in Kota was allotted to erstwhile JKSL for setting up industries for a period of 99 years. The aforesaid allotment was in two parts, whereby 162 acres of land comprising in Plot Nos. 2, 3, 13, 14, 16, 17, 19, 20, 21, 22, 31 to 37, 40 and 41 were allotted for Acrylic Fiber Industry, whereas land comprising in Plot Nos. 23 to 30, measuring 38.87 acres, were allotted for Art Silk Industry at Kota. Thereafter, lease deed in respect of land earlier allotted to JKSL on 12.09.1958 was executed on 11.08.1967. For remaining land, lease deed was executed on 05.05.1972.

4. It is further contended in the writ petition that on 18.09.1979, the State Government took a general decision to transfer entire industrial areas earlier run by Department of Industries to Rajasthan State Industrial Development and Investment Corporation (hereinafter to be referred as 'RIICO') and pursuant to the aforesaid general order, on 28.09.1979, Joint Director, District Industries Centre, Kota, transferred the aforesaid leasehold land of JKSL to the industrial areas of RIICO. It is a matter of fact that despite transfer of the industrial area to RIICO, the District Collector, Kota and the authorities of State continued to deal with the land, in respect of which lease deeds were earlier executed by or on behalf of the State Government.

5. In the year 1982, the State Government enacted the Rajasthan Industrial Areas Allotment (Amendment) Rules, 1982, in order to insert Rule 12 in the original Rules of 1959. Thereafter fresh lease deeds were executed between JKSL and the State for 138.38 acres of land, which was divided in two parts measuring

107.82 acres and 30.56 acres. On 23.12.1983, the State Government further amended the Rules of 1959 so as to insert Rule 11-A and one new proviso was also appended to existing Rule 12 of the Rules of 1959. As issue with regard to charging of lease rent from erstwhile JKSL was pending, therefore, on clarification being sought by the District Collector, Kota, the State Government clarified that lease rent shall be collected by the RIICO. However, later on, vide letter dated 23.05.1987, in view of the fact that vide notification dated 13.07.1982, amendment made in the Rules of 1959 was not retrospective in nature, it was directed that the lease rent amount shall be deposited by erstwhile JKSL with the Tehsil and not with the RIICO and such fact was also later on acknowledged by the RIICO.

6. Since by the end of financial year 1996-97, the losses suffered by erstwhile JKSL turned to be higher than the net worth of the company, therefore, erstwhile JKSL filed reference application under Section 15(1) of the Sick Industries (Special Provisions) Act, 1985 and on such application, erstwhile JKSL was declared a sick company vide order dated 02.04.1998 passed by the Board for Industrial and Financial Reconstruction (hereinafter to be referred to as 'the BIFR'), wherein Industrial Development Bank of India (IDBI) was appointed as Operating Agency (O.A.). Relevant part of order dated 02.04.1998 is quoted as under:

> *"14. Considering the facts on record and the submissions made at today's hearing, the Bench was satisfied that the company had become a sick industrial company in terms of Section 3(1)(0) of SICA and accordingly declared it as a sick company in terms of aforesaid provisions of SICA. The Bench formed the opinion that the company cannot revive on its own and that it was necessary in public interest to take measures specified u/s 18 of the Act. Accordingly, it appointed Industrial Development Bank of India (IDBI) as the Operating Agancy (OA) under Section 17(3) of the Act* ***to examine the***

<u>viability of the company and formulate a rehabilitation scheme for its revival if it was found viable.</u> *The OA shall keep in view the provisions of Section 18 of the Act and the Measures and Guidelines set out below while examining its viability and preparing a report on its rehabilitation.*

<u>MEASURES</u>

(a) Restructuring of capital in view of the total erosion of networth and heavy losses suffered by the company.

<u>(b) Proper management of the sick industrial company by change/takeover or strengthening of management. In case of change/takeover, the new promoters should have adequate financial capabilities to bring in the required funds.</u>

(c) Merger/amalgamation of the company in any other healthy company or some group etc.

(d) Possibility of workers' cooperative being entrusted to run the unit by transferring shares of the management of the company to it.

<u>GUIDELINES</u>

(a) The OA was directed to get valuation of assets of the company as on 31st March 1997 done through a reputed firm of Chartered Engineers or Chartered Accountants;

<u>(b) On receipt of a proposal, a detailed techno-economic viability study should be carried out keeping in view the current industry profile as well as the perspective for the next 5-7 years with appropriate demand forecasting and taking into account competition faced from other units.</u>

(f) Even in the case of change of management including marger the new promoters will have to bring in their contribution of 30% of the cost of the scheme.

(g) A profile of the new promoters alongwith details of terms and conditions coupled with resume of their group companies, comprising financial and performance be also submitted.

<u>(m) If any sacrifices/reliefs are expected from creditors and labour, the same have to be discussed with the parties concerned and their consent obtained by the management who would furnish the same to the OA;</u>

<u>(n) The reliefs and concessions expected from the State Government, PF and ESI authorities etc., should be such are covered by the existing policy guidelines of concerned authorities;</u>

<u>(o) The right of recompense in respect of sacrificess proposed to be undertaken by the Central Government, should be provided.</u>

(t) In case a viable scheme is framed, the OA should also formulate an agreed time schedule of compliance with

various commitments/obligations to be undertaken by the parties involved in the rehabilitation of the company, at the joint meeting of all concerned. Specific dates should be mentioned for discharging each of the commitments/obligations under the proposed scheme.

16. The Bench gave the following further directions:

i) The company/promoters would submit to the OA within eight weeks their comprehensive rehabilitation proposal with the means of finance fully tied up along with audited balance sheet for the last five years duly approved by their Board of Directors and whatever other information is required by the OA.

ii) OA would independently examine the techno economic viability of each of the company's units by using in-house technical expertise or by engaging the services of a competent technical consultant at reasonable rates if adequate in-house expertise was not available.

iii) OA would examine the company's proposal in the light of the techno-economic viability study of the units and the additional information obtained from the company. If the proposal is found viable with the means of finance fully tied up, the OA would formulate a proper rehabilitation scheme, hold a joint meeting for evolving an agreed package and submit a report to the Board with a copy of the minutes of the joint meeting within further eight weeks."

7. While the matter of revival of the sick company was pending, a Memorandum of Understanding dated 19.10.2001 was signed between the erstwhile JKSL and the petitioner No. 1, M/s. Arfat Petrochemicals Private Limited (hereinafter to be referred to as 'APPL'), for transfer of industrial units of JKSL in favour of the Petitioner No. 1. The MOU so executed was in relation to land, plant, machinery, buildings, fittings and fixtures of JKSL. However, it was made clear that any such settlement through MOU was subject to further settlement with the workmen and approval of the same by the Appellate Authority for Industrial and Financial Reconstruction (hereinafter to be referred to as 'the AAIFR'). Following clauses of MOU are relevant:

"A). JKSL is a Sick company under Sick Industrial Companies (Special Provisions) Act 1985 and their reference is pending before the Board For Industrial and Financial Reconstruction (BIFR) and Appellate Authority for Industrial and Financial Reconstruction (AAFIR) for considering measures for its rehabilitation.

B) That ICICI Ltd. one of its secured creditors of JKSL has filed a case for recovery against it in the Mumbal High Court. As a result the possession of all the assets at Kota Complex, besides other assets of the seller, have been taken into possession by the Court Receiver of the Mumbal High Court and the possession of some of the assets including interalia the Specified Assets have been handed over to JKSL as an agent of the Court Receiver.

E) The Seller desires to sell the Specified Assets to the Purchaser for the consideration specified in Clause 2 herein, but recognizes that the same may not be immediately possible for the reasons cited above and can in any case be possible on obtaining appropriate consent /orders / directions of the BIFR / AAFIR, the Mumbai High Court, the Allahabad High Court as well as the Creditors having charge over the said assets.

FURTHER WHEREAS, the final objective of the Parties is to create a binding obligation on the Seller to sell the Specified Assets to the Purchaser, which the Seller hereby acknowledges and agrees to.

1. DEFINITIONS

*1.1 "**Labour Liabilities**" shall mean and include all amounts due to and payable to the workers/ staff/ other employees employed by JKSL as on the date of cessation of operations of the plants at Kota upto the date of execution of this MOU and also including the retired / superannuated / suspended / dismissed employees and obligations arising out of claims/sults/plaints etc. filed by the employees with respect to their dues, at the Kota Complex including those at SPRC, interalia including, but not limited to wages, bonus, PF, ESI, leave encashment, retrenchment compensation, separation costs, gratuity etc. and all other amounts payable to such employees as quantified in the TLSA*

*1.5. **Specified Assets** means and includes:*
The entire physical assets available at the Kota Complex interalia including the following plants, located in the said complex, but excluding the land, building, fixtures relating to Sir Padampat Research Center (SPRC) on as is where is basis, without any warranties either expressed or implied with respect to performance of the Specified Assets.

i). Padam Synthetics
ii). Gopal Synthetics
iii). J.K. Staple & Tows (SSF)
iv). J.K. Tyre Cord
v). J.K. Acrylic
vi). Pilot Plants located within SPRC
vii). Central Diesel Power House/Boilers and other common utilities Residential Colony within the complex

The Specified Assets pertaining to the above Plants/Complex Interaila mean and include :-

a). Entire Land (leasehold/freehold), Buildings thereon and plant & machinery, furniture, fixtures, fittings on "as is where is" basis relating to all the plants at Kota excluding land & buildings, fixtures attached to the building relating to S.P. Padampat Research Centre.

b). All inventorles of raw materials, stores, spares, machinery parts, lying in factory premises at Kota (including those lying in Customs Bonded Warehouse at Kota) on "as is where is" basis.

c). Entire residential colony, vacant or otherwise, except the bungalows earlier sold by the District Administration.

*d). The Land referred to above is delineated on the Layout Plan annexed hereto as **Schedule B** and excludes the portion marked in Red which pertains to the SPRC Land and Building which is not being transferred in terms of this MOU.*

1.6. "Tripartite Labour Settlement Agreement" (TLSA) shall mean the agreement proposed to be reached between the Labour, the Seller and the Purchaser with the assistance and concurrence of the Deputy Labour Commissioner at Kota, as may be necessary in law, Interaila providing for the payment of the labour liabilities in a phased manner over a period of 3 years.

2. CONSIDERATION:
2.1 The total consideration for the sale of the Specified Assets is the aggregate of the cash component of Rs. 15 Crores payable by the Purchaser to the Seller in the manner specified below and the assumption of all "Labour Liabilities" pertaining to the entire Kota Complex by the Purchaser subject to and to the extent determined In terms of the TLSA executed between the Purchaser, Seller and the Labour.

2.4 On the execution of the TLSA between the Labour, Purchaser, and Seller, the Seller shall approach the BIFR/ AAIFR, Mumbai High Court, Allahabad High Court, Creditors etc to obtain their consent/permission/ directions/ orders to enable it to transfer/sell good and marketable title of the "Specified Assets" to the Purchaser free from all liens encumbrances, charges, of whatsoever nature. The Purchaser will also have the right to participate in the said proceedings subject to necessary approvals by the authorities concerned.

4. PERFORMANCE REQUIRED OF THE PURCHASER:
4.1 The Purchaser undertakes to make all diligent efforts to negotiate with the labor and reach a one-time settlement with the labor.

4.2 Once the amount payable to the workers of JKSL is determined pursuant to the Tripartite Labour Settlement Agreement, the Purchaser shall assume this specific liability from the Seller and make payments directly to the labour whose liabilities have been so assumed.

4.3. It is expressly agreed and understood between the parties that the Purchaser, except for the Labour Liabilities as quantified in terms of the TLSA, is not liable for any past dues, obligations, on any account with respect of the Seller, and/or its Promoters, Directors, including but not limited to any liability on account of dues to Banks, Financial Institutions, State Governments, Central Governments. Similarly, the Seller is not responsible for any labour *liabilities, which may arise after the execution of the TLSA pertaining to the Labour*

4.5 In the event that the aforesald TLSA is arrived at and the said assets are transferred to the Purchaser in accordance with the terms of this MOU, the Purchaser is expected to provide approximately 2000 jobs at Kota in a phased manner to the existing Labour by restarting the following Plants at Kota:

Padam Synthetics (Nylon & POY)
Gopal Synthetics
SSF
J.K. Tyre Cord
Acrylic Plant at Kota
Central Diesel Power House, Boilers and all common utilities

This clause however only represents the legitimate expectancy of the Purchaser and does not create any binding obligation on the Purchaser.

8. REPRESENTATIONS AND WARRANTIES OF PURCHASER:
8.2. The Purchaser represents and warrants that it is in a position to pay the consideration specified herein and indemnifies and agrees to keep Indemnified the Seller against the failure on its part to pay the consideration contemplated herein provided that the Seller has duly complied with all its obligations, covenants and representations under this MOU."

8. Thereafter, two Tripartite Labour Settlement Agreements (TLSAs) were executed between the erstwhile JKSL, the petitioner No. 1 and the labour unions. As per aforesaid TLSAs, labour dues were quantified to the tune of Rs. 40.42 crores. It is stated that it was a condition of TLSAs that management of erstwhile JKSL, APPL as well as labour associations would approach the Court for removal of Court receivers so that the plant maintenance work could be started, and that efforts shall be made by the petitioner No. 1 for starting operation of all the plants at the earliest, preferably within a period of one year. The employees of the erstwhile JKSL will be absorbed by the petitioner No. 1 in a phased manner and information in this regard shall be sent to such employees/workmen through registered letters, notices, etc.

Liability of retrenched workers was also taken over by the petitioner No. 1. The petitioners have come out with a case that total liability of workers was Rs. 40.42 crores, out of which Rs. 34.06 crores have already been paid by the petitioner No. 1 to the labourers. Following clauses of Memorandum of Settlement have got material bearing over the merits of the case:

*"**MEMORANDUM OF SETTLEMENT UNDER SECTION 12(3) AND 18(3) OF THE INDUSTRIAL DISPUTES ACT, 1947 AND OTHER RELATED RULES***

This Memorandum of Settlement is signed on Wednesday the 9th day of October 2002 between:

1 M/s J.K. Synthetics Limited having its registered office at Kamla Tower Kanpur, U.P..
(Hereinafter referred to as "JKSL")
2 M/s Arfat Petrochemicals Pvt. Ltd. having its registered office at 10/2171 Bhagatalao, Malviniwadi, Ghanibhai & Co. Gali, Surat (GUJRAT)
(hereinafter referred to as "APPL")

AND

1. J.K. Synthetics Mazdoor Union (Affiliated to CITU)
Regn. No. RTU/24/75, Indira Gandhi Nagar, Kota
2. J.K. Tyre Cord Mazdoor Union (Affiliated to CITU)
Reg. No. KT/ARTU/17/75, Indira Gandhi Nagar, Kota
3. J.K. Staple and Acrylic Employees Union (Affiliated to CITU)
Regn. No. KT/ARTU/23/74, Indira Gandhi Nagar, Kota
(hereinafter collectively referred to as "the Workmen")

AND WHEREAS after diligent efforts had been made to identify a purchaser, M/s Arfat Petro Chemicals Pvt. Ltd. was identified as a bonafide purchaser who would, pursuant to the scheme of Hon'ble AAIFR/BIFR, takeover the entire Kota Complex excluding SPRC undertakings and operate the same as a new company under the name and style of M/s Arfat Petrochemicals Pvt., Ltd.

WHEREAS pursuant to the above, APPL held a series of dialogues from time to time with the representatives of above mentioned workmen unions and Staff Association, government bodies at Kota and Jaipur and also various State and Central Government authorities for their assistance and obtaining necessary consents for restarting the Kota Complex as a new company, after approval of the arrangement by the BIFR/AAIFR.

AND WHEREAS APPL and JKSL representatives in their series of meetings with the representatives of workmen unions and Staff Association explained their future business plans in detail. ***It was duly explained that the high processing cost, power cost and other fixed cost, apart from the huge funds required for commencing operations of the Kota Complex require necessary sacrifices by all concerned including employees so as to ensure the viable operations in the said units of Kota Undertakings.***

AND WHEREAS in the given scenario, only M/s Arfat Group came forward to take over JKSL Kota complex undertakings, provided all concerned realise the gravity of the situation. They also, expressed that it is not possible to undertake unlimited liabilities and would be able to take over, provided the litigation hassle free situation is made available.

AND WHEREAS the employees and their representatives were positive and appreciated APPL's stand point to make the units run on viable basis which *would be vital in the interest of continuous working and continued viable progress and prosperity of employees as well as the new company on long term basis.*

AND WHEREAS being an important industrial matter, the issue was seized off in conciliation by the Joint Labour Commissioner, Kota/Jaipur and Labour Commissioner, Rajasthan, Jaipur. The whole Labour Department has been very keen for resolution of the matter so that the complex at Kota becomes operational as early as possible, thereby generating employment opportunities, development of ancillaries and related business establishments, financial revenues to the Govt. Exchequers etc.

d) ***"Labour Liabilities"*** *shall mean and include all amounts due and payable to the Workmen and employees employed by JKSL as on the dates of cessation of operations of the ATC and PSG Units as on cut-off dates and also include the retired / superannuated /suspended / dismissed / terminated/ deceased workmen and obligations arising out of claims suits/plaints etc. filed by the workmen with respect to their dues at the Kota Complex including those at the SPRC. The Liabilities include and cover all claims and dues, compensations under all heads whatsoever as recorded in Annexure-B.*

III. State Govt. Points:
(a) The state government/Labour deptt. shall neither be bound nor shall be a party for bearing any financial or other liabilities, if any kind of monetary and other implications are created against the government by the unions/ JKSL/APPL out of this settlement

(b) The enforceability of this settlement shall be subject to the approval of the rehabilitation package by AAIFR.

IV. TERMS & CONDITIONS
With the object of operating the existing sick units at Kota, the Workmen unions/Staff Association along with the representatives of APPL and JKSL held meetings on various occasions since December 2001 and based on such discussions the parties concerned have agreed to the following terms and conditions:
A. 1. xxxx
2. xxxx

3. The APPL will operate the Kota Complex in the name and style of Arfat Petrochemicals Pvt. Ltd. (APPL) as a new company and new employer. They will issue their appointment letters as per requirements in a phased manner subject to suitability and covering terms of employment etc. The dues of employment under JKSL would be settled as full and final payment as summarised in Annexure-A

4. The parties to this settlement have prepared a list of all the erstwhile employees of JKSL Kota Complex and have reached agreement as to the dues and claims payable to each of then in full and final settlement of their dues & claims under all heads including the full gratuity, Co's PF contribution and other compensations etc. The details thereof are fully set out in Annexure-B to this settlement. These dues including that for gratuity have been computed on the basis of No Work-No Wage for the period after cut-off date till employment under APPL. These dues will be paid in the manner provided in this settlement after approval by BIFR/AAIFR, freeing of the Kote Complex from the Court Receivers, Govt. Licensing bodies, the Institutional Control etc. The JKSL shall be absolved of their responsibilities in this regard once the above approvals are received and the Kota Complex is transferred and passed on to APPL.

B. Operations of the plants by APPL
1. xxxx

<u>2. The plant operations of the different units shall be started in phases one by one, based on business exigencies/techno operational considerations. In this regard, the new management of APPL shall have discretion to decide the priorities for the same. The maintenance work will start soon after permission/approval by BIFR/AAIFR and release from the Court Receivers etc. in stages.</u>

The management of JKSL and APPL together with the workmen unions will approach the courts/concemed institutions for immediate removal of the court receivers so that the plant maintenance work is started forthwith. All parties will cooperate in soonest revival of the plants.

In the interim period permission will be sought for opening of the machineries assessing the damage/replacement required/maintenance required, immediately after the signing of the agreement in an effort to start all the plant operations at the earliest within a year. ***<u>Accordingly, the plants operations shall be started at the earliest and completed within a year.</u>***

The CITU affiliated union expressed that all efforts should be made to overcome any procedural delay which may be caused in BIFA/AAIFR.
<u>3. The employees who will be absorbed by APPL in a phased manner and are asked to join their duties shall be communicated by APPL as follows:</u>

a) Through a registered AD postal letter to outstation employees not available locally at their last recorded address.

b) To put call notices on the respective notice boards to join duties within 15 days from the respective date of notices.

c) A notice for opening shall also be published in the local daily news papers.

d) Those workmen who fail to report for their duties within the stipulated period of notice shall ipso facto be deemed to be not interested in taking up the job. In such events APPL may notify other employees to join duty in their place.

e) The concerned Unions/Association shall also inform the employees so called for joining duties within the stipulated period of the notice.

6. Those workmen who have already attained the age of superannuation shall not be called for employment but their dues will be settled as per the arrangement set out hereinafter.

7. Those workmen who are unable to find a placement in the call notices shall also be paid their dues in accordance with this settlement.

C. Determination & Payment of settled dues of Labour Liabilities of Past Services:
1. xxxx
<u>2. Whereas for various considerations and under the auspices of the labour commissioner it is agreed that in addition to the amount calculated and determined in annexure-B an amount equivalent to one month wages/salary to the erstwhite employees shall be paid to those who do not find employment under APPL. This payment will also be made to those who have retired/superannuated /deceased/suspended/terminated. However this will not be payable to those who are offered employment but do not accept the same.</u>

D. Subjectivity and conditional clause for operation of this settlement:
1. It is hereby specifically agreed upon that this settlement arrived at by able guidance of the government conciliation authorities and negotiations between

the workmen unions, JKSL and APPL, shall be operative, effective and come into force subject to the approval by AAIFR/BIFR, removal of Court Receivers and other statutory & licensing bodies, institutions accepting / ratifying the arrangement and handing over the entire Kota Complex to APPL as per agreement between JKSL and APPL.

2. This agreement has also been arrived at within the provisions and ambit of the Sick Industrial Companies (Special Provisions) Act 1985 and would form part of the Rehabilitation Scheme for JKSL to be sanctioned by the Hon'ble BIFR/AAIFR."

9. On the basis of aforesaid MOU, TLSAs and deliberations which took place between the erstwhile JKSL, the petitioner No. 1, the labour unions as well as the authorities of State Government, on 23.01.2003 and 07.01.2005, AAIFR passed orders of the merger of JKSL as well as approved transfer of Kota units of JKSL to the petitioner No. 1-APPL. As per the sanctioned scheme, JKSL and APPL were required to constitute a joint venture company in the ratio of 1:4 for smooth transfer and revival of Kota unit. Relevant part of orders passed by AAIFR are quoted as under:

> *"4. It was then pointed out that in so far as the restructuring of the Kota Unit, which is involved in the manufacture of synthetic fibre, is concerned the proposal relating thereto has been finalized by the OA in accordance with the earlier directions of this Authority dated 23.1.2003* ***whereby Arafat Petrochemical Pvt. Ltd. in terms of agreement dated 19.10.2001 will take over entire undertaking/assets of the Kota Unit except Sir Padampat Singhania Research Centre (SPRC) and will also assume the labour/employees liabilities in terms of tripartite settlements dated 9th October, 2002 and 22nd October, 2002, that have been finalized.***
>
> *11. Having regard to the reasons qua the above mentioned modifications it is hereby ordered that (a) the DRS (Kota Unit) prepared by the IDBI is approved and sanctioned (copy enclosed) and may be implemented and (b) the changes suggested be incorporated at their respective places."*

10. Sanctioned scheme was also made enclosure to AAIFR order dated 07.01.2005 and relevant clauses of the sanctioned scheme are as under:

> *"1.2 JKSL was declared sick by BIFR in April 1998 and IDBI was appointed OA. A joint meeting was held in January 2000 to take a view on the Company's rehabilitation proposal envisaging operation of only the cement units under JKSL. The synthetic fibre facilities at Jhalawar were proposed to be revived by joint venture and individual plant/assets at Kota*

were proposed to be disposed off. The proposal was not found acceptable.

2.2 AAIFR directions in respect of Kota and Jhalawar Units.

2.2.1 While sanctioning the scheme, AAIFR observed that JKSL had found a buyer in respect of Kota Complex and was proposed to be transferred to Arfat Group. This aspect had not been considered either by the operating agency or the BIFR or by AAIFR. AAIFR stated that a final view would be taken after examining the proposal and directed that the same may be submitted by the Appellant to the Operating Agency who will consider the proposal and submit its report to the BIFR, who will take a decision in the matter according to law.

2.2.2 xxx

2.2.3 AAIFR order concluded this appeal is allowed accordingly and the impugned order is set aside. BIFR will proceed further in the matter in respect of the outstanding issues other than de-merger scheme sanctioned hereby.

8: Valuation of Kota units

8.1 JKSL in 1999 had given TECS an assignment to assess likely sales realisation of individual units/plants/assets. Value assessed by TECS for the Kota plants was in the range of Rs. 179 to 206 Crore. The assessment was based upon values paid in recent deals in the industry, vintage of the plant, profitability parameters, market scenario and valuation of fixed assets done by M/s S.R. Batliboi & Co. in March 1997.

9. Identification of JV partner

9.1 The Arfat Group was identified by JKSL after an extensive search undertaken by the Company with the help of M/s Access International (Access), a Boston based consultancy Company. JKSL had appointed Access in 1998 to develop business strategy and identify JV partners/buyers for the plants at Kota and Jhalawar. Access initiated a worldwide marketing campaign and approached manufacturers of man made fibres in India and 39 other countries to seek their interest in the plants. Advertisements were placed in various trade journals. Expression of interest was received from 52 companies. However, interest in Kola units came only from Indian Companies and was mostly for purchase of individual items of plant and machinery and not entire plants.

9.4 JKSL and APPL entered into an MOU on October 19, 2001 in terms of which, the fixed assets and inventories of all Kota units [except land, building and fixtures of Sir Padampat Research Centre (SPRC)] shall be transferred to APPL for a cash consideration of Rs. 1500 lakh and assumption of all labour liabilities pertaining to the entire Kota Complex. It was also agreed that Tripatite Labour Settlement Agreement (TLSA) would be executed between JKSL, APPL and labour to crystallise labour liability as on the date of cessation of operation of the plants at Kota. Tripartite labour settlements were entered into on October 09, 2002 among JKSL, APPL and JK Synthetics Mazdoor Union and on October 22, 2002 among JKSL, APPL and JK Staff Association before the Joint Labour Commissioner and

Conciliation Officer, Government of Rajasthan. Labour liability comprising final payment of all employees dues and claims under all heads till the date of closure of individual units, payment in accordance with Supreme Court Orders and pending court cases, statutory dues and advance already aid by JKSL in the past was crystallized at Rs. 4369 lakh.

9.4 Initially it was proposed to sell the Kota units of JKSL to APPL, a Company belonging to the Arfat group. Subsequently, however, it was decided to constitute APPL as a joint venture Company between Arfat group and JKSL in the ratio of 4:1. ***<u>The rationale for the joint venture was that continued association of JKSL would ensure smooth transfer and effective restart of Kota plants. It would also help in settlement of dues of workers with whom labour settlements had been entered into in October 2002 by JKSL and APPL.</u>*** *Continued association of JKSL would reinforce workers confidence and ensure their co-operation and help in payment of settled dues of workers. The company's familiarity with existing technology would also facilitate running of the plants and support the production process by helping to integrate the working of various plants.*

JV consideration
JV consideration was fixed at cash payment of Rs. 1500 lakh to JKSL and assumption of entire labour liability which was crystallized at Rs. 4369 lakh in the TLSA agreements executed in October 2002 between the Company, APPL and Labour Unions/Staff Associations. Of this Rs. 623 lakh has already been paid by JKSL. Hence balance liability is Rs. 3746 lakh in terms of the TLSA payment to workers is proposed to be made over a period of 4 years.

Fresh capital expenditure for revamping plants
An expenditure of Rs. 1750 lakh would be incurred by APPL for restart of the Kota plants.

Unitwise details are given in Annexures A-E. Major expenditure is proposed to be incurred on maintenance and overhauling of existing plant and machinery.

<u>12. Reliefs and Concessions:</u>
(Cut-off date September 30, 2003)
The reliefs and concessions required from various agencies are as under:

A. State Government:
i) To consider granting sales tax exemption on sale of products, purchase tax, electricity duty on power supply and sales tax on power charges for a period of 5 years from the date of commercial production by APPL.

ii) To consider waiving sales tax and stamp duty arising, if any, on transfer of assets by JKSL in favour of APPL.

iii) To consider exemption from land and building tax for a period of 4 years from the commencement of production at the units to be transferred to APPL.

iv) To consider exemption from levy of octroi on purchase of raw materials, if any, by the transferred units over a period of 5 years.

v) To consider waiving payment of electricity duty and minimum demand charges to the transferred units for 5 years.

vi) To consider granting all other reliefs to APPL as available to new units set up in the state and also reliefs applicable for rehabilitation of sick industrial units and revival of closed units.

B. Central Government-CBDT/CBEC
i) To consider exempting JKSL from provisions of Section 45 of the IT Act, i.e. capital gain tax arising on transfer of assets belonging to units situated at Kota complex.

ii) To consider exempting JKSL from provisions of Section 41(1) of IT Act, 1961 with respect to waiver made as per the scheme.

iii) To consider exempting APPL from provisions of Section 115 JB over a period of 7 years.

iv) consider waiver of interest/penalties on their demand.

C. Department of Company Affairs:
i) To exempt JKSL from provisions of Section 58 A of Companies Act for acceptance of deposits/unsecured loans from promoters, their associates and sister concerns to meet liabilities of Kota and Jhalawar complexes.

D. Employees/Workers of JKSL, Kota Complex
i) To withdraw all legal cases against JKSL/APPL upon sanction of the scheme.

ii) To honour the terms and conditions of the Tripartite Agreement dated October 09, 2002 and October 22, 2002.

<u>12. Viability</u>
12.1 xxxx

12.2 Re-start of operations has been assumed variously for different units with the POY unit to commence from April 2004, SSF and PSF units from July 2004, Acrylic Division from October 2004 Nylon Yarn Division from January 2005 and the Tyre Cord Division from April 2005. Unitwise details with underlying assumptions are furnished in Annexures A to E. Net working capital requirement has been projected at Rs. 1284 lakh in the first year of operation i.e. 2004-05. At optimum level working capital requirement is Rs. 2216 lakh. Interest on working capital has been taken at 9% p.a. Total manpower requirement comprising labour, staff, security and executive have been estimated at 2100 nos. The Company would incur cash loss in the first year but earn profits thereafter."

11. After orders passed by the AAIFR, the petitioner No. 1, vide letters dated 07.01.2005 and 27.10.2005, requested the

Principal Secretary, Revenue Department of Government of Rajasthan for transferring individual rights of the above land in favour of the petitioner No. 1. One letter dated 16.02.2005 was also written by erstwhile JKSL to the District Collector, Kota for seeking permission for division of land as well as transfer thereof to the joint venture company of the petitioner No. 1.

12. Pursuant to above and as per the petitioner No. 1, it commenced maintenance, housekeeping, refurbishment and gearing of technical operations of plant in February, 2005. By July, 2005, one of the plant relating to Acrylic plant was restarted successfully where the turnover was approximately Rs. 100 crores.

13. On 06.02.2007, the State Government approved sale and transfer of leasehold rights of the remaining period in respect of the aforesaid land in favour of the petitioner No. 1. Accordingly, on 17.03.2007, as many as seven lease deeds were executed between the State of Rajasthan and the petitioner No. 1-APPL for land measuring 271.40 acres, excluding land measuring 37.17 acres allotted to Sir Padmapat Singhania Research Center. Accordingly, Tripartite Agreements dated 09.10.2002 and 22.10.2002 were also made part of transactions as per the order passed by the AAIFR. As stated in the memo of writ petition, a devastating fire broke out in the plant restarted by the petitioner No. 1, which caused heavy loss to the petitioner No.1 and it had to shut down the plant on permanent basis because as per the report given by Mott Macdonald's (a UK Consultancy), the plant became economically unviable.

14. It is further contended that thereafter Civil Suits Nos. 381/2007 and 63/2008 were filed against the petitioners by two different labour unions alleging non-compliance of TLSAs and non-payment of dues of the labourers. Both the aforesaid suits were dismissed by the competent Court on 29.01.2008 and 08.04.2008. It is stated in the writ petition by the petitioners that it had paid Rs. 32 crores to the workers/labourers and Rs. 15 crores to erstwhile JKSL and so far as remaining dues of Rs. 5.78 crores are concerned, they remained unclaimed despite continuous and repeated efforts of the petitioners by giving advertisements in newspapers as well as issuing several letters to the workers/labourers on their last known addresses. It is stated that in this regard, the District Collector, Kota itself conducted an enquiry and submitted enquiry report dated 12.06.2009 holding that complete compliance with the conditions of TLSAs and AAIFR order had been made by the petitioner No. 1.

15. In the meanwhile, orders dated 05.05.2008 and 11.12.2008 were passed by the BIFR and AAIFR against the petitioner No.1 treating it to be a sick company. Therefore, the petitioners had to file D.B. Civil Writ Petition No. 2006/2009 challenging order dated 11.12.2008 passed by the AAIFR, wherein a declaration was sought that AAIFR and BIFR had no jurisdiction to pass restraining orders against the petitioners treating it to be a sick company and accordingly, writ petition filed by the petitioners was disposed of vide order dated 28.07.2009 with the observation that no direction can be passed by the BIFR/AAIFR against the petitioner No.1, which was not a sick company. It is further contended that the aforesaid order passed by the Division Bench

of this Court was challenged by the labour unions before the Hon'ble Supreme Court by way of filing SLPs. However, said SLPs were dismissed and Review Petition (Civil) No. 1650/2017 and 4187/2018 were also dismissed by the Hon'ble Supreme Court.

16. Thereafter, the petitioner No. 1 addressed one letter to the Bureau of Investment Promotion(BIP), seeking guidelines to set up proposed Denim unit at Kota in the light of directions issued by Division Bench of this Court at Principal Seat Jodhpur vide order dated 12.01.2017 in **Gulab Kothari v. State of Rajasthan & Others (D.B. Civil Writ Petition No. 1554/2004 & other connected matters)**. As per petitioners, vide letter dated 27.12.2017, the BIP advised that since as per directions issued by Division Bench of this Court in the case of **Gulab Kothari (supra)**, the industrial units could not be set up near residential areas, therefore, the Denim plant project should be kept in abeyance, subject to approval by a High Power Committee of Government of Rajasthan as well as by this Court. It is stated that in the meanwhile, in 2018-19, the State Government as well as the RIICO changed their land conversion policy allowing industrial plots to be converted for commercial/institutional purposes. In view of the said changed policy of the Government and the RIICO, the petitioner No. 1 submitted proposal for subdivision and conversion of land measuring 830505 square meters from industrial to commercial and institutional use. As per the petitioners, the Land Planning Committee under the chairmanship of Managing Director, RIICO accepted the proposal of the petitioner No. 1 whereby permission was granted for subdivision of the plots on 08.10.2018. As per the petitioners, pursuant to the

aforesaid approval dated 08.10.2018 granted by the competent authority, even substantial amount was deposited by the petitioner No. 1 in lieu of application fees, subdivision charges, transfer of strip land, economic rent, service charges, commercial division charges, interest and GST. After completion of the aforesaid formalities, supplementary lease deed was also executed on 14.12.2018 in favour of the petitioner No. 1. As per the petitioners, when the process for execution of supplementary lease deed for merger of plots admeasuring 205.25 acres, was pending, setup of the Government got changed in the State and subsequently, on 03.08.2019 and 10.10.2019, the State Government cancelled the permission earlier granted by the RIICO for subdivision and conversion on the basis of Cabinet decision and accordingly, the RIICO also issued cancellation letter dated 11.10.2019.

17. Challenging the aforesaid action, the petitioners approached this Court by way of filing Writ Petition 3410/2020, wherein on 01.10.2020, operation of above orders passed by the State Government and the RIICO was stayed.

18. It is stated that in order to circumvent the aforesaid stay order dated 01.10.2020, one show cause notice dated 27.11.2020 was issued by the District Collector, Kota intending to cancel the lease of the aforesaid land. As per the petitioners, the aforesaid action was treated to be contemptuous by this Court. Thereupon, District Collector on 07.12.2020 filed an affidavit tendering his unconditional apology for issuing show cause notice to the petitioners.

19. Ultimately, writ petition filed by the petitioners was allowed vide judgment dated 20.07.2021 and orders dated 03.08.2019 and 10.10.2019 passed by the RIICO were quashed and even the show cause notice dated 27.11.2020 issued by the District Collector, Kota was quashed.

20. Feeling aggrieved, one Bishambhar Prasad, the State Government and others approached the Hon'ble Supreme Court by way of filing SLPs which were converted in civil appeals leading one being **Bishambhar Prasad vs. M/s. Arfat Petrochemicals Pvt. Ltd. & Ors. (Civil Appeal No. 2963/2023 & other connected matters)**, wherein vide order dated 03.09.2021, judgment passed by this Court in Writ Petition No. 3410/2020 was stayed. The aforesaid civil appeals were finally decided by the Hon'ble Supreme Court vide judgment dated 20.04.2023, whereby judgment delivered by this Court on 20.07.2021 was quashed with certain directions.

21. It is further contended that in view of the liberty granted by the Hon'ble Supreme Court in para no. 106 of the above judgment dated 20.04.2023, the petitioner No. 1 made a proposal to the District Collector in view of the prevailing tourism policy of the State Government for permitting it to establish a tourism unit, which has also been included within the purview of 'industries' by the State Government. It is stated that on such application, the District Collector called for a status report, whereupon on 14.07.2023, the report was submitted by the Tehsildar concerned, revealing therein that there was no violation whatsoever of conditions of lease deeds or TLSAs by the petitioner No. 1 and proposal given by the petitioner No. 1 can be

considered as per the prevailing tourism policy. It is stated that before proceeding further, the Tourism Department required consolidation of land for giving its NOC and such consolidation order could have been passed by the District Collector only. In the meanwhile, the District Collector was asked to issue show cause notices to the petitioners for cancellation of lease deeds. However, the District Collector wrote letters dated 27.01.2025 and 14.02.2025 to the respondent-Government seeking specific instructions and grounds on which notices could be issued to the petitioners. As per the petitioners, bare reading of the aforesaid letters dated 27.01.2025 and 14.02.2025 would reveal that on the basis of earlier opinion of the Law Department, the District Collector was of the view that notices for cancellation cannot be issued.

22. It is further contended that without there being any justified reason, the proposal submitted by the petitioner No.1 for seeking permission to establish tourism unit was rejected by the respondents vide letter dated 07.03.2025. Although, the petitioner No. 1 submitted letter dated 10.04.2025 for reconsidering the matter and to accord consolidation of land, yet the District Collector rejected such application of the petitioner No. 1 on 16.04.2025.

23. Feeling aggrieved of rejection of its proposal vide letter dated 07.03.2025, the petitioners filed S. B. Civil Writ Petition No. 6738/2025 before this Court. In the said writ petition, Co-ordinate Bench of this Court vide order dated 05.05.2025 passed an interim order to the effect that no coercive action shall be taken against the petitioners.

24. Soon thereafter, the State Government filed an application under Article 226(3) of the Constitution of India seeking vacation of ex-parte interim order dated 05.05.2025 passed in aforesaid writ petition, which was heard and decided by the Co-ordinate Bench on 27.05.2025. It is submitted that while making arguments on said application for vacation of stay order, the petitioners revealed its apprehension that as a consequence of impugned order dated 07.03.2025, the respondents would take severe action of cancellation and other coercive measures. However, order dated 05.05.2025 was clarified and modified vide order dated 27.05.2025 by the Co-ordinate Bench of this Court, making it clear that no coercive action shall be taken against the petitioners arising out of repercussion of order dated 07.03.2025.

25. It is stated that on the very next day, i.e., on 28.05.2025, the State Government constituted a Committee comprising of six members for giving a fact-finding report with regard to violation, if any, made by the petitioners of the conditions of lease, orders passed by the AAIFR, TLSA or the Rules. It is further contended that the petitioners had never been granted any opportunity before the Committee to clarify the confusions, nor copy of report was ever supplied to the petitioners.

26. It is further contended that without giving reference of formation of any Committee or report by the Committee, if any, seven show cause notices dated 16.06.2025 were issued by the District Collector proposing for cancellation of lease deeds, wherein seven days' time, up to 23.06.2025, was granted to the petitioner for filing reply to the show cause notices. Since

competent officer of the petitioners was not in the town, therefore, a request was also made to grant further time to the petitioners. However, when time was not extended, the petitioners filed reply to seven show cause notices at 4.00 p.m. on 23.06.2025 in the office of the District Collector. It has been highlighted by the petitioners that prior to that, an order dated 22.06.2025 was issued by the State Government whereby the then District Collector was transferred elsewhere.

27. It is submitted that the new District Collector assumed the charge at 10.00 a.m. on 24.06.2025 and immediately thereafter, seven impugned orders of cancellation of lease deeds containing 20 pages each and in total 140 pages were passed within an hour of the joining of new District Collector. Such abrupt and overhasty action on the part of the respondents reflects sheer arbitrariness and high-handedness; apart from total non-application of mind by the District Collector, who passed impugned orders dated 24.06.2025 in quite premeditated, biased and arbitrary manner. It is further contended that although the petitioners requested for furnishing relevant documents/inspection thereof, yet the same was not allowed. On 24.06.2025 itself, by deputing dozens of police officials, possession of the land and premises in question was also forcibly taken by the respondents.

28. It is submitted that although there was no reference of constitution of a Committee in the show cause notices or about the report, if any given by such Committee, yet the cancellation orders dated 24.06.2025 are heavily based upon the report of the Committee.

29. It is submitted that orders dated 24.06.2025 have been passed while relying upon irrelevant considerations and leveling incorrect allegations of non-compliance of conditions of MOU, TLSAs as well as directions given by the AAIFR. Thus, neither due process of law was followed while passing the impugned orders, nor was there any compliance of principles of natural justice; and the legitimate possession of the petitioners over the land in question for the last 20 years has been disturbed in quite whimsical manner, which has also affected and eroded investment of more than Rs. 100 crores by the petitioners. Therefore, the petitioners have filed Writ Petition No. 9719/2025, challenging the aforesaid cancellation orders dated 24.06.2025 as well as for restoring possession of the land in question in favour of the petitioners.

30. Both the above writ petitions have been opposed by the respondents by way of filing reply to writ petitions. At the outset, an objection has been raised that a single writ petition for challenging seven separate orders cancelling seven lease deeds, giving rise to different causes of action, could not have been maintained before this Court. Hence, Writ Petition No. 9719/2025 suffers from misjoinder of causes of action and the same is liable to be rejected on this ground alone. It is further objected that the petitioners have filed writ petition with distorted, incomplete and incorrect facts as well as by concealing material facts. Petition is based upon misinterpretation of judgment earlier rendered by the Hon'ble Supreme Court as well as by this Court. Therefore, only on the ground of misrepresentation and concealment, writ petition filed by the petitioners cannot be entertained. It is further

contended by the respondents that most of the allegations levelled by the petitioners in the instant writ petitions relating to compliance/non-compliance of MOU, TLSAs and orders passed by the AAIFR have already been examined by the Hon'ble Supreme Court in its judgment dated 20.04.2023. However, despite having complete knowledge with regard to observations made by the Hon'ble Supreme Court, by referring only to selective parts, the petitioners have attempted to reopen the issues already settled by the Hon'ble Supreme Court, which cannot be allowed by this Court in the instant writ petition.

31. It is further submitted in the reply that although the Hon'ble Supreme Court in its judgment dated 20.04.2023, in quite explicit terms, held that the purpose of transfer of land by the State Government to the petitioner No. 1 was revival of industrial units and for the welfare of former employees of erstwhile JKSL, yet the petitioners have utterly failed to revive the industrial units and to re-employ the labourers, which is not only in derogation of rights of employees of erstwhile JKSL, but also damaging industrial and economic growth of the State. The Hon'ble Supreme Court has held that entire purpose of rehabilitation plan, while allowing the transfer of land along with plant and machinery to the petitioners, was to serve larger public interest, yet the petitioners played fraud and misrepresentation so as to get the valuable land and thereby breached the trust of the detailed proceedings before the BIFR/AAIFR as well as faith of former workmen of JKSL. It is submitted that since lease deeds were executed specifically for industrial units as per the directions earlier issued by the competent authorities and for no other purpose, therefore, non-

fulfillment of the object of executing lease deeds as well as clear violation of the Rules of 1959, prompted the respondents to pass impugned orders against the petitioners.

32. It is stated that allegations of bias and mala fides levelled against the respondents in the writ petition are unfounded, baseless and have not been supported by sufficient material.

33. The scope of writ jurisdiction under Article 226 of the Constitution of India has also been highlighted and it is submitted that this Court can simply examine the decision-making process and not the merits of the decision itself. It has been submitted that the impugned orders are purely administrative in nature and in the instant case, where the Rules under which lease deeds were executed itself provide for reversion of land back to the State in case of violation of conditions of lease deeds, although there was no requirement of issuing any show cause notice; and by operation of law and in view of the apparent violations by the petitioners, the land in question stood reverted back to the State Government, yet for the purpose of adopting transparent and fair procedure, detailed show cause notices revealing specific violations by the petitioners in meticulous manner were issued to the petitioners in order to provide fair opportunity to explain its conduct and to justify continuation of possession. The petitioners submitted detailed replies to the show cause notices, which have been duly considered by the competent authority and after dealing with all the objections raised by the petitioners as well as by assigning sound reasonings, orders dated 24.06.2025 have been passed. The petitioners have utterly failed to point out any

apparent and manifest perversity or non-consideration of any relevant fact, public document or any illegality in the impugned orders. It is submitted that pursuant to impugned orders and by operation of law, since the land in question reverted back to the State Government, therefore, possession thereof was peacefully taken by the respondents without using any force. Deployment of some of the police officials was only for the purpose of maintaining law and order situation and as a matter of abundant caution. It is contended that under these circumstances, the writ petitions filed by the petitioners cannot be entertained and are liable to be rejected.

34. Petitioners have filed rejoinder to the reply and while relying upon Government Circular dated 25.06.2010, raised an additional ground to challenge the impugned orders that cancellation orders could have been passed only by the Industries Department and not by the District Collector. Hence, the impugned orders are suffering from lack of competence.

35. It is also relevant to refer that labour unions of erstwhile JKSL and former workers of erstwhile JKSL also filed application for getting themselves impleaded as party respondents. However, in the facts and circumstances of the case, the labour unions were although not impleaded as party respondents, yet they were allowed to intervene for the purpose of hearing their stand and grievances, also.

36. Mr. Kamlakar Sharma, learned Senior Counsel, ably assisted by Mr. Gunjan Pathak, Advocate, while reiterating the pleadings of the writ petitions, vociferously argued that impugned orders dated 24.06.2025 are suffering from the vice of

arbitrariness and have been issued in violation of Articles 19(1)(g) and 300A of the Constitution of India. It was submitted that the State cannot be allowed to act like a private land dealer and was under a legal obligation to follow due procedure before taking any adverse action against the petitioners, which has always acted in accordance with law and never violated any of the rules, conditions of MOU, TLSAs, or any of the orders passed either by BIFR or AAIFR, this Court, or even by the Hon'ble Supreme Court.

37. It has been argued that lease deeds, having been cancelled vide impugned orders, are allegedly in violation of terms and conditions No. 3, 4 and 7 of the lease deeds and Rule 2-A of the Rules of 1959. However, in the facts and circumstances of the case, said reasons are non-existent and have been framed by the respondents so as to deprive the petitioners of their legitimate rights.

38. It is also submitted by learned Senior Counsel that immediate revival of seven plants earlier held and possessed by erstwhile JKSL was never a condition precedent for transfer of land to the petitioner No. 1 either in MOU, TLSAs, or even in the directions issued by the BIFR or AAIFR. It is further submitted that plans were to be revived not immediately, but in a phased manner subject to technical and financial viability. In the instant case, the petitioner No.1 made so many genuine efforts so as to revive the plants and one of the plants was, in fact, immediately restarted by the petitioner No. 1, but for the sudden fire broke out in the plant, the efforts made by the petitioner No. 1 went futile. Learned Senior Counsel submitted that the petitioners have placed on record opinion of the experts showing technical and financial non-

viability of the project for the reasons mentioned in the report. Still, the petitioners continued to make efforts in larger public interest for establishing industrial units, tourism unit, or any other infrastructures subject to permissibility of the rules. Yet such efforts made by the petitioners have not been appreciated in objective manner by the respondents.

39. It was further argued that one of the allegations levelled against the petitioners is that although initially a promise was made to re-employ the former workers of erstwhile JKSL as well as to clear their dues, yet while levelling such allegations, it has been conveniently ignored that out of alleged dues of around Rs. 43 crores, admittedly the petitioners had already cleared dues of around Rs. 35 crores and was also keen to satisfy remaining dues. Yet despite there being genuine efforts of the petitioners by way of issuing advertisements in the newspapers and sending notices to the former workers of erstwhile JKSL, the workers did not turn up to receive their alleged dues. Hence, the petitioners cannot be held to be violator qua the allegation of non-payment of dues of the workers of erstwhile JKSL. As regards re-employment of workers, learned Senior Counsel reiterated that the petitioners never agreed for re-employment of all the workers. However, despite the same being not a condition precedent for transfer of land and property to the petitioners, honest efforts were made on the behalf of the petitioners, yet on account of attaining age of superannuation or retirement, most of the former workers of erstwhile JKSL, did not turn up. Therefore, the petitioners cannot be made to suffer for alleged violation, which has never been committed by it.

40. It has also been emphasised by learned Senior Counsel that conduct of the State Government is dubious and self-contradictory. It is submitted that in reply filed in earlier Writ Petition No. 2006/2009, the State Government apparently took a stand that the petitioners have not violated any of the directions issued by the BIFR/AAIFR, nor has committed any non-compliance of any of the conditions of MOU/TLSAs. Even the earlier reports of the Government authorities in relation to aforesaid alleged violation also clearly reflected that after proper enquiry, the State Government came out with a case that no violation, as aforesaid, has been made by the petitioners. Under these circumstances, at this later stage, the State Government cannot be allowed to take a different view contrary to its own reply on affidavit before this Court as well as in contradiction to its earlier reports. It is argued that despite this, impugned orders dated 24.06.2025 have been passed by the respondents, mainly based upon violation of conditions of MOU and TLSAs as well as non-compliance of directions issued by the AAIFR. In view of above, the impugned orders, being based upon irrelevant and self-contradictory considerations, are liable to be quashed and set aside.

41. It was further argued that the State Government itself has issued circular dated 25.06.2020, wherein all the District Collectors of State of Rajasthan have been directed that in the cases where allotment of land is governed by the Rules of 1959 and the allotting authority is the State Government, then only the State Government can cancel such allotment. However, in the instant case, impugned orders have been passed by the District Collector, which was not the original allotment authority and was

rather an authority, which executed lease deeds under the directions of the State Government. Therefore, in view of above circular, the District Collector had no authority whatsoever to cancel the lease deeds. Impugned orders, therefore, are apparently suffering from lack of competence and liable to be quashed and set aside for this reason alone.

42. Learned Senior Counsel further submitted that material on record is sufficient to demonstrate that time and again genuine efforts were made by the petitioner No. 1 to set up industries over the land in question. It was reiterated that while the petitioner No. 1 sought permission to set up Denim unit and also sought advice with regard to any possible manner in establishing such plant, then while giving reference of judgment delivered by Division Bench of this Court in the case of **Gulab Kothari (supra)**, wherein directions have been given not to set up industry near the residential areas, the proposal given by the petitioner No. 1 was turned down. Learned Senior Counsel further submitted that the State Government itself framed a policy whereby while making amendment in the rules, tourism units were also included in the industrial establishment. In view of the prevailing tourism policy, even the Supreme Court in para no. 106 of order dated 20.04.2023 granted liberty to the petitioners to apply to the State Government for seeking conversion of use of land and specifically directed the State Government to consider the same in public interest. Yet while raising hyper-technical objections, not germane to the procedure of law contemplated in the rules, the respondents refused to grant permission of consolidation as well as change of land use. Thus, under these circumstances, the

petitioners were prevented intentionally and maliciously by the respondents themselves in utilising the land for the purpose for which it was initially allotted/transferred to the petitioners and despite that the allegations of deviating from the initial purposes have been levelled by the respondents in a quite unauthorised manner.

43. It was further argued that decision-making process adopted by the respondents in order to cancel the lease deeds and to pass impugned orders dated 24.06.2025 was apparently illegal, defective and in violation of principles of natural justice. It was submitted that on 16.06.2025, detailed show cause notices were issued to the petitioners, levelling number of allegations, which required consultation of detailed record as well as copies of relevant documents, yet without supplying the relevant material, only seven days' time was granted by the respondents to the petitioners for submitting its reply/response against the show cause notices. In view of bulky record as well as on account of genuine reason reflected by the petitioners that the competent officer of the petitioners was not in town, although a request for extending the time to file reply was made by the petitioners, yet with a premeditated mind, such request was turned down by the respondents.

44. While assailing the decision-making process, learned Senior Counsel further submitted that the show cause notices, which were issued with intention to take a drastic action of cancellation of lease deeds, was required to be supported by relevant material. In the instant case, bare perusal of the show cause notices dated 16.06.2025 would demonstrate that there is

no whisper whatsoever in the impugned show cause notices with regard to constitution of a fact-finding Committee and the report submitted by the Committee highlighting alleged violations qua the petitioners. Yet impugned orders dated 24.06.2025 heavily relied upon the report given by the said Committee. Admittedly, at no point of time, the said Committee granted any opportunity of hearing to the petitioners, nor did it serve any notice upon the petitioners. Therefore, under these circumstances, before taking any adverse action against the petitioners on the basis of such report of the Committee, it was incumbent upon the respondents to at least supply copy of alleged report of the Committee to the petitioners so that the petitioners could have submitted its explanation in respect of alleged violations reflected in the report. It is settled proposition of law that final order cannot go beyond the contents of show cause notice and in the instant case, the report of committee, as referred in orders dated 24.06.2025, was neither referred in the show cause notices, nor copy thereof was supplied to the petitioners. Thus, apparently the process adopted by the respondents cannot be said to be a fair and transparent process and the same is rather a clear-cut violation of principles of natural justice.

45. Learned Senior Counsel further submitted that apart from above, the action taken by the respondents in the form of impugned orders is a classic example of legal malice. While reiterating the averments made in the pleadings, learned Senior Counsel submitted that District Collector issued show cause notices dated 16.06.2025 without supplying relevant and concerned material to the petitioners and granted only seven

days' time to file reply. Seven days were to expire on 23.06.2025 and in the meanwhile, vide order dated 22.06.2025, the then District Collector was transferred, and after his transfer, on 23.06.2025, at about 4.00 p.m., replies to show cause notices were submitted by the petitioners in the office of the District Collector. The new incumbent joined duties at 10.00 a.m. on the next day, i.e., 24.06.2025. The record would further reveal that the show cause notices themselves were detailed documents referring volumes of earlier executed documents, reports, Courts' orders and replies thereof by the petitioners were also bulky. Under these circumstances, by no stretch of imagination, in normal condition, a human being can be expected to go through the entire material within a period of one hour and to pass detailed seven different orders containing 20 pages each and in total 140 pages, so as to objectively deal with each and every contents of show cause notices and replies to the show cause notices. However, in the instant case, the District Collector appears to have acted on dotted lines drawn by some other authority and within a span of one hour from the date of assuming his duties as the District Collector of Kota, he passed the impugned orders for canceling the lease deeds and reverted the land in question back to the respondent-Government and simultaneously also ensured taking of forcible possession of the land in question from the petitioners. Learned Senior Counsel submitted that police officials were already deployed outside the factory premises of the petitioners since morning and without even preparing any inventory of the articles, plant and machinery available in the premises, the properties of the petitioners were locked down by the respondents in a quite arbitrary manner. Learned Senior Counsel further submitted that even if personal bias may not be deduced from the aforesaid circumstances, but the series of facts mentioned in the writ petition would reveal that the District Collector has acted in a manner in which no other reasonable authority, compliant of law, would have acted. Therefore, it can be safely presumed to be a case of legal malice. Hence, impugned orders passed by the respondents, being tainted with legal malice and resultant of non-compliance of fair procedure, are liable to be quashed and set aside.

46. Learned Senior Counsel further submitted that earlier also the respondents attempted to overreach the process of law. He indicated that aggrieved by cancellation of sanction/permission granted by the State Government as well as the RIICO, the petitioner filed S.B. Civil Writ Petition No. 3410/2020 before this Court wherein interim order was passed on 01.10.2020. However, during the pendency of the said writ petition, the respondents in quite audacious manner issued show cause notice dated 27.11.2020 which was taken quite seriously by this Court and after tendering apology, the respondents had to withdraw the notice for cancellation of lease deed. Thus, right from the beginning, the respondents intended to take action against the petitioners by predetermined mind and now, when the permission sought by the petitioner for establishing tourism unit and for change of land use was denied by the respondents in quite arbitrary manner, the petitioner has again approached this Court by way of filing S.B. Civil Writ Petition No. 6738/2025. However, despite the fact that vide order dated 05.05.2025, this Court

passed stay order in favour of the petitioners, restraining the respondents from taking any coercive action against the petitioners, in the garb of clarification made by this Court on an application filed by the respondents, soon after such clarification, which otherwise does not empower the respondents to take steps for cancellation of lease deeds, the respondents initiated the proceedings for cancellation of lease deeds. Such action of the respondents is also an example of legal malice against the petitioners.

47. Learned Senior Counsel further submitted that cancellation of lease deeds cannot be said to be a purely administrative function, as it requires adjudication of rights as well as all the contesting issues involving violation of any of the conditions of the lease deeds or any rule or any order passed by a Court established by law. Thus, on account of such adjudication element being integral and inherent part of the process, it is manifestly a quasi judicial function. In the instant case, fundamental requirements for passing a quasi judicial order have not been followed by the respondents while cancelling the lease deeds of the petitioners.

48. It is further argued by learned Senior Counsel that the District Collector on its own proceeded to cancel the lease deeds without there being any prior sanction or approval of the Government. As such, the orders passed by the District Collector are without authority of law and jurisdiction.

49. Learned Senior Counsel submitted that in order to counter the contention raised by the petitioner that impugned orders have been passed without due application of mind, the

respondents have come out with a case that office of the District Collector involves different functions by different officials and the impugned orders are resultant of collective efforts as well as collective application of mind. In the facts and circumstances of the case, the authority, which has passed the impugned orders, cannot be allowed to take a strange stand with regard to application of collective mind. The authority, which is passing an order, is bound to apply its own independent mind which is not there in the instant case. It is further submitted that in order to unsuccessfully substantiate the allegations against the petitioners that right from the beginning, the petitioners intended to get the land allotted by misrepresentation or fraud, one of the allegations used by the respondents is that in order to divert from the purpose for which the land in question was allegedly allotted, the petitioners colluded with the RIICO for change in land use and sub division whereas there is no iota of evidence to prove any such collusion by the petitioners with the authorities of the RIICO. Application seeking permission for sub division and change of land use was submitted by the petitioners in accordance with the prevailing policies as well as the rules. The application was considered by the RIICO strictly in accordance with the rules and permission was granted. Thus, impugned orders have been passed on the basis of fake and unfounded presumption of alleged collusion of the petitioners with different authorities.

50. Learned Senior Counsel further submitted that in order to validate the earlier action taken by the RIICO, even the respondent-Government passed the Rajasthan Land Revenue (Amendment & Validation) Act, 2025 (hereinafter to be referred as

'the Validation Act'), but with the rider that it would not apply in the cases where lease has been cancelled. Thus, the other units, in whose favour similar permission for sub division and conversion of the land was granted by the RIICO, have been benefited by way of enacting the Validation Act, yet only on account of cancellation of lease deeds, the petitioners have been kept out of purview of such benefit. Learned Senior Counsel appearing on behalf of the petitioners strenuously argued that the respondents have heavily relied upon judgment dated 20.04.2023 passed by the Hon'ble Supreme Court to support their allegations of misrepresentation, breach of public trust and fraud against the petitioners, yet the Hon'ble Supreme Court in its judgment has made no comments whatsoever over the alleged non-compliances, nor is there any finding recorded in the judgment allegedly specifying that the industries became dormant because of petitioners' failure to implement the rehabilitation plan. Hence, the findings and observations recorded by the Hon'ble Supreme Court in its judgment dated 20.04.2023 have been apparently misinterpreted by the respondents.

51. Learned Senior Counsel further submitted that in the impugned orders as well as in show cause notices, the respondents have come out with a notion that on account of alleged non-compliance of the rules, orders passed by the AAIFR, conditions of MOU/TLSAs as well as conditions of lease deeds, the land in question stood automatically reverted to the Government. However, the impugned orders are absolutely silent on the issue that on which date, the land in question was considered to have been reverted back to the Government. Such vagueness in the

impugned orders is having material bearing over the validity of the concept assumed by the respondents.

52. Learned Senior Counsel further submitted that for last around 20 years, the land in question has been held by the petitioners and in view of different orders passed by different Courts/authorities, despite there being alleged charges of violation, by efflux of time, it will be treated that the respondents have ratified the action of the petitioners. Learned Senior Counsel submitted that as per the respondents, the leases in question were in the nature of grant under the provisions of the Rajasthan Government Grants Act, 1961 (hereinafter to be referred as 'the Act of 1961'). However, Section 3 of the Act of 1961 makes it clear that such Act is applicable only in respect of grants by the Central Government and excludes the lease deeds executed by the State Government. Hence, the contention raised by the respondents in this regard is totally misconceived and unfounded. Moreso, the Hon'ble Supreme Court in its judgment dated 20.04.2023 has already recognised the contractual nature of the document as well as lessor and lessee relationship between the State and the petitioners.

53. While pressing the doctrine of promissory estoppel and legitimate expectation, learned Senior Counsel argued that after execution of MOU, TLSAs as well as orders passed by the AAIFR, as also upon execution of lease deeds in favour of the petitioners, they have spent around Rs. 100 crores over the project including the substantial satisfaction of liability towards dues of labourers. Even the Committee constituted by the State and presided by Hon'ble Justice N.N. Mathur was looking after the aspect of

payment to the labourers. Therefore, in view of honest and consistent efforts of the petitioners, they expected a bilateral response from the State in considering different applications submitted by the petitioners for permitting them for establishing tourism industry as well as for other establishments. However, such legitimate expectation has been arbitrarily violated by the respondents and in view of the earlier promises made to the petitioners, the respondents are estopped from changing their stand so as to deprive the petitioners of their legitimate right to hold the land in question.

54. While reiterating the question of fairness on the part of the respondents while passing the impugned orders, learned Senior Counsel submitted that the respondents are defending their orders by stating that the impugned orders allegedly contain sound reasons for arriving at the decision. He argued that merely providing reasons are not enough and the requirement for justifying the impugned orders is that the reasons so assigned should be correct and sustainable in the eyes of law. Learned Senior Counsel would submit that while passing impugned orders dated 24.06.2025, the respondents have not applied their mind over the fact that constitution of the Committee was never disclosed in show cause notices, the process adopted by the Committee, adverse report of the Committee although prepared, but not supplied to the petitioners, not granting opportunity of effective hearing to the petitioners and abrupt cancellation of lease deeds followed by immediate dispossession of the petitioners from the land in question, which makes the entire process as unfair and unjustified.

55. Learned Senior Counsel further added that it is settled proposition of law that no one can be judge of its own case. In the instant case, the respondents, who were parties to the lease deeds, cannot adjudicate as to whether violations as alleged in the impugned orders have taken place or not. Such adjudication ought to have been done by an independent body competent to consider the evidence. Hence, under these circumstances, cancellation of lease deeds, if any, can take place only by an order passed by the competent civil court which has got better expertise to examine the complicated questions containing ingredients of bias, foul play, favouritism etc. It is further argued that although the respondents have proceeded with assumption that the petitioners have committed fraud, yet the impugned orders do not contain the essential ingredients to prove fraud on the part of the petitioners. Learned Senior Counsel further submitted that fraud must be specifically pleaded and proved. However, without identifying any particular misrepresentation by the petitioners, nature and extent of inducement, falsity thereof and date of committing fraud, the respondents could not have arrived at the conclusion that it was a case of fraud on the part of the petitioners.

56. In view of aforesaid arguments, learned Senior Counsel submitted that impugned orders are in direct violation of the right guaranteed to the petitioners under Articles 19(1)(g) and 300A of the Constitution of India. Hence, learned Senior Counsel prayed for allowing the writ petition by way of quashing impugned orders and directing the respondents for restoration of possession of the land in question to the petitioners. Learned Senior Counsel appearing on behalf of the petitioners, in support of his

arguments, placed reliance upon the decisions of the Hon'ble Supreme Court in the cases of **Manohar Lal (Dead) by LRs. vs. Ugrasen (Dead) by LRs. & Others, (2010) 11 SCC 557; All Bengal Excise Licensees' Association vs. Raghabendra Singh & Others, (2007) 11 SCC 374; M.C. Mehta vs. Union of India & Others, (1999) 6 SCC 237; Bishan Das & Others vs. State of Punjab & Others, 1961 SCC OnLine SC 136; State of W.B. & Others vs. Vishnunarayan & Associates (P) Ltd. & Another, (2002) 4 SCC 134; Satyabrata Biswas & Another vs. Kalyan Kumar Kisku & Others, (1994) 2 SCC 266; Dorab Cawasji Warden vs. Coomi Sorab Warden & Others, (1990) 2 SCC 117; Metro Marins & Another vs. Bonus Watch Co. (P) Ltd. & Others, (2004) 7 SCC 478; Kishore Kumar Khaitan & Another vs. Praveen Kumar Singh, (2006) 3 SCC 312; Purshottam Vishandas Raheja & Another vs. Shrichand Vishandas Raheja (Dead) through Lrs. & Others, (2011) 6 SCC 73; State of Punjab vs. Davinder Pal Singh Bhullar & Others, (2011) 14 SCC 770; A.K. Kraipak & Others vs. Union of India & Others, (1969) 2 SCC 262; Mrs. Maneka Gandhi vs. Union of India & Another, (1978) 1 SCC 248; Ramana Dayaram Shetty vs. International Airport Authority of India & Others, (1979) 3 SCC 489; Tata Cellular vs. Union of India, (1994) 6 SCC 651; Managing Director, ECIL, Hyderabad & Others vs. B. Karunakar & Others, (1993) 4 SCC 727; S.N. Mukherjee vs. Union of India, (1990) 4 SCC 594; Kranti Associates Private Limited & Another vs. Masood Ahmed Khan & Others, (2010) 9 SCC 496; State of Punjab & Another vs. Gurdial**

Singh & Others, (1980) 2 SCC 471; Om Kumar & Others vs. Union of India, (2001) 2 SCC 386; State of U.P. & Others vs. Maharaja Dharmander Prasad Singh & Others, (1989) 2 SCC 505; Ravi Yashwant Bhoir vs. District Collector, Raigad & Others, (2012) 4 SCC 407; Gurmit Singh Bhatia vs. Kiran Kant Robinson & Others, (2020) 13 SCC 773; Vidur Impex and Traders Private Limited & Others vs. Tosh Apartments Private Limited & Others, (2012) 8 SCC 384; Mumbai International Airport Private Limited vs. Regency Convention Centre & Hotels Private Limited & Others, (2010) 7 SCC 417; Anil Kumar Singh vs. Shivnath Mishra alias Gadasa Guru, (1995) 3 SCC 147; Ramesh Hirachand Kundanmal vs. Municipal Corporation of Greater Bombay & Others, (1992) 2 SCC 524; Hajee S.V.M. Mohamed Jamaludeen Bros. & Co. vs. Govt. of T.N., (1997) 3 SCC 466; Teri Oat Estates (P) Ltd. vs. U.T. Chandigarh & Others, (2004) 2 SCC 130; State of U.P. & Others vs. Maharaja Dharmander Prasad Singh & Others, (1989) 2 SCC 505; judgment rendered by Bombay High Court in the case of **Mohammed Riyaz Shaikh & Others vs. Edit II Productions Binaifer Sanjay Kohli & Others, 2022 SCC OnLine Bom 2077;** judgment rendered by Gauhati High Court in the case of **Sujit Kumar Das vs. State of Assam & Others, 2007 SCC OnLine Gau 113;** judgment rendered by Madhya Pradesh High Court in the cases of **Kailash Chand Gupta & Others vs. Rukam Singh Yadav & Others, 1998 SCC OnLine MP 136; Ann. Chandiramani & Others vs. Union of India & Others, 2025 SCC OnLine MP 4002;** judgment rendered by Calcutta

High Court in the case of **Official Trustee of West Bengal vs. The Wardens of the Armenian Holy Church of Nazareth in Kolkata, 2018 SCC OnLine Cal 4382;** Judgment rendered by Delhi High Court in the case of **Mohd Shakeel & Others vs. Mohd Islam (CM(M) 944/2022 & other connected matters decided on 12.09.2022).**

57. Per contra, Mr. Rajendra Prasad, learned Advocate General vehemently opposed the writ petition and defended the impugned orders by submitting that orders have been passed strictly in accordance with law after affording due opportunity of hearing to the petitioners an on the basis of justified, legitimate and valid reasons.

58. Learned Advocate General, at the outset, submitted that it is settled proposition of law that the points specifically raised in earlier litigation between the same parties and adjudicated by the competent court of law cannot be permitted to be re-agitated in subsequent litigation. While referring to different paragraphs of judgment dated 20.04.2023 rendered by the Hon'ble Supreme Court, it is submitted that the question of non-compliance of the directions issued by the AAIFR, efforts, if any, made by the petitioners for revival of the industries, the purpose of sanctioning revival plan, question of legitimate expectation and promissory estoppel, breach of public trust and actions in public interest, if any, have been dealt with by the Hon'ble Supreme Court and categorical findings have also been recorded which are binding upon both the parties, i.e., the petitioners and the respondents. Therefore, in the garb of challenge to the impugned orders, the petitioners cannot be allowed to reopen the issues

which have already been settled by the Hon'ble Supreme Court in earlier litigation. Learned Advocate General further submitted that such effort by the petitioner is apparently barred by well known principle of *res judicata*.

59. Learned Advocate General further added that when the Hon'ble Supreme Court has already held in quite unequivocal and explicit terms that the sole purpose of transfer of the land in question in favour of the petitioners was revival of industrial units and employment of employees of JKSL, the failure of the petitioners to fulfill the basic object of such transfer of land in question caused enormous damage to the former employees of JKSL as well as industrial and economic growth of the State. The Hon'ble Supreme Court also permitted for finding a viable solution to the complex problem in public interest and even the petitioners were not precluded from making an application for further consideration by the State Government in public interest. Learned Advocate General further submitted that the Hon'ble Supreme Court has also observed that on account of quashing of order passed by the High Court, right of the State Government to issue fresh notice for cancellation of lease deeds stood revived. He would submit that in the instant case, the impugned notices for cancellation of lease deeds and orders passed in consequence thereof are strictly in the spirit of fulfillment of the intent of the judgment dated 20.04.2023 delivered by the Hon'ble Supreme Court.

60. While narrating the nature of impugned orders of cancellation of lease deeds, learned Advocate General submitted that right from the inception, lease deeds granted in favour of the

petitioners were in the nature of grant by the State Government as contemplated by the provisions of the Act of 1961. By virtue of specific provisions of the Act of 1961, neither the provisions of the Transfer of Property Act, 1882, nor any other law, having effect contrary to the provisions of the Act of 1961 would apply and rather, the conditions, restrictions and limitations prescribed in the document/instrument of grant itself would prevail over such provisions and in case of violation of any of the conditions of instrument of grant, cancellation of instrument is the consequential recourse.

61. Learned Advocate General further argued that Clause 5(viii) of the lease deed essentially incorporates the restrictions and conditions of grant contemplated by the Rules of 1959 itself and provides that any default made by the lessee in respect of any of the terms and conditions, the land shall revert back to the lessor and on such reversion, the lessee shall be under legal obligation to remove the buildings and structures constructed by it over such land. Learned Advocate General submitted that in view of the material on record, it is evident that the petitioners committed serious breach of the conditions and restrictions contained in the lease deeds, resutantly, such breach ended in reversal of the land in question to the Government and the obligation of the lessee to surrender the land in question to the Government is by operation of law and, therefore, granter, i.e., the respondent-State Government was entitled to take back possession of the land in question.

62. Learned Advocate General further submitted that bare perusal of the impugned orders along with other material available

on record would make it clear that the petitioners secured order of transfer of the land in question in their favour from the Government and consequent execution of lease deeds by playing fraud. He submitted that it is settled proposition of law that fraud vitiates everything and no right can be claimed out of a transaction genesis of which is emanated from a fraud.

63. In order to press his submission so as to demonstrate fraud on the part of the petitioners, learned Advocate General submitted that although at the relevant time, JKSL was a sick company and the matter was pending before the competent forum under the Sick Industries (Special Provisions) Act, 1985, yet without there being any approval of AAIFR, MOU was executed by the petitioners with erstwhile JKSL for showing their intention to transfer the land in question. Thus, right from the beginning, the intention was not to either revive the industrial unit or to re-employ the former employees of JKSL. The steps taken by the petitioners thereafter would also establish that despite clear directions issued by the AAIFR, no effective steps were taken by the petitioner to execute the revival plan or to re-employ the existing/former workmen of JKSL.

64. Learned Advocate General further submitted that at the one hand, the petitioners claim that the petitioners, being not a sick industry, are not bound by the directions issued by the AAIFR, yet on the other hand, proposal for Jan Awas Yojana was submitted by the petitioners. It is submitted that under the Rules of 1959, no industry could have submitted a proposal for Jan Awas Yojana and in case, any proposal is submitted, then as per the scheme, the permission could have been granted only to a sick

unit. Thus, in order to get benefit of change of land use and to deviate from the basic purpose of revival of industrial unit and re-employment of workers, as per its own convenience, time and again, the petitioners have changed their stand. The steps taken by the petitioners for filing an application for granting permission for change of land use for the purpose of setting up Denim unit showed another intention of the petitioners to defraud the authorities.

65. Learned Advocate General further highlighted that despite having knowledge that under the circumstances where the land in question was transferred with a pre-condition of revival of industry and re-employment of workers of erstwhile JKSL, the RIICO had no authority to permit change of land use, an application was filed by the petitioners before the RIICO for change of land use as well as for sub division and accordingly, supplementary lease deeds with the RIICO were also got executed. Such activities and transactions have been held as unlawful by the Hon’ble Supreme Court and on account of such steps, for last more than two decades, the industrial area is being treated as dormant and employees of the erstwhile JKSL are out of employment.

66. Learned Advocate General would submit that in paragraph no. 106 of judgment dated 20.04.2023, although opportunity was granted to the petitioners by the Hon’ble Supreme Court for filing an application in accordance with the rules, yet the application filed by the petitioners for establishment of tourism unit was yet another step to defraud the authorities. Bare examination of the proposal submitted by the petitioners

would make it clear that it was not serious for establishment of any such unit and the application was nothing, but to assign the task to other players. The documents enclosed with the application filed by the petitioners were not fulfilling the legal requirements, nor showed capacity of the petitioners to set up the kind of unit sought to be established.

67. It is submitted that although the application for establishing tourism unit has been placed on record by the petitioners, yet the documents enclosed therewith have not been placed on record of this Court. Quite deliberately, the petitioners have suppressed Memorandum of Association of petitioner-company, which in fact, reflects the object clause for which the company was incorporated and admittedly establishment of tourism unit is not part of the object shown in Memorandum of Association of the petitioner-company.

68. On the basis of aforesaid submissions, learned Advocate General concluded that although the Hon'ble Supreme Court has mandated for providing a viable solution for industrial and economic growth of the State apart from rehabilitation of industrial units, yet the petitioners have failed to come out with any such viable solution.

69. Learned Advocate General further added that the respondent-Government is not only custodian of the land in question, but is also governed by the doctrine of public trust. In the instant case, even the land in question was transferred to the petitioners for specified public purposes and accordingly, lease deeds were issued, however, when it was found that the public trust has been violated at the instance of the petitioners, on

account of patent violations of lease deeds, there was no other option left with the respondents, except to initiate the proceedings for cancellation of lease deeds and ultimately to cancel the lease deeds under the facts and circumstances available on record.

70. While addressing on the question of compliance of principles of natural justice, learned Advocate General submitted that the principles of natural justice cannot be pressed into service as an empty formality or merely as a ritual to be followed before any action by the Government. He would submit that the right to hold the land in question by the petitioners is governed by the terms and conditions of the lease deeds wherein there is specific provision that in case of violation of conditions of lease deeds, the land in question shall revert back to the Government. Such reversal is automatic and does not require any overt act on behalf of the granter. There is no clause whatsoever in the lease deeds to provide any opportunity of hearing whatsoever to the lessee in order to make the clause of reversal of the land in question to the Government effective. Handing over of possession of the land in question on account of reversal of the land due to non-compliance of conditions of lease deeds is also a natural consequence of the aforesaid clause. Therefore, under such circumstances, the petitioners had no vested right to claim any opportunity of hearing prior to passing of impugned orders. Yet, under the circumstances where the petitioners were in possession of the land in question for around two decades, just to inform the petitioners with regard to violations committed by them, in quite fair and transparent manner, despite there being no vested right of the petitioners, show cause notices were issued to the petitioners prior to passing

impugned orders. Hence, it cannot be said that by any stretch of imagination, the respondents have violated the principles of natural justice.

71. It was emphasised by learned Advocate General that the impugned action of cancellation of lease deeds was purely administrative in nature and has got no trappings of quasi judicial action whatsoever. While taking an administrative action, the competent authority is assisted by its entire office, which prepares relevant notes on the basis of the material on record, which are brought to the notice of the competent authority and on being satisfied, the authority in exercise of its administrative power, can pass the order accordingly. Under these circumstances, the allegation of non-application of mind of an individual cannot be a ground to assail the impugned orders.

72. Learned Advocate General further submitted that the petitioners have also come out with a case that not furnishing copy of fact finding enquiry report as mentioned in the impugned orders also amounts to non-compliance of the principles of natural justice. However, such ground is totally misconceived and against the record. Learned Advocate General submitted that bare perusal of the contents of show cause notices would reveal that the conclusions drawn in the fact finding enquiry have been reflected and communicated in detail to the petitioners. Thus, under the circumstances when the petitioners submitted their replies to the show cause notices even dealing with the said conclusions of fact finding enquiry report as reflected in the show cause notices, they cannot be permitted to plead violation of principles of natural justice on that ground. The procedure adopted by the competent

authority was absolutely just, fair and reasonable and there is no infirmity therein whatsoever.

73. Learned Advocate General further submitted that the ground of legal malice as raised by the petitioners is also non-existent and baseless. He would submit that in view of blatant misuse as well as fraud played by the petitioners, action as per law and in view of the terms and conditions of the lease deeds and the Rules of 1959 has been taken after adopting transparent and fair procedure and opportunity of hearing has also been granted to the petitioners. There is no scope of applicability of doctrine of legal malice in the instant case.

74. Learned Advocate General also submitted that in the entire memo of writ petition, no allegation of personal bias or mala fides has been levelled by the petitioners against any authority by the respondent-Government or even against the officer, who passed the impugned orders. Thus, there is no element of mala fides and the impugned actions are resultant of exigencies so arose, as reflected in the impugned orders.

75. While addressing the ground of lack of competence as alleged by the petitioners, learned Advocate General submitted that the District Collector was competent to pass the impugned orders under the rules. He would submit that merely the fact that sanction to transfer the land in question in favour of the petitioners was initially granted by the State Government, would not preclude the District Collector from taking action as per the law, in case the exigencies so arose under the circumstances. Learned Advocate General submitted that permissions to transfer/allot and execute lease deeds are altogether different

events. It is submitted that earlier also, lease deeds were executed in favour of erstwhile JKSL by the District Collector and even in the case of the petitioners, the same were executed again by the District Collector. The Rules of 1959 do not prescribe any specific authority to execute the lease deeds. Under such circumstances, where the lease deeds have been executed by the District Collector, it was sufficiently competent to take action in the event of any breach committed by lessee. It was also submitted that prior to issuing show cause notices as well as taking consequent action of cancellation of lease deeds, guidance was duly taken by the District Collector from the State Government and the District Collector was duly authorised by the Industries Department of the State Government.

76. Learned Advocate General also relied upon circular dated 12.01.1995 issued by the Government which authorises the District Collector to execute lease deed in respect of the land allotted under the Rules of 1959. The aforesaid circular also authorises the District Collector to take action in the event of violation of terms and conditions of the lease deeds. It is submitted that initially, while filing writ petition, the petitioners did not rely upon circular dated 25.06.2020 so as to contend that the District Collector had no competence to pass impugned orders. However, said circular has been placed on record before this Court along with rejoinder to the reply filed by the petitioners and after filing rejoinder, there was no opportunity with the respondents to clarify in this regard. Learned Advocate General would submit that Circular dated 25.06.2020 is not applicable as the area in question has never been declared as large scale industry and the same has

also been divided in seven different plots of smaller areas. It is submitted that circular dated 25.06.2020 issued by the Revenue Department has never superceded earlier circular dated 12.01.1995, which is still in force. He would submit that circular dated 25.06.2020 cannot be applied to affect the lease deeds which have been executed by the District Collector on behalf of the State Government. Even otherwise, when the impugned action has been initiated by the District Collector after consultation with the State Government, the action taken by the District Collector for cancellation of lease deeds cannot be said to be without jurisdiction. It is submitted that it is settled proposition of law that one, who has executed a document, is entitled to cancel the same as well as to take any other action as per the conditions mentioned in the document so executed.

77. Learned Advocate General further submitted that in the instant case, while filing reply to the show cause notices, no such ground challenging competence of the District Collector to pass the impugned orders was taken by the petitioners in their replies to show cause notices and they rather submitted themselves to the jurisdiction and authority of the District Collector. Hence, the aforesaid issue has been raised by the petitioners as an afterthought and cannot be entertained by this Court.

78. Learned Advocate General further submitted that even otherwise, the circulars, which are purely of clarificatory nature and being simply executive instructions, cannot partake the character of statutory Rules and in case, the Rules provide for an action to be taken by an authority, the competence of that authority cannot be challenged on the basis of an executive

circular. Learned Advocate General relied upon Section 23 of the Rajasthan General Clauses Act, 1955 to contend that an authority, which has got power to issue an order, has also got power to amend, vary or rescind that order. Under these circumstances, the District Collector, who executed lease deeds, had also power to cancel the same.

79. Learned Advocate General further submitted that merely stating that the impugned orders were passed by new incumbent immediately after taking charge of District Collector, Kota would not invalidate the impugned action. He submitted that admittedly, all the issues raised by the petitioners in replies to the show cause notices have been well addressed in the impugned orders, therefore, the plea of non application of mind in the instant case is not sustainable. In the entire memo of writ petition, the petitioners have utterly failed to point out as to which issue or point raised by the petitioners in replies to show cause notices has not been addressed or considered in the impugned orders.

80. Learned Advocate General further submitted that the petitioners have not invoked equitable jurisdiction of this Court under Article 226 of the Constitution of India with clean hands and so many relevant documents including Memorandum of Association of the petitioner-company has been suppressed, which is otherwise having material bearing over the merits of the case and production of the same would have disentitled the petitioners at the threshold from claiming any right to establish tourism unit. Hence, on account of manifest suppression and misstatements, writ petitions filed by the petitioners are liable to be rejected.

Learned Advocate General further submitted that jurisdiction under Article 226 of the Constitution of India may not be exercised in favour of the petitioners as it would result in retention of valuable land by a unit, which secured its possession by playing fraud and causing immense loss to the industrial and economic growth of the State as well as livelihood of workers of erstwhile JKSL and their families for a long time. On the basis of above submissions, learned Advocate General prayed for dismissal of the writ petitions. In support of his arguments, learned Advocate General placed reliance upon the decisions of the Hon'ble Supreme Court in the cases of **Express Newspapers Pvt. Ltd. & Others vs. Union of India & Others, (1986) 1 SCC 133; Union of India vs. Sir Sobha Singh & Sons Pvt. Ltd., 2026 SCC OnLine SC 658; S.P. Chengal Varaya Naidu (Dead) by LRs. vs. Jagannath (Dead) by Lrs. & Others, (1994) 1 SCC 1; Dr. A. Lakshmanaswami Mudaliar & Others vs. Life Insurance Corporation of India & Another, 1962 SCC OnLine SC 9; A.S. Motors Private Limited vs. Union of India & Others, (2013) 10 SCC 114; Tata Steel Limited vs. State of Jharkhand & Others, (2015) 15 SCC 55; Province of Bombay vs. Khushaldas S. Advani (since deceased) & after him his legal representatives, AIR 1950 SC 222; Jayantilal Amratlal Shodhan vs. F.N. Rana & Others, AIR 1964 SC 648; State of Uttar Pradesh vs. Sudhir Kumar Singh & Others, (2021) 19 SCC 706; P.D. Agrawal vs. State Bank of India & Others, (2006) 8 SCC 776; S.L. Kapoor vs. Jagmohan & Others, (1980) 4 SCC 379; M/s. Radhakrishna Agarwal & Others vs. State of Bihar & Others, (1977) 3 SCC 457; Pimpri**

Chinchwad Municipal Corporation & Others vs. Gayatri Construction Company & Another, (2008) 8 SCC 172; Meghmala & Others vs. G. Narasimha Reddy & Others, (2010) 8 SCC 383; Hamza Haji vs. State of Kerala & Another, (2006) 7 SCC 416; Piaggio Vehicles Private Limited vs. State of Uttar Pradesh & Others, (2026) 7 SCC 281; Dalip Singh & Others vs. State of Haryana & Others, (2019) 11 SCC 422; Kamla Nehru Memorial Trust & Another vs. U.P. State Industrial Development Corporation Limited & Others, 2025 SCC OnLine SC 1264; Rajasthan State Industrial Development & Investment Corporation & Another vs. Diamond & Gem Development Corporation Limited & Another, (2013) 5 SCC 470; Authorised Officer, Indian Overseas Bank & Another vs. Ashok Saw Mill, (2009) 8 SCC 366; Chattanatha Karayalar vs. The Central Bank of India Ltd. & Others, AIR 1965 SC 1856; Raj Kumar Soni & Another vs. State of U.P. & Another, (2007) 10 SCC 635; M.S. Sanjay vs. Indian Bank & Others, 2025 SCC OnLine SC 368; K.D. Sharma vs. Steel Authority of India Limited & Others, (2008) 12 SCC 481; Ramjas Foundation & Another vs. Union of India & Others, (2010) 14 SCC 38; Bhaskar Laxman Jadhav & Others vs. Karamveer Kakasaheb Wagh Education Society & Others, (2013) 11 SCC 531; Dr. A. Lakshmanaswami Mudaliar & Others vs. Life Insurance Corporation of India & Another, AIR 1963 SC 1185 and judgment rendered by this Court in the case of **Shreeji Industries vs. The State of Rajasthan, 1982 Supreme (Raj.) 455**.

81. In addition to above, to support the stand of the State Government, Mr. Yogesh Kumar Sharma, learned counsel for the intervener labour unions submitted that prior to the tripartite settlement, dues of about 4,197 workers towards salary, provident fund, gratuity, leave encashment and retiral benefits were approximately Rs.260 crores. Though the said amount had been protected pursuant to order dated 07.11.2001 passed in S.B. Civil Writ Petition No.5183/2001, the workers agreed to accept only Rs.37 crores in the hope that the seven industrial units at Kota would be revived and employment shall be restored, thereby, they sacrificed approximately Rs.223 crores.

82. It was submitted that, despite the seven units being valued at approximately Rs.280 crores as per the Tata Economic Consultancy Services report, they were handed over to the petitioners for only Rs.52 crores under the rehabilitation scheme sanctioned by the AAIFR, while banks and financial institutions also sacrificed approximately Rs.565 crores. The petitioners, having acquired the units with full knowledge of their viability and having undertaken to revive them, cannot now, after more than two decades, rely upon their alleged non-viability.

83. Learned counsel further submitted that the petitioners had incorrectly pleaded that the Hon'ble Supreme Court had stayed the earlier proceedings till 2016; in fact, vide order dated 24.09.2010, the Hon'ble Supreme Court stayed the impugned judgments while directing continuation of the rehabilitation process. Since the petitioners failed to substantially implement the rehabilitation scheme or revive the units, the workers' dues could not be treated as confined to Rs.37 crores. Reliance was also

placed upon decision of the Hon'ble Supreme Court in the case of **Bishambhar Prasad (supra)**, wherein the position regarding the workers' sacrifice and failure of the rehabilitation scheme was noticed.

84. It was lastly submitted that, upon computation under the Industrial Disputes Act, 1947, the workers' dues would exceed Rs.600 crores and that the Supreme Court had found that the sanctioned rehabilitation scheme had not been substantially implemented. The cancellation of the lease deeds under the circumstances, was lawful and justified, therefore, learned counsel for the intervenor prayed for dismissal of the writ petitions.

85. Having considered the pleadings, material on record and rival submissions advanced by learned counsels for respective parties, the following significant questions, which are interlinked with each other, arise for consideration of this court:

(i) Whether the cancellation of the seven lease deeds suffers from want of jurisdiction?

(ii) Whether the cancellation proceedings stand vitiated by violation of the principles of natural justice on account of non-supply of the Fact-Finding Committee's report, inadequate opportunity of hearing, or alleged pre-determination?

(iii) Whether the petitioners have violated the terms and conditions of the lease deeds, the TLSAs, the MOU, the directions of the AAIFR and the applicable provisions of the Rules?

(iv) Whether the petitioners have attempted to change the permissible use of the subject land in violation of the Rules of 1959?

(v) Whether, for obtaining transfer of the subject land in their favour, the petitioners misrepresented or suppressed material facts before the AAIFR and the State Government, and thereby, played fraud upon the labourers, the State Government and the public at large? If yes, what will be the effect thereof ?

(vi) Whether paragraph 106 of the judgment dated 20.04.2023 passed in the case of **Bishambhar Prasad (supra)** conferred any vested or enforceable right upon the petitioners to obtain change of land use for establishment of a tourism unit?

(vii) Whether the petitioners acquired any enforceable right or legitimate expectation to continue to hold and utilise the subject land contrary to its sanctioned industrial purpose and the conditions governing the leases?

(viii) Whether the impugned orders suffer from non-application of mind, legal malice, arbitrariness or consideration of irrelevant material?

86. Since the aforesaid questions are interlinked, interlaced and overlapped substantially, therefore, instead of dealing each of the above questions independently and separately, this Court deems it appropriate to consider them cumulatively, so as to arrive at a just and proper conclusion.

87. The controversy has to be examined in the context of the undisputed background that the subject land, measuring approximately 271.40 acres, is Government land originally allotted for industrial purposes and governed by the Rajasthan Industrial Areas Allotment Rules, 1959. The transfer of the Kota industrial undertaking of JK Synthetics Limited to petitioner No.1 took place in the backdrop of the rehabilitation proceedings before

BIFR/AAIFR and the rehabilitation scheme evidently contemplated revival of the industrial units and settlement of the liabilities towards the workers. The seven lease deeds dated 17.03.2007, therefore, cannot be examined in isolation from the purpose and conditions governing the grant.

88. Since the history of allotment of the subject land in favour of the petitioners, the applicability of various clauses of the transactional documents, the nature and scope of the directions issued by the AAIFR and different Courts, the extent and applicability of the statutory Rules, the alleged violations thereof by the petitioners, and the consequences and ramifications arising therefrom have been examined by the Hon'ble Supreme Court in a series of litigations between the parties, culminating in the judgment in **Bishambhar Prasad (supra)**, this Court deems it appropriate, before proceeding further, to reproduce the following relevant paragraphs of the said judgment of the Hon'ble Supreme Court:—

> *"**4.** The dispute originates from the allotment of approximately 271.39 acres of land by the State of Rajasthan through the District Collector, Kota, in the Large-Scale Industrial Area, Kota ("LIA, Kota") to J.K. Synthetics Ltd. ("JKSL") on 12.09.1958. Following the allotment, a lease deed was executed with JKSL by the Collector, Kota, and permission was granted for setting up its industrial units in the area. JKSL's retention of the property was facilitated over the following decades through the execution of fresh lease deeds with respect to the same area, as and when the period specified in the earlier lease lapsed.*
>
> ***5.** Just after the first allotment was initially made, the State Government exercised its powers under Section 100 of the Rajasthan Land Revenue Act, 1956 and formulated the Rajasthan Industrial Areas Allotment Rules, 1959 ("1959 Rules") to regulate the allocation of land to entrepreneurs and the development of industrial areas across the State. Section 100 of the Rajasthan Land Revenue Act is provided below:*
>
> > *"**100. Sale of land in Industrial and Commercial Areas-**The State Government may make rules regulating sales of lands in industrial and commercial*

areas and may also impose an annual assessment of such lands, wherever necessary."

6. *Similarly, Rules 2, 8 and 9 of the 1959 Rules are also of some relevance and the same are reproduced below:*

*"**2. Period for which land may be allotted**.- Land in industrial area may be allotted on lease-hold basis for a period of 99 years-*

(a) for setting of a large-scale industry anywhere in the state, by the State Government in the Industries Department and in the case of large-scale tourism unit, the allotment shall be made by the Government in the Revenue Department and

(b) for setting up of other industries-

(i) in Jaipur District, by the Director of Industries, Rajasthan Jaipur provided that in case of a tourism unit the allotment shall be made by the Government Department, and in the Revenue
(ii) in any other district, by the Collector concerned.

(bb) for the setting up of IT Industries Government land shall be allotted by the State Government the in Revenue Department on the recommendation of the Department of Information Technology and Communication.

(c) all allotment of land under clause (a) shall be made within a period of 60 days and under clause (b) within a period of 30 days from the date of receipt of the completed application in Form-B. In case applicants submit complete application electronically in Single window System Portal, it shall be disposed as per the provisions of the Rajasthan Enterprises Single Window Enabling and Clearance Rules, 2011.

Provided that the allotment of land for the purpose of setting up of Common Effluent Treatment Plant and related activities, anywhere in the State, shall be made by the State Government in the Revenue Department for a period of 10 years which shall be extendable for a period of 5 years.

XXX XXX XXX
***8. Land not to be used for other purpose**. - (1) The land given for industrial purposes shall not be used for any other purpose except constructing factory premises and such other residential quarters as are required for those engaged in that industry. No constructions shall be permitted which may have the object of using it as a commercial undertaking other than the industry permitted to be established.*

Provided that the State Government, on the application of the lessee for establishment of industry other than the industry for which the was given, may grant permission for establishment of such industry. But in case of government land allotted under these rules, such permission shall not be granted for establishment of tourism units.

(2) The permission for construction of the labour colony shall be given if required at the time of the establishment of an industry.

(3) The industrialist shall be free to use an area upto 200 sq. meter for his own residential purpose on first floor of the factory premises.

9. Lessee debarred from sale of land etc.- *The lessee shall have the limited ownership on the land leased till the lease subsists and shall have the right of assignment only for the purpose of taking a loan for the development of the industry or for pledging as collateral security for a loan taken by the lessee or some other industry owned by the same management. The lessee shall have no right to sell the land:*

(i) Provided that the land can be pledged as collateral security only in favour of Industrial Financial Corporation of India, Rajasthan Finance Corporation, IDBI, ICICI, LIC, IRBI, HDFC, SIDBI, EXIM Bank, Co-operative Banks and any Public Financial Institution as defined in the Public Financial Institute Act or Scheduled Banks or private lending agencies subject to ensuring that the lessee has cleared all the outstanding dues of the lessor and the lessee creates first charge in favour of the State Government and second to the financing body or bodies.

(ii) Provided further that once the land has been utilised for the purpose for which it was allotted within the period specified in rule 7, with the permission of the Allotting Authority transfer his right or interest in the whole land, so leased out, on the following conditions:-

(a) In case of government land allotted under these rules, he shall pay 50% of prevailing market price of land after deducting allotment price charged under rule 3A and the transferee shall pay 50% of excess amount of yearly lease land mentioned in rule 5 and other conditions of lease shall be remained unchanged.

(b) In case of converted Khatedari land allotted under these rules for industrial purpose, the transferee shall pay 50% excess amount of yearly lease rent mentioned in rule 5 and other conditions of lease shall be remained unchanged.

(iia) Provided also that if after grant of permission the transferee has failed to execute the lease deed and further transferred the allotted land without prior permission of allotting authority, such transfer may be regularised by the allotting authority on payment of penalty of Rs.3000/- for each transfer. The lease deed may be executed in favour of such transferee for the remaining period of lease may be executed in favour of such transferee for the remaining period of lease.

The transferee shall pay 50% excess amount of the yearly lease rent mentioned in rule 5 on such transfer.

(iii) Provide also that in case an industrial plot is proposed to be divided or sub-divided for any purpose, whatsoever, prior permission of the State Government in the Revenue Department shall be obtained by the allotting authority.

(iiia) Provide also that if any industrial plot is divided or sub-divided without obtaining prior permission of the State Government, the lessee shall apply for permission of division or sub-division to the allotting authority along with a copy of the challan depositing an amount of Rs.3000/-. The allotting authority, with prior approval of the State Government, may regularise the division or sub-division.

(iv) Provide also that, in case of sick unit as per RBI guidelines, the lessee with the prior permission of the State Government, may transfer his right or interest in the leased land sub-divided under the above proviso on the following conditions:-

(a) That NOC from Financial Institutions/Bank shall be obtained, in case land is mortgaged.

(b) that the conditions of lease shall remain unchanged.

(c) that the transferee shall pay additional 100 percent excess amount of the proportionate yearly lease rent applicable from the date of transfer of right or interest in leased land.

(d) that the transferee shall use the land for the industrial purpose only.

(e) that in case of government land allotted under these rules, the transferee shall pay 50% of prevailing market price of land after deducting allotment price charged under rule 3A.

(v) Provided also that no permission of transfer under the above proviso, shall be allowed in case of a Government land unless the unit is declared sick by Board of Industrial and Financial Reconstruction (BIFR).
(vi) Prov
ided also that in case of any doubt of any kind the allotting authority shall refer the matter to the State Government in the Revenue Department whose decision shall be final.

Provided also that the developer of micro, small and medium enterprises clusters, as per approved plan, may transfer his right or interest in the whole land, so leased out to entrepreneurs. The conditions of lease remaining unchanged. The transferee shall pay 50% excess amount of the yearly lease rent mentioned in rule 5 on such transfer."

__7.__ The first lease deed of 11.08.1967 which governed the terms and conditions of allotment of land to JKSL, contained, amongst others, the following conditions:-

"XXX XXX XXX

NOW THIS INDENTURE WITNESSETH AS FOLLOWS:

....

iv) The lessee shall set up on the said plot of land Nylon industry for which land has been leased to him by the lessor within a period of two years from the date of talking over the possession of the land as above mentioned and in case of his failure to do so the said plot shall revert to the lessor unless the period of two years is extended by the lessor on valid grounds.

v) The lessee shall set up, construct, erect and build on the said plot of land, only such buildings, sheds, and structures as are required by him for setting up the industry aforesaid and also such other residential quarters e.g. watch & ward quarters as are required for those engaged or to be engaged in the said factor.

vi) The lessee agrees not to construct or build any structures or building on the said plot of land or on a portion of it which may have the object of using it as a commercial undertaking other than for the industries aforesaid for which the said plot has been leased to the lessee.

...."

As is evident from the lease, the object behind the allocation of the land was for a specific purpose and no other usage was permissible. Subsequent leases executed between JKSL and the District Collector contained pari materia clauses.

__11.__ Even after the Govt. Order dated 18.09.1979, JKSL continued to deal directly with the District Collector, Kota. Another lease, extending JKSL's utilization of the land in LIA, Kota, was signed in 06.10.1982 between the Collector and JKSL, and not RIICO. During the same period, the 1959 Rules were amended to introduce provisions that would effectuate the allocation of industrial areas to RIICO, and to then facilitate the Company administering these lands under the 1979 Rules. Relevant sub-clauses of Rule 11A inserted on 23.12.1983, and Rule 12 added in 13.07.1982, are particularly important in this context:

"__11-A. Allotment of land to the Rajasthan State Industrial Development and Investment Corporation Ltd. or Rajasthan Tourism Development Corporation-__

Land shall be allotted to the Rajasthan State Industrial Development and Investment Corporation Ltd. or Rajasthan Tourism Development Corporation for setting up and developing Industrial Areas, on the following terms and conditions:-

(i) The land shall be allotted on lease hold basis for a period of 99 years;

(ii) The premium to be charged for the allotment of government land for industrial purposes shall be equivalent to the prevailing market price of the same class of agricultural land in the vicinity and shall be

determined accordingly by the Colonization Commissioner in the Rajasthan Canal Project Colony Area and by the Collector concerned in other areas:

Provided that no premium for allotment shall be charged from Rajasthan State Industrial Development and Investment Corporation where the land has been purchased by the Rajasthan State Industrial Development and Investment Corporation or acquired for Rajasthan State Industrial Development and Investment Corporation after its incorporation and the compensation is paid by the Rajasthan State Industrial Development and Investment Corporation.
(iii) ….

(iv) The Rajasthan State Industrial Development and Investment Corporation Ltd. [or Rajasthan Tourism Development Corporation] may sub-lease the leased land or part thereof, for industrial purposes including essential welfare and supporting services, provided that in the case of Diamond and Gem Development Corporation to who the land has already been leased out by RIICO for 99 years, the sub-lessee i.e. DGDC may further sublet and the terms and conditions and other provisions contained in the rules in so far as they relate to RIICO shall mutatis mutandis apply to DGDC also as if the land in question has been let out to them by State Government and rule 11-A ibid.

Provided further that where land was allotted and converted in favour of Rajasthan State Industrial Development and Investment Corporation Ltd. [or Rajasthan Tourism Development Corporation] after its incorporation for industrial purpose but land was used for essential welfare and supporting services, such allotment [xxx] shall be deemed to be for industrial purpose.

(iv-a) The sub-lessee of the Rajasthan State Industrial Development and Investment Corporation Limited may further sub-lease the sub-leased land or part thereof on such terms and conditions as may be mutually agreed between such sub-lessee and subsequent sub-lessee. The terms and conditions applicable to sub-lessee shall also mutatis mutandis apply to such subsequent sub-lessee.

(v) The Rajasthan State Industrial Development Investment Corporation and Ltd. [or Rajasthan Tourism Development Corporation] may levy and recover such lease rent and other charges as may be determined by it, in respect of the lands sub-leased by it;

(vi) The periods of the sub-leases by the Rajasthan State Industrial Development and Investment Corporation Ltd. [or Rajasthan Tourism Development Corporation] shall be determined by it, but shall not exceed 99 years, in all, in any case;

(vii) The land shall revert to the Government free of all encumbrances and without payment of any compensation in case the Rajasthan State Industrial Development and Investment Corporation Ltd. [or Rajasthan Tourism Development Corporation] or any of its sub-lessees, use it for any any purpose other than industrial [including

essential welfare and supporting services], or commit breach of any other condition of the lease or sub-leases;

(viii) The sub-lessees of the Rajasthan State Industrial Development and Investment Corporation Ltd. [or Rajasthan Tourism Development Corporation shall continue to be governed by all other terms and conditions prescribed in these rules, and any other analogues rules that may be promulgated or orders that may be issued, in this behalf by the State Government.

12. Allotment of land by Rajasthan State Industrial Development and Investment Corporation Ltd. [or Rajasthan Tourism Development Corporation.

The Rajasthan State Industrial Development and Investment Corporation Ltd. Jaipur or Rajasthan Tourism Development Corporation shall be empowered to make allotment in accordance with the Rajasthan State Industrial Development and Investment Corporation Disposal of Land Rules, 1979 [or any other rules framed by the RIICO and RTDC for the purpose] of vacant plots to entrepreneurs in the Industrial Areas notified by the State Government and transferred to the said Corporation. The Corporation shall also be authorised to execute lease deeds, realize development charges, lease rent and other dues from the entrepreneurs to whom plots have already been allotted in accordance with the provision of these rules, and to take any consequential or residuary action in regard to the plots allotted the entrepreneur.

Provided that the Rajasthan State Industrial Development and Investment Corporation Ltd. or Rajasthan Tourism Development Corporation shall be empowered to grant written permission to the lessee for transfer of rights or interest in the land in respect of the plots/land located in the Industrial Areas notified by the State Government and transferred to the said corporation:

Provided further that any permission granted or action taken for transfer of rights or interest in the plots/land by the Rajasthan State Industrial Development and Investment Corporation Ltd. or Rajasthan Tourism Development Corporation. after 13-07-1982 in respect of the plots/land saturated in the Industrial Areas and transferred to the said Corporation shall be deemed to be valid under the first proviso to this rule."

***12.** In the backdrop of these amendments, confusion arose regarding whether Rules 11A and 12 of the 1959 Rules would be applicable prospectively or retrospectively. In this context, a clarification was sought by the District Collector, Kota, through a letter dated 15.05.1986. The Collector was referring in this context to the deposit of lease rent and to whom the rent in question should go:*

> *"Therefore, guide in this regard that the above-mentioned notification dated 13-07-1982, the lease rent etc. of the land allotted to the factory will be deposited by RIICO or deposited in the erstwhile tehsil itself s a state item. Please send guidance in this regard soon. Till the guidance is received the*

decision has been taken to deposit the lease amount in the Tehsil. Photocopy of the form letter is also being sent from M/s J K Synthetic in this regard.

Signature
District collector,
Kota
Number:- F-8 (198) Revenue/4435-38
Dt. 15-05-86"

x--------------x-----------------------------x

13. *In response to this, a notification was issued by the State Government on 23.05.1987, clarifying that Rule 12 of the 1959 Rules, added on 13.07.1982, would not apply retrospectively and the lease rent and other items pertaining to different deeds would remain a state subject.*

"Rajasthan Government
Revenue (Group-4) Department
Sr. No. 2 (242) Rajasthan/3/86Jaipur,
Dated 23.05.1987

Sent:- District Collector, Kota.
Sub:- Regarding development fee, lease rent and service charge of land allottee to M/s JK Synthetic Ltd. Kota.
Ref:- Your letter 4434 dated 15-05-1986.
Sir,
According to the above subject, it is written that the notification dated 13-07-1982 of this department has not been implemented with retrospective effect and in earlier cases the amount of lease rent etc. should be deposited in the tehsil as a state item.

Yours Faithfully
Katara
Deputy Government Secretary"

x--------------x-----------------------------x

14. *This seemed to remove whatever doubts, if any, and clarified explicitly that the amendments to the 1959 Rules, of which Rules 11A and 12 are important for us to keep in mind, were prospectively applicable. The management and control of the lands leased out under the 1959 Rules, were apparently not handed over to RIICO. This understanding was enunciated in a Government Circular dated 12.01.1995 which indicates that revenue records would reflect that ownership and the right to administer the land remained with the State Government. Further, documents in this regard would be retained by the District Industries Centre, and not RIICO:*

"Government of Rajasthan
Industries (Group-1) Department

1. Director
Industries Department
Jaipur, Rajasthan

2. All District Collector

3. All General Manager District Industries Centre

Sr. No. 1(75) Industries/1/94 Jaipur, Dated 12th January, 1995

1. Land reserved for industrial area under Section 92 of the Rajasthan Land Revenue Act, 1956 land allotted *under Rajasthan Industrial Area Allotment Rules, 1959 all records to be kept with District Industrial Centre. At present files with RIICO should also be taken back and kept with District Industrial Centre. In all these cases compliance of terms of lease deed and monitoring of the same to be under supervision of District Industrial Centre.*

2. Before lease deeds are signed for Land allotted under Rajasthan Industrial Area Allotment Rules, 1959 entry of change of land use and ownership should be entered into the revenue records and only then the land should be allotted under Rajasthan Industrial Area Allotment Rules, 1959.

3. After the signing of lease deed the same should be entered into the revenue records and files pertaining to it should be kept with District Industries Centre.

4. Lease deed of the allotted land under Rajasthan Industrial Area Allotment Rules, 1959 is to be executed by District Collector/ General Manager, District Industries Centre. As District Collector/ Managing Director has to initiate action in cases of violation of terms of lease deed, General Manager, District Industries Centre to be directly responsible to bring any or all violations in the notice of Director, District Industries Centre and District Collector.

Sincerely,
Special Secretary Industry"

x--------------x-----------------------------x

***16.** In this background, JKSL was continuing its operations in the leased-out area for several years. However, in the 1990s, JKSL encountered financial difficulties and was eventually declared a "sick company" by the Board for Industrial and Financial Reconstruction ("BIFR") on 02.04.1998, under the Sick Industrial Companies (Special Provisions) Act, 1985 ("SICA"). Following the classification of JKSL as a sick company, the matter was referred to the Appellate Authority for Industrial and Financial Reconstruction ("AAIFR"). During this period, JKSL signed a Memorandum of Understanding with Respondent No. 1 as part of its plan to sell the Kota unit of its operations. Section 18 of SICA[1] envisages certain measures being taken for revival of the company that has fallen on difficult times and been declared a "sick" company.*

***17.** The prospect of a demerger of the certain units owned by JKSL became the preferred strategy for effectuating the recuperation of the company. Respondent No. 1 emerged as the favoured entity to take over these units and also entered into two tripartite settlements on 09.10.2002 and 22.10.2002. involving JKSL and two worker's unions, to pay off part of the dues of the former labourers of JKSL, as well as offer them employment under Respondent No. 1. The relevant terms and conditions of the agreement dated 09.10.2002, are as follows:*

"IV. TERMS AND CONDITIONS

XXX XXX XXX

2. It is further agreed that while APPL will take over the all the liabilities pertaining workmen/employees of

Sir Padampat Research Centre, as determined as per Annexure B even though the SPRC unit will not be transferred to APPL and will be retained by JKSL.

3. The APPL will operate the Kota Complex .in the name and style of Arfat petrochemical Pvt. Ltd. (APPL) as a new company and new employer. They will issue their appointment letters as per requirements in a phased manner subject to suitability and covering terms of employment etc. The dues of employment under JKSL would be settled as full and final payment as summarized in Annexure-A.

XXX XXX XXX"

The rest of the agreement contains numerous clauses that are in furtherance of the absorption of the workers into Respondent No. 1's operations that were to start after the demerger of defunct units owned by JKSL. The second agreement of 22.10.2002 also contained similar provisions.

18. Eventually, AAIFR sanctioned a rehabilitation scheme for JKSL on 23.01.2003. The scheme referred to and validated the tripartite agreements/settlements entered into by JKSL, Respondent No. 1, and the different labour unions. It was noted that the liabilities of the workers had been taken on by Respondent No. 1, alongside its obligation under those agreements to revive the industrial operations at Kota. A Joint Venture & Shareholder Agreement (hereinafter, "JV") was signed between Respondent No. 1 and JKSL on 13.05.2003, which cemented the former's obligation to discharge the liabilities outstanding on LIA, Kota, as well as the dues of the labourers. The AAIFR scheme was finalized on 07.01.2005, and it included an obligation on the part of Respondent No. 1 to honour the earlier tripartite agreements with the JKSL workers unions. Part of the rehabilitation scheme involved hiving off 227.15 acres of the land in the LIA, Kota, away from JKSL and to Respondent No. 1.

(Emphasis supplied)

***20.** As per AAIFR's recommendations, the State Government through the Collector proceeded to execute 7 fresh lease deeds on the same date in favour of Respondent No. 1. The 7 deeds signed on 17.03.2007, collectively handed over the leasehold on the land to Respondent No. 1, in the following segments:*

i) 1st Deed: Plot No. 5A of 48.40 acres, meant for setting up a nylon plant and colony;

ii) 2nd Deed: Plot No. 5B of 7.15 acres, for conducting R&D on acrylic fibre;

iii) 3rd Deed: Plot No. 5C of 14.45 acres, for setting up a nylon tyre and cord plant;

iv) 4th Deed: Plot Nos. 16, 17, & D of 30.56 acres, for setting up a polyester staple fibre plant;

v) 5th Deed: Plot Nos. 23-30, A-C, of 70.66 acres, for construction of CDPH roads;

vi) 6th Deed: Plot Nos. 19-21B, 32B, 33, 34 & F of 26,16 acres, for setting up another acrylic/staple fibre plant;

vii) 7th Deed: Plot Nos. 19-21A, 22, 31, 32A & F1 of 29.77 acres, for setting up a synthetic staple fibre plant.

The terms of the lease deeds were largely pari materia.

The relevant portion, contained in each of these fresh leases granting the land to Respondent No. 1, and relevant for our purposes, are as follows:

> *"NOW THIS INDENTURE WITNESSETH as follows:*
> *…*
> *(iii) That the lessee shall set up, construct, erect and build on the plot only such buildings, sheds and structures as are required by him for setting up the industry aforesaid and also such other residential quarters as are required for those: engaged or to be engaged in the said factory.*
>
> *(iv) The lessee agrees not to construct or build any structures or buildings on the said plot of land or on a portion of it which may have the object. of using it as a commercial undertaking other than for the industry promotion aforesaid of or which the said plot has been leased to the lessee."*

What is clear from this series of documents is the paramountcy of using the land for its specific intended purpose, and for there to be no deviation from that industrial purpose for putting up commercial structures of any kind. The overall objective behind the lease, despite having changed hands from JKSL to Respondent No. 1, remained unaltered.

(Emphasis supplied)

***21.** The AAIFR scheme contained various requirements that Respondent No. 1 was mandated to fulfil. Among these included the revival of the industrial units at the site which JKSL had no longer been in sufficient financial health to operate. Further, as also necessitated by the scheme, the aforementioned tripartite settlement agreements between Respondent No. 1, JKSL, and the workers unions was to be given effect to. The settlement agreements fixed the compensation payable to the workers at Rs. 40.42 Crores, and also envisaged that the workers in question would receive employment in the industrial units that would, henceforth, be managed by Respondent No. 1. The relevant portions of the AAIFR scheme are worth reproduction:*

> *"9 Identification of JV Partner*
>
> *9.1 The Arfat Group are identified by JKSL after an extensive search undertaken by the Company with the help of M/s Access International (Access) a Boston based consultancy Company…*
>
> *9.2 Disposal of individual assets of Kota units was not possible or practical without resolution of the on-going*

labour disputes and settlement of labour liabilities. One the important consideration for revival was assumption of the labour liability by the prospective buyer as workers dues were very high and without settlement of the same revival was not possible. Therefore, in order to evaluate the offers received. It was decided by the Company in consultation with Access to analyse them on the basis of Quantum offer no. of units being restarted total no. of jobs being created and willingness of the higher regarding resolution of labour disputes and assumption of labour liabilities."

22. Pursuant to the AAIFR scheme, Respondent No. 1 initially restarted one of the units for manufacture of acrylic fibre. The remaining 6 units remained comatose. Unfortunately, the sole unit that was rejuvenated suffered a purported fire in October, 2007, after only a brief period of operation and just 6 months after the transfer lease deeds were signed, which resulted in the shutdown of the factory. Consequently, the overall objective of reviving the industrial units in the LIA, Kota, was frustrated. The offshoot of this was a decade of litigation primarily involving the workers unions and Respondent No. 1, regarding the latter's failure to revive the industrial units as contemplated in the AAIFR scheme.

(Emphasis supplied)

24.** In the midst of the legal tussle between Respondent No. 1 and the different workers unions, the former made an attempt to have an affordable housing scheme developed on the LIA, Kota, under the Chief Minister Jan Aavas Yojana. This application was made, once again, to the District Collector, Kota. **By this point, the industrial units in the area had been lying dormant for over 10 years. However, this application to be considered under the Jan Aavas Yojana was unsuccessful.

(Emphasis supplied)

***25.** Subsequently, after having dealt directly with the Collector for over a decade on matters pertaining to LIA, Kota, Respondent No. 1 eventually sought a change of land use from industrial to commercial, to the extent of 23% of the land it possessed under the lease. However, this proposal was submitted to RIICO instead of the Collector. Respondent No. 1 shifted its position, having previously liaised with the District Collector for the execution of lease deeds in 2007 or for the Jan Aavas Yojana, to now coordinating with RIICO instead. The proposals were meant to effectuate the sub-division and change of land under the 1979 Rules. The proposals were considered by the Land Planning Committee constituted by RIICO on 03.10.2018 and approval was granted in-principle for the sub-division and conversion, as recorded in the Minutes of the Meeting issued by RIICO on 05.10.2018. One day after this, on 06.10.2018, the Rajasthan State Assembly Elections process began and the Model Code of Conduct came into effect. The Infrastructure Development Committee of RIICO followed suit on 08.10.2018 and issued its own approval in this respect.*

***33.** On the contrary, learned Senior Counsels, Mr. Mukul Rohatgi and Mr. A.N.S. Nadkarni, appearing for Respondent*

No. 1, have attempted to rebuff the submissions by the State of Rajasthan and RIICO in the following terms:-
i) xxxxx

ii) xxxxx

iii) There are 30 other instances of conversion in which RIICO has acted as the competent authority to grant permission, from 1996 to 2019. Out of these 30, 3 of the cases are from LIA, Kota. These three cases involved conversion of 100% of the land to commercial usage, as opposed to Respondent No. 1 which only sought conversion of 23%. The residential colonies that have been raised by Respondent No. 1 have not been objected to by the State. Further, as recently as in 2022, RIICO has been demanding lease rent and service charges from Respondent No. 1, clearly showing that it is in charge;

xxvi) As far as the SLPs filed by the Appellant Unions were concerned, the Supreme Court's earlier orders on 17.08.2017 and 06.03.2018 dismissing their Review Petitions had put a quietus to that issue. Respondent No. 1 had paid the workers their agreed upon dues under the AAIFR scheme and no further directions could be issued to it in terms of the rehabilitation plan.

35. *The Appellant Unions have also made the following submissions in support of the rights of the former employees of JKSL:-*
i) xxxx

<u>ii) The Appellant Unions had accepted the AAIFR scheme only on the basis that the industrial units at LIA, Kota, would be restarted. The workers had been owed over Rs. 250 Crores in dues, of which they had the agreed to take only a small portion as rehabilitation plan envisaged the restarting of the units and consequent employment for them. As the plan had abjectly failed and Respondent No. 1 unsuccessful in restarting production, the labourers were owed the entirety of their dues.</u>

(Emphasis supplied)

75. *On the face of these findings, the question that arises is whether Respondent No. 1, which actively participated in RIICO's decision making process and secured benefits without any authority in law, can be permitted to complain of a deprivation of the opportunity of being heard. We are of the considered opinion that the principle of audi altrem partem should not be an empty formality nor a compulsory ritual that must always be performed. The principal issue that arose for consideration before the Cabinet Committee pertained to the legitimacy of the power assumed by RIICO in respect of LIA, Kota, and not whether the permissions granted to Respondent No. 1 suffered from any propriety or legality. It is true that the issue was raked up with a political flavour, but eventually the final resolution centred around the RIICO's lack of authority. We do not think that Respondent No. 1 could render any assistance to the Cabinet Committee in the formation of their views. In any case, we have carried out an in-depth analysis of the entire gamut of documents and statutory rules, and have come to a firm conclusion that it was the State Government alone* *which was competent to accord necessary permissions to Respondent No. 1 under the 1959 Rules, and not RIICO in purported exercise of its powers under the 1979 Rules. Our holding is not confined to the decisions taken in favour of Respondent No. 1 alone, and shall encompass all other similarly placed lease-holders, with no discretion to the State Government to blow hot and cold and/or to take ad hoc decisions on a pick and choose basis. The only exception can be in a case where land has been expressly leased out to RIICO under Rule 11A of 1959 Rules and RIICO has further sub-leased the same land as per the scheme envisaged under clause (viii) of the said Rule.*

91. *An additional point in this regard is the inapplicability of principles of estoppel and legitimate expectations. In line with our analysis on why the principles of natural justice will not be of relevance, these defences, similarly, cannot be raised by Respondent No. 1 on the strength of illegal actions or orders passed by RIICO. Moreover, there is no governmental action or order in favour of Respondent No.1 which can give rise to any legitimate expectations. The execution of the supplementary lease deed by RIICO in favour of Respondent No. 1, along with the attendant permissions in its favour for converting the usage of the land and sub-division, are actions taken between them. This Court has clearly laid out the contours of legitimate expectations on numerous occasions, along with commenting on the scenarios where they are inapplicable. In* ***Bannari Amman Sugars Ltd. vs. Commercial Tax Officer and Ors. (2005) 1 SCC 625****, it was opined that:*

> *"8...It is generally agreed that 'legitimate expectation' gives the applicant sufficient locus standi for judicial review and that the doctrine of legitimate expectation to be confined mostly to right of a fair hearing before a decision which results in negativing a promise or withdrawing an undertaking is taken. The doctrine does not give scope to claim relief straightway from the administrative authorities as no crystallized right as such is involved. The protection of such legitimate expectation does not require the fulfilment of the expectation where an overriding public interest requires otherwise. In other words, where a person's legitimate expectation is not fulfilled by taking a particular decision then decision maker should justify the denial of such expectation by showing some overriding public interest."*

92. *In* ***Food Corporation of India v. Kamdhenu Cattle Feed Industries, (1993) 1 SCC 71****, this Court also noted that legitimate expectations may not themselves give rise to defensible rights, but merely act as a bulwark against arbitrator decision making that does not take into account these interests. The Court outlined:*

> *"8. The mere reasonable or legitimate expectation of a citizen, in such a situation, may not by itself he distinct enforceable right, but failure to consider and give due weight to it may render the decision arbitrary, and this is how the requirement of due consideration of a legitimate expectation forms part of the principle of non-arbitrariness, a necessary concomitant of the rule of law. Every legitimate expectation is a relevant factor requiring due consideration in a fair decision making*

process. Whether the expectation of the claimant is reasonable or legitimate in the context is a question of fact in each case. Whenever the question arises, it is to be determined not according to the claimant's perception but in larger public interest wherein other more important considerations may outweigh what would otherwise have been the legitimate expectation of the claimant. A bona fide decision of the public authority reached in this manner would satisfy the requirement of non-arbitrariness and withstand judicial scrutiny. The doctrine of legitimate expectation gets assimilated in the rule of law and operates in our legal system in this manner and to this extent."

93. *From this encapsulation of the law, it is clear to us that no legitimate expectation could have arisen in favour of Respondent No. 1. There was no implicit or explicit representation made by the State Government in favour of its request for conversion of the land, nor for sub-division of plots. RIICO, in completely untenable fashion, took over the role of the lessor without there being any right to do so, and issued the requisite permissions. Evidently, such approvals had no legs to stand on as they were devoid of any force of law. The lessor of LIA, Kota, was the State Government. When the entity purporting to exercise the powers of a lessor, RIICO in this case, does so without having the requisite legal status to act in this manner, Respondent No. 1 as the beneficiary of these wrongful actions, cannot seek any legitimate expectation or promissory estoppel in its favour.*

94. *Furthermore, this Court in* ***Food Corporation of India (Supra)*** *had noted that other overriding public interests could outweigh the consideration of legitimate expectations in favour of a private party. Thus, even if we were to consider Respondent No. 1's arguments at their highest, the objectives of a private entity such as Respondent No. 1 could not outweigh the larger public interest behind the industrial development of the land. Respondent No. 1 cannot be permitted to act in defiance of the 1959 Rules, which are applicable to the land and which mandate the utilization of the land for industrial purposes, subject to the variations as may be permitted by the State Government.*

95. *On the very same logic, there can be no promissory estoppel working against the Appellants. In this regard, the view taken by this Court in* ***Motilal Padampat (Supra)*** *is worthy of reproduction:*

"24... But it is necessary to point out that since the doctrine of promissory estoppel is an equitable doctrine, it must yield when the equity so requires. If it can be shown by the Government that having regard to the facts as they have transpired, it would be inequitable to hold the Government to the promise made by it, the Court would not raise an equity in favour of the promise and enforce the promise against the Government. The doctrine of promissory estoppel would be displaced in such a case because, on the facts, equity would not require that the Government should be held bound by the promise made by it. When the Government is able to show that in view of the facts as have transpired, public interest would be prejudiced if the Government

were required to carry out the promise, the Court would have to balance the public interest in the Government carrying out a promise made to a citizen which has induced the citizen to act upon it and after this position and the public interest likely to suffer if the promise were required to be carried out by the Government and determine which way the equity lies. It would not be enough for the Government just to say that public interest requires that the Government should not be compelled to carry out the promise or that the public interest would suffer if the Government were required to honour it…"

96. *Hence, supervening public interest, as we have already elaborated upon above, acts as a veto against the invocation of promissory estoppel. On these grounds as well, Respondent No. 1 cannot claim any right to the continuation of the supplementary lease deeds.*

97. *Our conclusion, incontrovertibly, is that Respondent No. 1 cannot lay claim to any legitimate expectation or promissory estoppel. The supplementary lease deeds and corresponding permissions were executed with/by RIICO which had no authority and power to do so. This, combined with the overriding public interest in having the land in LIA, Kota utilized for industrial purposes for the economic progression of the state or any revised purpose, as may be permitted by the State Government in public interest, leaves us in no doubt that Respondent No. 1 has no further valid defences against the cancellation of the supplementary lease deeds.*

99. *Regardless, we do not have the requisite material before us to comment on this point, and it would be inappropriate for us to do so in any case, especially when the matter is sub-judice before the High Court. Thus, the High Court will consider the workers' petition on its own merits, uninfluenced by anything that we have held in this judgment in the context of the dispute between the State Government, RIICO and Respondent No. 1. In the same breath, we also abstain from commenting on the other petitions filed by individual workers before various forums. These proceedings may continue and be decided eventually in accordance with law.*

<u>100. We note that despite the passage of 21 years since the tripartite agreements were signed between JKSL, Respondent No. 1 and the workers unions in 2002, and 16 years since the transfer lease deeds were signed in 2007, the LIA, Kota has remained dormant. The objective of restarting industrial production in the area, as envisaged by the AAIFR rehabilitation plan and required by virtue of the settlements of 2002, remains out of reach. The damage this causes to the former employees of JKSL, as well as the industrial and economic growth of the State, cannot be underestimated. While we are not in a position to direct or order the implementation of the AAIFR plan, we recall the earlier orders of this Court which had dismissed the workers unions' SLP, and the subsequent Review Petitions on 17.08.2017 and 06.03.2018, but with a note that the rehabilitation plan should be implemented.</u>

(Emphasis supplied)

101. *Given that the earlier orders of the Supreme Court have already held that Respondent No. 1 is not a sick industrial company and that judgment has become final with the dismissal of the Review Petitions, there is no point reverting to SICA any longer. However, we re-emphasize the importance of finding a viable solution to this complex issue.*

<u>***102. We reiterate the earlier observations made by this Court regarding implementation of the AAIFR scheme. The objective of the original transfer lease deeds of 2007 that were signed for the purpose of using the land for industrial development should be carried out, subject to altering the usage of the land under the 1959 Rules.***</u>

(Emphasis supplied)

103. *However, at the same time, our sympathy for the Appellant Unions cannot translate into any concrete relief in the context of the dues they seek. We are not appropriately positioned to consider their prayers in this context. Instead, we grant liberty to the Appellant Unions to approach the appropriate government and other forums as permitted by law, to seek their respective dues. We clarify once again that we have expressed no opinion on the merits of this segment of the controversy.*

105. *The leases with JKSL were executed under the 1959 Rules which remained applicable and there was no authority ever vested in RIICO to have issued the permissions for conversion and sub-division of plots in the LIA, Kota, and for signing the supplementary lease deeds with Respondent No. 1. There is no legal infirmity in the action of the Appellants in setting aside the decisions taken by RIICO or in directing to cancel the supplementary leases of 2018. Hence, we uphold the cancellation of the supplementary deeds and quashing of the approvals for conversion of land and sub-division of plots.*

<u>***106. This shall, however, not preclude Respondent No. 1 from reapproaching the State Government and seeking conversion of the usage of land and attendant approvals under the 1959 Rules. The State Government shall be at liberty to consider such a proposal in public interest and in accordance with the 1959 Rules.”***</u>

(Emphasis supplied)

89. At the outset, it is necessary to clarify that the said judgment in the case of **Bishambhar Prasad (supra)** should not be treated as having conclusively adjudicated the validity of the seven transfer lease deeds executed in favour of Petitioner No.1 in 2007 and subsequent cancellation thereof. The Hon’ble Supreme Court itself confined its final determination to the controversy

before it and, while dealing with the rights of the respondent-company, hence obviously, left certain aspects open. Therefore, the respondents' plea of res judicata cannot be accepted in its broad form. Nevertheless, the judgment conclusively determines several issues directly relevant to the present controversy and the petitioners cannot seek to reopen matters which stand concluded by the said judgment, particularly the character of the land, the continuing lessor-lessee relationship with the State Government, the limited authority of RIICO, the absence of any vested right to change the industrial user and the overriding public interest attached to the land. Paragraph 106 merely preserved an opportunity to re-approach the State Government for conversion under the Rules of 1959; it did not confer any right of conversion, much less immunise the existing leases from action for subsequent breach of their conditions.

90. Quite significantly, the aforesaid findings in **Bishambhar Prasad (supra)** have direct and material bearing upon the merits of the present case. They establish that the land in question continued to remain under the ownership and control of the State Government and the Rules of 1959 continued to govern the leases. It has also been held that the petitioners had no vested right to obtain conversion.

91. The Hon'ble Supreme Court, upon examining the entire history of allotment and transfer of the subject land, the successive lease deeds, the Rules of 1959, the AAIFR rehabilitation scheme and the tripartite settlements with the workmen, held that the land was allotted and leased for a specific industrial purpose and could not be utilised for any other purpose

except in accordance with the Rules of 1959. The Hon'ble Supreme Court further held that the State Government, being the lessor and competent authority under the Rules of 1959, alone was competent to permit change of land use as also sub-division and that RIICO had no authority to grant such permissions in respect of the land in question. Consequently, the permissions granted by RIICO did not confer any enforceable right upon the beneficiary.

92. The Hon'ble Supreme Court in **Bishambhar Prasad (supra)** also found that the industrial purpose underlying the original and subsequent leases remained unchanged notwithstanding transfer of the leasehold rights, and emphasised that the obligations under the AAIFR scheme, including revival of the industrial units, were integral and indispensable to the transaction. It was further held that no legitimate expectation or promissory estoppel could be founded upon permissions granted without authority of law, particularly when such expectation was contrary to the Rules of 1959 and the larger public interest underlying industrial development of the land.

93. The Hon'ble Supreme Court nevertheless clarified that the State Government could consider a fresh proposal for change of land use in accordance with the Rules of 1959 and in public interest. It also reiterated the importance of carrying forward the original objective of the transfer leases, namely, industrial development, subject to any lawful alteration of use permitted under the Rules of 1959.

94. Language employed in Paragraph 106 of the above judgment, upon which considerable reliance has been placed by

the petitioners, merely permitted them to re-approach the State Government and seek conversion as per prevailing Rules. The State Government was left at liberty to consider such proposal in public interest and in accordance with the Rules of 1959. Paragraph 106 of the above judgment, therefore, creates no enforceable right in favour of the petitioners to obtain conversion, much less conversion for a particular tourism project. Thus, once the State Government/competent authority considered the proposal and rejected it on 07.03.2025, the order cannot be characterised as contrary to the liberty granted by the Hon'ble Supreme Court. The liberty to apply cannot be construed as a mandate to allow the application.

95. While relying upon circular dated 25.06.2020, learned Senior Counsel appearing for the petitioners raised plea of lack of competence on the part of the District Collector in passing the impugned orders. For that purpose, the nature of the impugned orders is required to be examined in the backdrop of the legal character of the leases in question. The leases originally granted in favour of the predecessor-in-interest of the petitioners were executed under the Rules of 1959 for a specific industrial purpose, and Rule 8 thereof expressly prohibited use of the land for purposes other than those authorised under the grant. The subsequent leases in favour of the petitioners were granted pursuant to the permission accorded by the Government under Rule 9 of the Rules of 1959, essentially to facilitate revival of the existing industry and re-employment of its existing employees. The leases, therefore, partake the character of Government grants and are governed by the Act of 1961. Consequently, the rights and

obligations of the parties are to be determined primarily by the tenor of the grant and the conditions embodied therein, notwithstanding anything inconsistent contained in the general law.

96. The Hon'ble Supreme Court in **Tata Steel Limited (supra)** has clearly held rights and obligations of respective parties, in a case of Government Grant, are to be ascertained only from the tenor of the document made by the Government evidencing such a transfer. Following observations are relevant to be considered:

> *"**6.** Condition 4 contains various "covenants" between the parties. Clause (xiv) stipulates that the land shall be used by the appellant for the specified purpose within a period of one year from the date of the lease failing which the lease may be terminated and the appellant evicted from the land without notice:*
>
> > *"4. (xiv) That the lessee shall use the land for the specified purpose within a period of one year from the date of the lease, failing which the lease may be terminated and the lessee evicted from the lands without notice. In case extension is required it can be granted within the discretion of the lessor."*
>
> *The transaction, in our opinion, is a grant (hereinafter referred to as "Grant I", for the sake of convenience) covered by the Government Grants Act, 1895. We shall deal with the said Act and the reasons for our conclusion that the so-called lease dated 18-3-1969 is a grant in some detail later in this judgment.*
>
> ***16.** It is almost becoming a forgotten proposition of law that the Government is not bound by the Transfer of Property Act, 1882, when it seeks to transfer any land vested in it or any interest therein. It may not be possible to trace out the entire history of the vesting of lands in the Government and the legal rights and obligations flowing from such vesting as it is a huge topic by itself. It is sufficient to state that Articles 294[2] to 296 of the Constitution of India provide for vesting of property (which includes land) and assets in the Union of India and various States. Article 294 deals with the development of the property and assets which vested (prior to the coming into force of the Constitution) in His Majesty for the purposes of the Government of the Dominion of India and for the purposes of the Government of each Governor's Province. Article 295[3] provides for the succession to the property and assets which vested prior to the commencement of the Constitution in any Indian State[4]. Article 296[5] deals with accrual of properties by escheat or lapse or as bona vacantia. The Imperial Legislature recognised the need of a law to regulate the method and*

manner by which the Governments could transfer or create any interest in the land vested in the Government. Section 2[6] of the Government Grants Act declares that "nothing contained in the Transfer of Property Act, 1882 applies to any grant or other transfer of land or any interest therein" made by or on behalf of the Government either prior to or after the commencement of the said Act. In other words, when the Government transfers land or any interest therein to any person, such a transfer is not governed by the Transfer of Property Act, 1882. The rights and obligations flowing from the transfer of either a piece of land or an interest therein by the Government cannot be determined on the basis of the rights and obligations specified under the Transfer of Property Act, 1882. They are to be ascertained only from the tenor of the document made by the Government evidencing such a transfer. This position is clearly recognised by this Court in Hajee S.V.M. Mohd. Jamaludeen Bros. & Co. v. State of T.N., (1997) 3 SCC 466] as follows: (SCC p. 470, para 10)

> ***"10. The combined effect of the above two sections of the Grants Act is that terms of any grant or terms of any transfer of land made by a Government would stand insulated from the tentacles of any statutory law. Section 3 places the terms of such grant beyond the reach of any restrictive provision contained in any enacted law or even the equitable principles of justice, equity and good conscience adumbrated by common law if such principles are inconsistent with such terms. The two provisions are so framed as to confer unfettered discretion on the Government to enforce any condition or limitation or restriction in all types of grants made by the Government to any person. In other words, the rights, privileges and obligations of any grantee of the Government would be completely regulated by the terms of the grant, even if such terms are inconsistent with the provisions of any other law."***

(Emphasis supplied)

97. More recently, in **Union of India vs. Sir Sobha Singh & Sons Pvt. Ltd. (supra)**, it has been reiterated by the Hon'ble Supreme Court that Government grants operate according to their tenor and that the stipulations, restrictions and limitations contained therein prevail over inconsistent provisions of general law. In the above case, it was held as under:

*"**50.** In Tata Steel Limited v. State of Jharkhand[13], a Division Bench of this Court had emphasised on the proposition of no bar on the Government when it comes to usage of any land vested in it or any interest accruing. The material observations can be read as follows:*

> ***"16. It is almost becoming a forgotten proposition of law that the Government is not bound by the Transfer of Property Act, 1882, when it seeks to transfer any land vested in it or any interest therein. It may not be possible to trace out the***

entire history of the vesting of lands in the Government and the legal rights and obligations flowing from such vesting as it is a huge topic by itself. *It is sufficient to state that Articles 294 to 296 of the Constitution of India provide for vesting of property (which includes land) and assets in the Union of India and various States. Article 294 deals with the development of the property and assets which vested (prior to the coming into force of the Constitution) in His Majesty for the purposes of the Government of the Dominion of India and for the purposes of the Government of each Governor's Province. Article 295 provides for the succession to the property and assets which vested prior to the commencement of the Constitution in any Indian State. Article 296 deals with accrual of properties by escheat or lapse or as bona vacantia.* ***The Imperial Legislature recognised the need of a law to regulate the method and manner by which the Governments could transfer or create any interest in the land vested in the Government. Section 2 of the Government Grants Act declares that "nothing contained in the Transfer of Property Act, 1882 applies to any grant or other transfer of land or any interest therein" made by or on behalf of the Government either prior to or after the commencement of the said Act. In other words, when the Government transfers land or any interest therein to any person, such a transfer is not governed by the Transfer of Property Act, 1882. The rights and obligations flowing from the transfer of either a piece of land or an interest therein by the Government cannot be determined on the basis of the rights and obligations specified under the Transfer of Property Act, 1882. They are to be ascertained only from the tenor of the document made by the Government evidencing such a transfer.*** *This position is clearly recognised by this Court in Hajee S.V.M. Mohd. Jamaludeen Bros. & Co. v. State of T.N. [Hajee S.V.M. Mohd. Jamaludeen Bros. & Co. v. State of T.N., (1997) 3 SCC 466] as follows: (SCC p. 470, para 10)*

> *"10.* ***The combined effect of the above two sections of the Grants Act is that terms of any grant or terms of any transfer of land made by a Government would stand insulated from the tentacles of any statutory law. Section 3 places the terms of such grant beyond the reach of any restrictive provision contained in any enacted law or even the equitable principles of justice, equity and good conscience adumbrated by common law if such principles are inconsistent with such terms. The two provisions are so framed as to confer unfettered discretion on the Government to enforce any condition or limitation or restriction in all types of grants made by the Government to any person. In other words, the rights, privileges and obligations of any grantee of the Government would be completely regulated by the terms of the grant, even if such terms are inconsistent with the provisions of any other law.""***

(emphasis supplied)

__51.__ Upon an anxious consideration of the statutory scheme of the GG Act and the authoritative pronouncements of this Court, the legal position that emerges is no longer res integra. Section 3 of the GG Act embodies a clear legislative mandate that every Government grant shall take effect according to its tenor, notwithstanding any rule of law, statute or enactment to the contrary. The expression "any rule of law, statute or enactment" in the provision is of the widest amplitude and admits of no restrictive construction.

__52.__ The approach which seeks to confine Section 3 merely to the exclusion of the TP Act, by reading it in a narrow or truncated manner, does not accord with either the plain language of the provision or the consistent expositions of this Court. While Section 2 of the GG Act expressly excludes the application of the TP Act, Section 3 travels further and grants primacy to the conditions, limitations and stipulations contained in the Government grant itself, even if they run contrary to any general law.

53. Section 3 of the GG Act confers upon Government grants a special statutory immunity and elevates the stipulations contained therein to a position of supremacy. The provision is not to be read as a mere ancillary clause to Section 2, nor as a limited exclusion confined to the TP Act. Rather, it constitutes an overriding declaration that the grant shall prevail in accordance with its tenor, even if such tenor is inconsistent with general statutory law."

(Emphasis supplied)

98. In the present case, the lease deeds themselves substantially incorporate the conditions and restrictions contemplated under the Rules of 1959 and were executed in Form-A prescribed by those Rules. They must, therefore, be construed as statutory Government grants, and not as ordinary leases governed merely by the general law relating to transfer of property. As many as 7 lease deeds were executed with almost similar terms and conditions. Following clauses of the lease deed deserve consideration:

"AND WHEREAS M/s. J.K. Synthetics Ltd. Had become a Sick Industrial Unit, approached AAIFR for revival plan and where in Tripartite Agreements dated 9.10.2002 and 22.10.2002 where executed between the parties and AAIFR passed the order dated 23.1.2003 and 7.1.2005.

AND WHEREAS for giving effect of the compromises and undertaking 03.01.07 regarding agreed labour liability under order of AAIFR dated 23.01.2003 and 07.01.2005 and Tripartite Settlements dated 09.10.2002 and 22.10.2002 Government of Rajasthan sanctioned the transfer of Lease Land in favour of

lessee M/s. Arfat Petrochemicals Pvt. Ltd. under Rule 9 of the Land Revenue Act (Industrial Allotment Rules, 1959) and accordingly a letter No. P-9/36/Raj-6/05 dated 06.02.2007 was issued by Deputy Secretary Revenue (Group-6) to the Collector, Kota for executing lease deed in favour of lessee M/s. Arfat Petrochemicals (P) Ltd. Thus the reference of AAIFR order dated 23.01.2003 and 07.01.2005 and Tripartite Settlements dated 09.0.2002 and 22.10.2002 referred in point No. 3 of above order of Collector, Kota and State Government order dated 06.02.2007 accordingly order of Collector, Kota dated 19.02.2007 regarding labour liability committed by Arfat Petrochemicals (P) Ltd.

Accordingly, The Collector, Kota has passed an order No. 12(3)50/ आबंटन /राजस्व/11/68/पार्ट-11/564-74 dated 19.02.2007 for Transfer of 227.15 Acres land to Arfat Petrochemicals Pvt. Ltd., under Rule 9 of Industrial Allotment Rule 1959 *which includes the plot of land measuring 70.66 out of above mentioned land measuring 107.82 acres (hereinafter called the Plot Nos. 23, 24, 25, 26, 27, 28, 29, 30, A, B, C & E and balance land measuring 37,16 acres remained with M/s. J.K. Synthetics Ltd. comprising Plot Nos. 2, 3, 13, 14 known as Sir Padampat Research Centre (SPRC).*

5. That the lessee hereby convenants with the Lessor as follows:

(i) xxxx

(ii) xxxx

(viii) In case any default is made by the lessee in respect of any of the terms and conditions aforesaid, the plot of land shall revert to the lessor and the lessee shall have to remove there from at his cost the buildings and structures constructed by him thereon. In case of his failure to do so, the lessor shall have a right to dispose of the said structure and buildings in any way he like and to refund the proceeds to the lessee after recovering all the sums due to him from, the lessee."

99. Thus, a bare perusal of aforesaid clause of lease deed, which is in the form of a Government Grant, would make it clear that JKSL having been declared a sick industrial unit, approached the AAIFR for its revival, pursuant to which Tripartite Agreements dated 09.10.2002 and 22.10.2002 were executed and orders dated 23.01.2003 and 07.01.2005 were passed by the AAIFR. In order to give effect to the said revival arrangement and plan, including the agreed labour liabilities, the State Government, in exercise of power under Rule 9 of the Rules of 1959, sanctioned transfer of the leasehold land in favour of the petitioners and,

accordingly, issued letter dated 06.02.2007 directing the Collector, Kota to execute the lease deed. Pursuant thereto, the Collector, Kota, by order dated 19.02.2007, sanctioned transfer of 227.15 acres of land to the petitioners. Thus, firstly the lease was executed in background specified in the lease deed in special circumstances for specific purpose and it also makes it clear that the State Government itself authorised the District Collector to execute the lease deeds in reference to the order of AAIFR and Tripartite settlements. Thereafter, order dated 19.02.2007 was issued by the District Collector Kota for transfer of 227.15 acres land to the petitioners. Thereafter, accordingly the lease deeds in question were issued on the terms and conditions mentioned in the lease deeds.

100. Clause 5(viii) of the lease deed assumes much significance, which expressly provides that, in the event of default in complying with any of the stipulated terms and conditions, the land shall revert to the lessor and the lessee shall remove, at his own cost, the buildings and structures standing thereon, failing which the lessor is empowered to deal with such structures in the manner provided therein. The contractual stipulation thus expressly contemplates reversion of the land upon breach of the conditions of the grant. Once such breach occurs, the consequence of reversion follows from the very terms of the instrument read with the governing Rules. The obligation to surrender possession consequently rests upon the grantee, and where the conduct of the grantee makes it evident that voluntary surrender will not be forthcoming, the grantor is entitled to resume possession in accordance with the terms of the grant.

Rights and obligations under a grant including the right of resumption where supported by its terms, must be determined within the four corners of the grant, since it is clear the terms and conditions of the grant prevail over inconsistent general law.

101. Hence, in view of above, this Court finds no merit in the objection as to the competence of the District Collector. Rule 2 of the Rules of 1959 relates to allotment of land, whereas Rule 2-A contemplates execution of the lease-deed; allotment and execution of the lease-deed are distinct stages. In the present case, the initial allotment was made by the Industries Department and the subsequent transfer was approved by the Revenue Department under Rule 9. The lease-deeds were thereafter executed by the District Collector under due authorisation. The Rules do not prescribe any exclusive authority other than the District Collector/competent officer of the District Industries Centre for execution of such instruments, and the circular dated 12.01.1995, relied upon even by the Hon'ble Supreme Court, specifically contemplates that action for breach of the conditions of an industrial lease be taken by the District Collector/General Manager, District Industries Centre. The plea of want of competence was never raised by the petitioners in response to the show-cause notice and without raising any demur in this regard they participated in the proceedings. First time the plea has been raised in rejoinder to the reply to the writ petition without laying the necessary factual foundation. Circular dated 25.06.2020 relied upon by the petitioners is not applicable in the present case in view of clear scheme of the Rules and the earlier circular dated

12.01.1995. Relevant of Circular dated 12.01.1995 is quoted as below:

> "4. आवंटित भूमि की लीज डीड राजस्थान औद्योगिक क्षेत्र आवंटन नियम, 1959 के अंतर्गत जिला कलेक्टर/महाप्रबंधक, जिला उद्योग केन्द्रों द्वारा निष्पादित की जानी है। अतः लीज डीड की शर्तों के उल्लंघन के मामलों में कार्यवाही जिला कलेक्टर/महाप्रबंधक, जिला उद्योग केन्द्र द्वारा ही की जानी चाहिए। ऐसे मामलों को निदेशक, उद्योग विभाग अथवा जिला कलेक्टर के समक्ष समय पर प्रस्तुत करने की जिम्मेदारी सीधे रूप में महाप्रबंधक, जिला उ़द्योग केन्द्र की होगी।"

102. The lease deeds in question were executed by the District Collector in exercise of authority vested in him by the State for grant and administration of the subject Government land. Where an authority is empowered not merely to execute a grant, but also to administer the grant and enforce the conditions subject to which it was made, the power to take consequential action upon breach of such conditions is necessarily incidental and ancillary to the principal power. Cancellation or termination of a lease for violation of its essential conditions is an integral and inherent power, which cannot be separated from the power of executing the lease. In the case of **State of U.P. & Others vs. Maharaja Dharmander Prasad Singh & Others (supra),** the Hon'ble Supreme Court has categorically held that in the case of misrepresentation or fraud on the part of grantee, or in the case of violation of essential terms and conditions, power to grant include power to reverse or cancel the grant. The Hon'ble Supreme Court in the above decision observed as under:

> *"**54.** Indeed, the submissions of Shri Thakur on the point contemplate the exercise of the power to cancel or revoke the permission in three distinct situations. The first is where the grant is itself vitiated by fraud or misrepresentation on the part of the grantee at the time of obtaining the grant. To the second situation belong the class of cases where the grantee, after the grant violates the essential terms and conditions subject to which the grant is made. In these two areas, the power to grant must be held to include the power to revoke or cancel the permit, even in the absence of any*

other express statutory provisions in that behalf. There must, of course be the compliance with the requirements of natural justice and the grounds must be such as would justify such drastic action. This cancellation is a preventive step. The one aspect of the remedial measures is set out in Section 27 of the Act. There may be cases of third kind where the grant may be voidable at the instance of the Development Authority or otherwise entitling the Development Authority to initiate appropriate declaratory or other action to get rid of the effect of the permission."

103. Moreover, it is also noteworthy the petitioners having derived their rights under the lease-deeds executed by the District Collector and having submitted to the proceedings initiated by them, cannot subsequently question the authority to act upon breach of the very instrument executed by them. The objection, therefore, is devoid of merit and stands rejected.

104. In the case of **Rajasthan State Industrial Development & Investment Corporation & Another vs. Diamond & Gem Development Corporation Limited & Another (supra),** the Hon'ble Supreme court observed as under:

*"**15.** A party cannot be permitted to "blow hot-blow cold", "fast and loose" or "approbate and reprobate". Where one knowingly accepts the benefits of a contract, or conveyance, or of an order, he is estopped from denying the validity of, or the binding effect of such contract, or conveyance, or order upon himself. This rule is applied to ensure equity, however, it must not be applied in such a manner so as to violate the principles of what is right and of good conscience. [Vide Nagubai Ammal v. B. Shama Rao [AIR 1956 SC 593], CIT v. V. MR. P. Firm Muar [AIR 1965 SC 1216], Ramesh Chandra Sankla v. Vikram Cement [(2008) 14 SCC 58], Pradeep Oil Corpn. v. MCD [(2011) 5 SCC 270], Cauvery Coffee Traders v. Hornor Resources (International) Co. Ltd. [(2011) 10 SCC 420] and V. Chandrasekaran v. Administrative Officer [(2012) 12 SCC 133.]*

***16.** Thus, it is evident that the doctrine of election is based on the rule of estoppel—the principle that one cannot approbate and reprobate is inherent in it. The doctrine of estoppel by election is one among the species of estoppels in pais (or equitable estoppel), which is a rule of equity. By this law, a person may be precluded, by way of his actions, or conduct, or silence when it is his duty to speak, from asserting a right which he would have otherwise had."*

105. Similar view has been taken by the Hon'ble Supreme Court in another judgment in the case of **Authorised Officer, Indian Overseas Bank & Another vs. Ashok Saw Mill**

(supra), where question of maintainability of appeal was not entertained at a later stage after submitting jurisdiction of the appellate Authority.

106. However, the contention raised on behalf of the petitioners that the impugned action is vitiated on account of violation of the principles of natural justice deserves to be considered in the light of the nature of the power exercised by the competent authority and the procedure actually followed in the present case. It is true that the lease deed contains a stipulation that in the event of violation of any of its conditions, the leased land would revert to the Government. However, such stipulation merely prescribes the consequence which may follow upon establishment of a breach, therefore, it cannot ordinarily be construed as authorising the competent authority to unilaterally record a finding of violation without affording the lessee a reasonable opportunity to explain the alleged breach. Where reversion of the leased land is founded upon an alleged violation of the conditions of the lease and entails serious civil consequences for the lessee, the authority is required to act fairly and in conformity with the principles of natural justice. The lessee must, therefore, ordinarily be apprised of the specific allegations and afforded an effective opportunity to place his defence before a final decision is taken.

107. The petitioners' reliance upon the judgments of Hon’ble Supreme Court in **A.K. Kraipak & Others (supra), Mrs. Maneka Gandhi (supra)** and **Ramana Dayaram Shetty (supra)** in support of the proposition that administrative action having civil consequences must conform to fairness, is

unexceptionable as a general proposition. However, the above judgments do not lay down that every administrative decision adverse to a person must necessarily be subjected to a full-fledged trial-like adjudication. The extent of procedural protection depends upon the nature of the power, the statutory framework and the circumstances in which the power is exercised.

108. In the present case, however, the record does not disclose a denial of such opportunity. The District Collector, who was the executant of the lease deeds on behalf of the Government, upon noticing the alleged violations, issued notices dated 16.06.2025 to the petitioners specifically calling upon them to submit reply within seven days, i.e. by 23.06.2025. Thus, the petitioners were not only apprised of the alleged violations, but also afforded a reasonable period to furnish explanation and supporting material. The petitioners availed the said opportunity and submitted a detailed reply along with voluminous documents on 23.06.2025 at about 4:00 p.m. The fact that the District Collector, who had issued the notices was transferred on 22.06.2025 and a successor Collector assumed charge on 24.06.2025, does not, by itself, render the proceedings invalid or require the entire exercise to commence afresh, particularly when the successor authority was competent to decide the matter and had before it the entire record of the proceedings.

109. It has not been disputed that the successor Collector assumed charge at about 10.00 a.m. on 24.06.2025 and passed the impugned orders at about 11:00 a.m. on the same day. Contention raised by the petitioners is that the short interval between the filing of the detailed reply and passing of the orders

demonstrates that the opportunity of hearing was merely illusory. However, the applicability of the principles of natural justice cannot be determined merely by counting the hours which elapsed between submission of the reply and passing of the orders. Natural justice does not prescribe any inflexible period within which a competent authority must consider a reply. The real test is whether the opportunity afforded to the affected person was meaningful or not; and whether the material placed by him was actually considered before an adverse decision was taken or not. In the present case, the impugned order runs into 20 pages and, on examination thereof, it is evident that the authority has considered the facts, objections, explanations and material placed by the petitioners in reply and has recorded reasons for arriving at the conclusion that the conditions of the lease deeds had been violated. Thus, this is not a case where the authority merely issued a notice, received a reply and proceeded to mechanically pass an order without considering the defence.

110. The mere fact that the impugned orders were passed expeditiously after the successor Collector assumed charge cannot, in these circumstances, be treated as conclusive proof that the reply was not considered. Administrative decisions cannot be invalidated merely on the ground that they were taken with expedition, particularly when the decision-making record demonstrates application of mind to the defence raised by the affected party. Administrative decision-making is necessarily undertaken with the assistance of administrative machinery, wherein the concerned officials may examine the record, collect and analyse the relevant material, place the matter before the

competent authority and assist in preparation of draft order. Equally, the length of the order by itself is not determinative; what is material is whether the substantive objections and material placed by the petitioners were considered or not? In the present case, the orders undeniably demonstrate such consideration. The petitioners also failed to point out any specific contention, document or material placed along with the reply which was ignored, overlooked or not dealt with by the competent authority. The challenge, therefore, rests essentially upon the short interval between the filing of the reply and passing of the orders, rather than upon any demonstrable failure on the part of the authority to consider the petitioners' defence.

111. The principles of natural justice are intended to ensure fairness in decision-making and not to convert procedural safeguards into empty or ritualistic formalities. While the requirement of fair hearing assumes greater significance where the proposed action entails serious civil consequences such as reversion of leasehold land, the mere seriousness of the consequence does not mean that an otherwise reasoned decision must necessarily be set aside in the absence of any demonstrated failure of fair consideration. Where a person has been duly informed of the allegations, afforded an opportunity to submit his explanation, has actually availed such opportunity by filing a detailed reply and supporting documents, and the competent authority has thereafter considered the defence and recorded reasons for its conclusion, a challenge based merely upon the alleged inadequacy of the time taken by the authority for consideration of the reply cannot ordinarily be sustained unless

the petitioner demonstrates that such procedure caused him actual or consequential prejudice.

112. While dealing with the question of applicability of principles of natural justice, in the case of **State of Uttar Pradesh vs. Sudhir Kumar Singh & Others (supra)**, the Hon'ble Supreme Court held that breach of natural justice does not, by itself, invalidate an order and the Court must examine whether actual or demonstrable prejudice has been caused to the affected person. The effect of violation of natural justice is to be tested on the touchstone of prejudice and a mere technical breach does not vitiate an order unless actual or self-evident prejudice to the affected person is established. Following part of the judgment being relevant is quoted below:

> *"**31.** In some of the early judgments of this Court, the non-observance of natural justice was said to be prejudice in itself to the person affected, and proof of prejudice, independent of proof of denial of natural justice, was held to be unnecessary. The only exception to this rule is where, on "admitted or indisputable" facts only one conclusion is possible, and under the law only one penalty is permissible. In such cases, a Court may not issue its writ to compel the observance of natural justice, not because it is not necessary to observe natural justice, but because Courts do not issue writs which are "futile" — see S.L. Kapoor v. Jagmohan, [(1980) 4 SCC 379], para 24. In P.D. Agrawal v. SBI [(2006) 8 SCC 776], however, the Court observed that this statement of the law has undergone a "sea change", as follows: (P.D. Agrawal case, SCC pp. 793-94, para 39*
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> > *"39. Decision of this Court in S.L. Kapoor v. Jagmohan whereupon Mr Rao placed strong reliance to contend that non-observance of principle of natural justice itself causes prejudice or the same should not be read "as it causes difficulty of prejudice", cannot be said to be applicable in the instant case. The principles of natural justice, as noticed hereinbefore, have undergone a sea change. In view of the decisions of this Court in State Bank of Patiala v. S.K. Sharma [(1996) 3 SCC 364] and Rajendra Singh v. State of M.P. [(1996) 5 SCC 460] the principle of law is that some real prejudice must have been caused to the complainant. The Court has shifted from its earlier concept that even a small violation shall result in the order being rendered a nullity. To the principle/doctrine of audi alteram partem, a clear distinction has been laid down between the cases where there was no hearing at all and the cases where there was mere technical infringement of*

> *the principle. The Court applies the principles of natural justice having regard to the fact situation obtaining in each case. It is not applied in a vacuum without reference to the relevant facts and circumstances of the case. It is no unruly horse. It cannot be put in a straitjacket formula."*
>
> *(emphasis supplied)*

39. *In Aligarh Muslim University v. Mansoor Ali Khan [(2000) 7 SCC 529], the aforesaid authorities were relied upon, and the answer given was that there is no absolute rule, and prejudice must be shown depending on the facts of each case, as follows : (SCC pp. 539-40, paras 24-25)*

> *"24. The principle that in addition to breach of natural justice, prejudice must also be proved has been developed in several cases. In K.L. Tripathi v. SBI [(1984) 1 SCC 43] Sabyasachi Mukharji, J. (as he then was) also laid down the principle that not mere violation of natural justice but de facto prejudice (other than non-issue of notice) had to be proved. It was observed, quoting Wade's Administrative Law (5th Edn., pp. 472-75), as follows : (SCC p. 58, para 31)*
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> > *'31. … [I]t is not possible to lay down rigid rules as to when the principles of natural justice are to apply, nor as to their scope and extent. … There must also have been some real prejudice to the complainant; there is no such thing as a merely technical infringement of natural justice. The requirements of natural justice must depend on the facts and circumstances of the case, the nature of the inquiry, the rules under which the tribunal is acting, the subject-matter to be dealt with, and so forth.'*

Since then, this Court has consistently applied the principle of prejudice in several cases. The above ruling and various other rulings taking the same view have been exhaustively referred to in State Bank of Patiala v. S.K. Sharma. In that case, the principle of "prejudice" has been further elaborated. The same principle has been reiterated again in Rajendra Singh v. State of M.P.

25. The "useless formality" theory, it must be noted, is an exception. Apart from the class of cases of "admitted or indisputable facts leading only to one conclusion" referred to above, there has been considerable debate on the application of that theory in other cases. The divergent views expressed in regard to this theory have been elaborately considered by this Court in M.C. Mehta v. Union of India, (1999) 6 SCC 237 referred to above. This Court surveyed the views expressed in various judgments in England by Lord Reid, Lord Wilberforce, Lord Woolf, Lord Bingham, Megarry, J. and Straughton, L.J. etc. in various cases and also views expressed by leading writers like Profs. Garner, Craig, de Smith, Wade, D.H. Clark, etc. Some of them have said that orders passed in violation must always be quashed for otherwise the court will be prejudging the issue. Some others have said that there is no such absolute rule and prejudice must be shown. Yet, some others have applied via media rules. We do not think it necessary in this case to go deeper into these issues. In the ultimate analysis, it may depend on the facts of a particular case."

(emphasis in original)

42. *An analysis of the aforesaid judgments thus reveals:*

42.1. *Natural justice is a flexible tool in the hands of the judiciary to reach out in fit cases to remedy injustice. The breach of the audi alteram partem rule cannot by itself, without more, lead to the conclusion that prejudice is thereby caused.*

42.3. *No prejudice is caused to the person complaining of the breach of natural justice where such person does not dispute the case against him or it. This can happen by reason of estoppel, acquiescence, waiver and by way of non-challenge or non-denial or admission of facts, in cases in which the Court finds on facts that no real prejudice can therefore be said to have been caused to the person complaining of the breach of natural justice.*

42.4. *In cases where facts can be stated to be admitted or indisputable, and only one conclusion is possible, the Court does not pass futile orders of setting aside or remand when there is, in fact, no prejudice caused. This conclusion must be drawn by the Court on an appraisal of the facts of a case, and not by the authority who denies natural justice to a person.*

42.5. *The "prejudice" exception must be more than a mere apprehension or even a reasonable suspicion of a litigant. It should exist as a matter of fact, or be based upon a definite inference of likelihood of prejudice flowing from the non-observance of natural justice."*

113. In the case of **S.L. Kapoor (supra)**, while holding that denial of oral hearing after serving notice would not amount to denial of principals of natural justice, moreso when the admitted facts indicate only one conclusion, the Hon'ble Supreme Court held as under:

*"**16.** Thus on a consideration of the entire material placed before us we do not have any doubt that the New Delhi Municipal Committee was never put on notice of any action proposed to be taken under Section 238 of the Punjab Municipal Act and no opportunity was given to the Municipal Committee to explain any fact or circumstance on the basis that action was proposed. If there was any correspondence between the New Delhi Municipal Committee and any other authority about the subject-matter of any of the allegations, if information was given and gathered it was for entirely different purposes. In our view, the requirements of natural justice are met only if opportunity to represent is given in view of proposed action. The demands of natural justice are not met even if the very person proceeded against has furnished the information on which the action is based, if it is furnished in a casual way or for some other purpose. We do not suggest that the opportunity need be a "double opportunity" that is, one opportunity on the factual allegations and another on the proposed penalty. Both may be rolled into one. But the person proceeded against must*

know that he is being required to meet the allegations which might lead to a certain action being taken against him. If that is made known the requirements are met. We disagree with the finding of the High Court that the Committee had the opportunity to meet the allegations contained in the order of supersession.

17. *Linked with this question is the question whether the failure to observe natural justice does at all matter if the observance of natural justice would have made no difference, the admitted or indisputable facts speaking for themselves. Where on the admitted or indisputable facts only one conclusion is possible and under the law only one penalty is permissible, the court may not issue its writ to compel the observance of natural justice, not because it approves the non-observance of natural justice but because courts do not issue futile writs. But it will be a pernicious principle to apply in other situations where conclusions are controversial, however, slightly, and penalties are discretionary."*

114. In the case of **P.D. Agrawal(supra)**, it has been held by the Hon'ble Supreme Court that principles of natural justice cannot be applied in vaccum, but its application varies from case to case. Plea of denial of natural justice cannot be raised unless any prejudice due to non-compliance is clearly established. Following part of the judgment being relevant is reproduced as below:

*"**39.** Decision of this Court in S.L. Kapoor v. Jagmohan whereupon Mr Rao placed strong reliance to contend that non-observance of principle of natural justice itself causes prejudice or the same should not be read "as it causes difficulty of prejudice", cannot be said to be applicable in the instant case. The principles of natural justice, as noticed hereinbefore, have undergone a sea change. In view of the decisions of this Court in State Bank of Patiala v. S.K. Sharma and Rajendra Singh v. State of M.P. the principle of law is that some real prejudice must have been caused to the complainant. The Court has shifted from its earlier concept that even a small violation shall result in the order being rendered a nullity. To the principle/doctrine of audi alteram partem, a clear distinction has been laid down between the cases where there was no hearing at all and the cases where there was mere technical infringement of the principle. The Court applies the principles of natural justice having regard to the fact situation obtaining in each case. It is not applied in a vacuum without reference to the relevant facts and circumstances of the case. It is no unruly horse. It cannot be put in a straitjacket formula. (See Viveka Nand Sethi v. Chairman, J&K Bank Ltd. [(2005) 5 SCC 337] and State of U.P. v. Neeraj Awasthi [(2006) 1 SCC 667] . See also Mohd. Sartaj v. State of U.P. [(2006) 2 SCC 315])"*

115. Similarly in the case of **A.S. Motors Private Limited (supra)**, Hon'ble Apex Court has highlighted that the principles of

natural justice are flexible and must be applied having regard to the facts, circumstances, applicable rules and nature of the proceedings. The essential requirement is a fair and reasonable opportunity to present one's case, and a violation would vitiate the action only where it has caused actual prejudice. Merely a plea of technical breach is insufficient to claim such protection. Para 8 of the judgment is relevant, which states as under:

> *"**8.** Rules of natural justice, it is by now fairly well settled, are not rigid, immutable or embodied rules that may be capable of being put in straitjacket nor have the same been so evolved as to apply universally to all kind of domestic tribunals and enquiries. What the courts in essence look for in every case where violation of the principles of natural justice is alleged is whether the affected party was given reasonable opportunity to present its case and whether the administrative authority had acted fairly, impartially and reasonably. The doctrine of audi alteram partem is thus aimed at striking at arbitrariness and want of fair play. Judicial pronouncements on the subject have, therefore, recognised that the demands of natural justice may be different in different situations depending upon not only the facts and circumstances of each case but also on the powers and composition of the tribunal and the rules and regulations under which it functions. A court examining a complaint based on violation of rules of natural justice is entitled to see whether the aggrieved party had indeed suffered any prejudice on account of such violation. To that extent there has been a shift from the earlier thought that even a technical infringement of the rules is sufficient to vitiate the action. Judicial pronouncements on the subject are legion. We may refer to only some of the decisions on the subject which should in our opinion suffice."*

116. This Court finds that in the cases of **M/s. Radhakrishna Agarwal & Others (supra)** the Hon'ble Supreme Court has categorically held that where the State has entered into a contract, the relations are no longer governed by the general provisions but by the legally valid contract, which determines the rights and obligations of the parties inter se the limitations imposed by rules of natural justice cannot operate upon powers, which are governed by the agreement exclusively and further held that in such cases, only question normally arises is asa to whether the action complained of is or is not in consonance with the terms

of the agreement or not. Following paragraphs of the judgment being relevant are quoted hereunder:

> *"10. It is thus clear that the Erusian Equipment & Chemicals Ltd.'s case (supra) involved discrimination at the very threshold or at the time of entry into the field of consideration of persons with whom the Government could contract at all. At this stage, no doubt, the State acts purely in its executive capacity and is bound by the obligations which dealings of the State with the individual citizens import into every transaction entered into in exercise of its constitutional powers. But, after the State or its agents have entered into the field of ordinary contract, the relations are no longer governed by the constitutional provisions but by the legally valid contract which determines rights and obligations of the parties inter se. No question arises of violation of Article 14 or of any other constitutional provision when the State or its agents, purporting to act within this field, perform any act. In this sphere, they can only claim rights conferred upon them by contract and are bound by the terms of the contract only unless some statute steps in and confers some special statutory power or obligation on the State in the contractual field which is apart from contract.*
>
> *25. The limitations imposed by rules of natural justice cannot operate upon powers which are governed by the terms of an agreement exclusively. The only question which normally arises in such cases is whether the action complained of is or is not in consonance with the terms of the agreement. As already pointed out by us, even if by some stretch of imagination some case of unequal or discriminatory treatment by the officers of the State of persons governed by similar contracts is sought to be made out, a satisfactory adjudication upon the unusual facts of such a case would necessitate proper pleadings supported by acceptable evidence. In that case, the interim stay order or injunction could not be justified at all because so long as a Presidential Order, under Article 359 of the Constitution, is operative, the enforcement of fundamental rights falling under Article 14 is suspended. In such cases even if a petition or suit is entertained and kept pending no stay order could be passed because that would amount to indirectly enforcing the fundamental rights conferred by Article 14 of the Constitution. It is only where a prima facie case for an injunction or stay can be made out, quite apart from a right covered by Article 14 of the Constitution or by any other fundamental right whose enforcement may have been suspended, that an injunction or stay could be granted at all on suitable terms As we have already said it was on such an assumption that this Court had, apparently, granted the interim stay which must now be discharged."*

117. Furthermore, in the case of **Pimpri Chinchwad Municipal Corporation & Others (supra),** it has been held that merely because a contract is entered into in exercise of an enabling power conferred by a statue that by itself cannot render

the contract a statutory contract. If a contract incorporates certain terms and conditions which are statutory, then such contract to that extent is statutory. It was held that termination thereof is not a quasi-judicial, so as to attract principles of natural justice. It is rather executive or administrative act, where there may not be a requirement for following the principles of natural justice. It would be relevant to refer following part of the judgment as under:

> *"**14.** Reference can also be made to State of Gujarat v. Meghji Pethraj Shah Charitable Trust [(1994) 3 SCC 552]. In para 22 it was observed as follows : (SCC pp. 568-69)*
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> > *"22. We are unable to see any substance in the argument that the termination of arrangement without observing the principle of natural justice (audi alteram partem) is void. The termination is not a quasi-judicial act by any stretch of imagination; hence it was not necessary to observe the principles of natural justice. It is not also an executive or administrative act to attract the duty to act fairly. It was—as has been repeatedly urged by Shri Ramaswamy—a matter governed by a contract/agreement between the parties. If the matter is governed by a contract, the writ petition is not maintainable since it is a public law remedy and is not available in private law field e.g. where the matter is governed by a non-statutory contract. Be that as it may, in view of our opinion on the main question, it is not necessary to pursue this reasoning further."*
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> ***16.** At para 11 of India Thermal Power Ltd. v. State of M.P. [(2000) 3 SCC 379] it was observed as follows: (SCC pp. 386-87, para 11)*
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> > *"11. It was contended by Mr Cooper, learned Senior Counsel appearing for appellant GBL and also by some counsel appearing for other appellants that the appellant/IPPs had entered into PPAs under Sections 43 and 43-A of the Electricity Supply Act and as such they are statutory contracts and, therefore, MPEB had no power or authority to alter their terms and conditions. This contention has been upheld by the High Court. In our opinion the said contention is not correct and the High Court was wrong in accepting the same. Section 43 empowers the Electricity Board to enter into an arrangement for purchase of electricity on such terms as may be agreed. Section 43-A(1) provides that a generating company may enter into a contract for the sale of electricity generated by it with the Electricity Board. As regards the determination of tariff for the sale of electricity by a generating company to the Board, Section 43-A(2) provides that the tariff shall be determined in accordance with the norms regarding operation and plant-load factor as may be laid down by the authority and in accordance with the rates of depreciation and reasonable return and such other factors as may be determined from time to time by the Central Government by a notification in the Official*

> *Gazette. These provisions clearly indicate that the agreement can be on such terms as may be agreed upon by the parties except that the tariff is to be determined in accordance with the provision contained in Section 43-A(2) and notifications issued thereunder. Merely because a contract is entered into in exercise of an enabling power conferred by a statute that by itself cannot render the contract a statutory contract. If entering into a contract containing the prescribed terms and conditions is a must under the statute then that contract becomes a statutory contract. If a contract incorporates certain terms and conditions in it which are statutory then the said contract to that extent is statutory. A contract may contain certain other terms and conditions which may not be of a statutory character and which have been incorporated therein as a result of mutual agreement between the parties. Therefore, the PPAs can be regarded as statutory only to the extent that they contain provisions regarding determination of tariff and other statutory requirements of Section 43-A(2). Opening and maintaining of an escrow account or an escrow agreement are not the statutory requirements and, therefore, merely because PPAs contemplate maintaining escrow accounts that obligation cannot be regarded as statutory."*

118. This Court in the case of **Shreeji Industries (supra)**, while relying upon the judgment of the Hon'ble Supreme Court in **M/s. Radhakrishna Agarwal & Others (supra),** has held that in a purely contractual relationship, the rights and obligations of the parties are governed by the terms of the contract, and where termination is effected under the contractual terms, the principles of natural justice do not ordinarily govern the proceedings and the primary question would be as to whether the action conforms to the terms of the agreement. It was laid down by the coordinate Bench of this court, as under:

> *"7. In Radhakrishna Agrawal's case, AIR 1977 SC 1496 the Supreme Court has observed that at the time of entry into the field of consideration of persons with whom the Government could contract the State is bound by the obligation of the State with the individual citizens import into every transaction entered into in exercise of its constitutional powers. But, after the State, or its agents, have entered into the field of ordinary contract, the relations are no longer governed by the constitutional provisions but by the legally valid contract which determines rights and obligations of the parties inter se & no question arises of violation of Article 14 or of any other constitutional provision when the State or its agent, purporting to act within this field, perform any act. The Supreme Court has further observed that in this sphere, they can only claim rights conferred upon them by the contract and are bound by the*

> *terms of the contract only unless some statute steps in and confers some special statutory power or obligation on the State in the contractual field which is apart from contract. The Supreme Court, after examining its earlier decisions, has laid down that in a case where the contract entered into between the State and the person aggrieved is non-statutory and purely contractual and the rights and liabilities of the parties are governed by the terms of the contract, and one of the parties to the contract complains about breach of such contract by the State, no writ or order can be issued under Article 226 of the-Constitution to compel the authorities to remedy a breach of contract pure and simple. In the said case, the Supreme Court has also dealt with the question as to whether the action of the State in cancelling the contract can be open to challenge on the ground of disregard of the principles of natural justice and has observed as under:*
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> *"Rules of natural justice are attached to the performance of certain functions regulated by statutes or rules made thereunder involving decisions affecting rights of pa ties. When a contract is sought to be terminated by the Officers of the State, purporting to act under the terms of an agreement between parties, such action is not taken in purported exercise of a statutory power at all."*
>
> *"The limitations imposed, by rules of natural justice cannot operate upon powers which are governed by the terms of an agreement exclusively. The only question which normally arise in such cases is whether the action complained of is or is not in consonance with the terms of the agreement.""*

119. The doctrine of prejudice is particularly relevant in the facts of the present case. It is not a case of complete denial of hearing; rather, the petitioner was afforded the opportunity contemplated by the notice and availed the same to the fullest extent by submitting a detailed reply with voluminous material. The question, therefore, is whether any prejudice has been occasioned to him by the fact that the successor Collector passed the order shortly after assuming charge. The petitioner has not been able to identify any particular defence which remained unanswered, any material document which was not considered, or any contention which was left unexamined and which, if considered, could reasonably have altered the ultimate decision. In the absence of such demonstration, the plea of prejudice cannot be founded merely upon the chronology of events. The

Court is conscious that the doctrine of natural justice cannot be reduced to a mechanical requirement of issuing notice; equally, it cannot be invoked to invalidate an otherwise fair and reasoned decision merely on the basis of a procedural objection which has caused no demonstrable prejudice.

120. The fact that the original District Collector was transferred immediately before expiry of the period granted for filing the reply also does not, in the facts of the present case, lead to a contrary conclusion. There is no material to suggest that the transfer was engineered with a view to deprive the petitioners of a hearing or that the successor District Collector acted with any predetermined mind. The successor authority was required to consider the record placed before him and take an appropriate decision in accordance with the governing lease conditions and the applicable statutory framework. The record indicates that the District Collector did so and passed a detailed and reasoned order. Unless the governing statute or the terms of the lease specifically require the same officer who issued the notice to finally adjudicate the matter, the mere change of incumbent cannot be regarded as destructive of the validity of the proceedings.

121. It is also necessary to bear in mind that the clause providing for reversion of the land upon violation of the lease conditions cannot be regarded as having been invoked mechanically. The authority was required to establish the foundational fact, namely, the existence of violation of the lease conditions, before the consequence of reversion could follow. The procedure adopted in the present case satisfies that requirement. The petitioner was first put to notice of the alleged violations; he

was granted time to respond; he submitted his detailed defence and supporting material; and the competent authority thereafter examined the material and recorded a finding of violation before directing reversion. Thus, the sequence of allegation of breach, notice specifying the alleged breach, opportunity to explain, submission of reply and material, consideration thereof, recording of a reasoned finding and consequential decision regarding reversion is substantially reflected in the proceedings.

122. This Court is also unable to accept that the immediate taking over of possession on the same day, by itself, demonstrates violation of natural justice. Once the competent authority had, after following the aforesaid procedure, recorded a finding that the conditions of the lease deeds stood violated and the lease conditions/statutory framework authorised reversion and resumption of possession, the consequential act of taking possession cannot be invalidated solely because it was carried out expeditiously. The validity of such consequential action would, of course, depend upon compliance with any specific statutory or contractual requirement governing the manner and timing of taking possession. But in the absence of any demonstrated violation of such requirement, the mere fact that possession was taken on the same day, even with the assistance of the police, does not establish breach of natural justice.

123. This Court, therefore, finds that the present case is materially different from a case where an adverse order is passed without notice, without permitting the affected person to submit his defence, or without consideration of the defence submitted. Here, the petitioners were afforded an opportunity, they availed

the same, their detailed reply and accompanying material were considered and reasoned orders were thereafter passed. The requirement of natural justice is concerned with fair opportunity and fair consideration and not with prescribing an artificial or predetermined period for deliberation by the decision-making authority. In the absence of any specific statutory requirement prescribing a further period for consideration or any material demonstrating that the petitioner's defence was not actually considered, this Court finds no violation of the principles of natural justice merely because the successor District Collector passed the orders shortly after assuming the charge.

124. Accordingly, the plea that the impugned orders are vitiated for violation of the principles of natural justice is found to be without substance. The petitioners have failed to establish not only denial of an opportunity of hearing but also any actual or consequential prejudice arising from the alleged shortness of time between submission of the reply and passing of the orders. The impugned orders reflect consideration of the petitioners' defence and the material placed on record as also the finding of violation has been recorded for reasons stated therein. The challenge on the ground of violation of natural justice, therefore, cannot be accepted.

125. The legal position governing the scope of judicial review is settled. In the case of **Tata Cellular (supra)**, the Hon'ble Supreme Court held that while examining the matter relating to Government contracts, Writ Court under Article 226 of the Constitution of India can examine only the decision making process and not the merits of the decision itself, as the Court does

not sit as appellate authority while exercising powers of judicial review. Guidelines laid down in aforesaid judgment can be summarised in following paragraph of the judgment:

> *"**77.** The duty of the court is to confine itself to the question of legality. Its concern should be:*
>
> *1. Whether a decision-making authority exceeded its powers?*
> *2. Committed an error of law,*
> *3. committed a breach of the rules of natural justice,*
> *4. reached a decision which no reasonable tribunal would have reached or,*
> *5. abused its powers.*
>
> *Therefore, it is not for the court to determine whether a particular policy or particular decision taken in the fulfilment of that policy is fair. It is only concerned with the manner in which those decisions have been taken. The extent of the duty to act fairly will vary from case to case. Shortly put, the grounds upon which an administrative action is subject to control by judicial review can be classified as under:*
>
> *(i) Illegality : This means the decision-maker must understand correctly the law that regulates his decision-making power and must give effect to it.*
> *(ii) Irrationality, namely, Wednesbury unreasonableness.*
> *(iii) Procedural impropriety"*

126. The aforesaid principles remain the governing parameters. This Court is, therefore, required to examine the legality of the decision-making process and not to substitute its own assessment of the factual material for that of the competent authority.

127. In the present case, the petitioners were not condemned unheard. Seven separate show-cause notices were issued, the allegations concerning breach of the lease conditions and the rehabilitation arrangement were communicated and the petitioners submitted detailed replies on 23.06.2025. The impugned orders thereafter record consideration of their defence after dealing all the issues meticulously. Thus, the core requirement of *audi alteram partem* and fairness of decision making process was complied with.

128. The objection that the fact-finding Committee's report was not separately supplied also cannot, in the facts of the present case, result in automatic invalidation of the proceedings. It is a matter of undisputed record that the contents and substance of conclusion of Committee’s report form part of the show cause notices dated 16.06.2025 which were duly replied by the petitioners after dealing with such contents also, hence, the petitioners cannot be allowed to raise a point that non-supply of Committee’s report, irrespective of the fact that contents thereof were part of the show cause notices, results in violation of natural justice. The doctrine of natural justice is intended to secure a fair opportunity and not to create a ritualistic or mechanical procedure. In the case of **Aligarh Muslim University & Othes vs. Mansoor Ali Khan, (2000) 7 SCC 529,** after considering the earlier judgment of **S.L. Kapoor (supra)**, the Hon’ble Supreme Court examined the "useless formality theory" and observed, inter alia, that where the admitted or indisputable facts establish that only one conclusion was possible, the Court may consider whether setting aside the order merely on account of breach of natural justice would serve any useful purpose. Relevant paragraphs thereof are being quoted hereunder:

> *“**25.** The “useless formality” theory, it must be noted, is an exception. Apart from the class of cases of “admitted or indisputable facts leading only to one conclusion” referred to above, there has been considerable debate on the application of that theory in other cases. The divergent views expressed in regard to this theory have been elaborately considered by this Court in M.C. Mehta[1] referred to above. This Court surveyed the views expressed in various judgments in England by Lord Reid, Lord Wilberforce, Lord Woolf, Lord Bingham, Megarry, J. and Straughton, L.J. etc. in various cases and also views expressed by leading writers like Profs. Garner, Craig, de Smith, Wade, D.H. Clark etc. Some of them have said that orders passed in violation must always be quashed for otherwise the court will be prejudging the issue. Some others have said that there is no such absolute rule and*

prejudice must be shown. Yet, some others have applied via media rules. We do not think it necessary in this case to go deeper into these issues. In the ultimate analysis, it may depend on the facts of a particular case.

35. *Thus, in our view, in the above peculiar circumstances, the only conclusion that can be drawn is that even if Mr Mansoor Ali Khan had been given notice and he had mentioned this fact of job continuance in Libya as a reason, that would not have made any difference and would not have been treated as a satisfactory explanation under Rule 5(8)(i). Thus, on the admitted or undisputed facts, only one view was possible. The case would fall within the exception noted in S.L. Kapoor case[4]. We, therefore, hold that no prejudice has been caused to the officer for want of notice under Rule 5(8)(i). We hold against Mr Mansoor Ali Khan under Point 5."*

129. The present case, however, need not be decided upon any broad proposition that non-supply of the report is always immaterial. The relevant consideration is that the substance of the allegations was communicated to the petitioners and was specifically answered by them. No particular finding in the impugned orders has been identified in respect of which the petitioners were unable to furnish their defence merely because the separate internal report was not supplied. Consequently, no demonstrable prejudice has been established.

130. The principles laid down by the Hon'ble Supreme Court in **Kranti Associates Private Limited & Another (supra)**, as relied by learned Senior Counsel appearing for the petitioners, also does not assist the petitioners. Para 47 of the judgment contains summary of the guidelines laid down by the Hon'ble Apex court, in following manner:

*"**47.** Summarising the above discussion, this Court holds:*
(a) In India the judicial trend has always been to record reasons, even in administrative decisions, if such decisions affect anyone prejudicially.

(b) A quasi-judicial authority must record reasons in support of its conclusions.

(c) Insistence on recording of reasons is meant to serve the wider principle of justice that justice must not only be done it must also appear to be done as well.

(d) Recording of reasons also operates as a valid restraint on any possible arbitrary exercise of judicial and quasi-judicial or even administrative power.

(e) Reasons reassure that discretion has been exercised by the decision-maker on relevant grounds and by disregarding extraneous considerations.

(f) Reasons have virtually become as indispensable a component of a decision-making process as observing principles of natural justice by judicial, quasi-judicial and even by administrative bodies.

(g) Reasons facilitate the process of judicial review by superior courts.

(h) The ongoing judicial trend in all countries committed to rule of law and constitutional governance is in favour of reasoned decisions based on relevant facts. This is virtually the lifeblood of judicial decision-making justifying the principle that reason is the soul of justice.

(i) Judicial or even quasi-judicial opinions these days can be as different as the judges and authorities who deliver them. All these decisions serve one common purpose which is to demonstrate by reason that the relevant factors have been objectively considered. This is important for sustaining the litigants' faith in the justice delivery system.

(j) Insistence on reason is a requirement for both judicial accountability and transparency.

(k) If a judge or a quasi-judicial authority is not candid enough about his/her decision-making process then it is impossible to know whether the person deciding is faithful to the doctrine of precedent or to principles of incrementalism.

(l) Reasons in support of decisions must be cogent, clear and succinct. A pretence of reasons or "rubber-stamp reasons" is not to be equated with a valid decision-making process.

(m) It cannot be doubted that transparency is the sine qua non of restraint on abuse of judicial powers. Transparency in decision-making not only makes the judges and decision-makers less prone to errors but also makes them subject to broader scrutiny. (See David Shapiro in Defence of Judicial Candor [(1987) 100 Harvard Law Review 731-37] .)

(n) Since the requirement to record reasons emanates from the broad doctrine of fairness in decision-making, the said requirement is now virtually a component of human rights and was considered part of Strasbourg Jurisprudence. See Ruiz Torija v. Spain [(1994) 19 EHRR 553] EHRR, at 562 para 29 and Anya v. University of Oxford [2001 EWCA Civ 405 (CA)], wherein the Court referred to Article 6 of the European Convention of Human Rights which requires,

"adequate and intelligent reasons must be given for judicial decisions".

> *(o) In all common law jurisdictions judgments play a vital role in setting up precedents for the future. Therefore, for development of law, requirement of giving reasons for the decision is of the essence and is virtually a part of "due process"."*

131. Thus, the Hon'ble Supreme Court in the case of **Kranti Associates Private Limited & Another (supra)** emphasised the necessity of recording reasons so that the decision-making process becomes transparent and susceptible to judicial scrutiny. Upon examination of the impugned orders, this court finds that they are detailed, disclose the material considered and set out the reasons which weighed with the authority. The requirement of a reasoned decision cannot be converted into a requirement that every contention of the petitioners must be answered in the precise manner desired by them.

132. Another judgment relied upon by learned Senior Counsel appearing for the petitioners, in the case of **S.N. Mukherjee(supra),** deals with decisions of quasi-judicial authority, which require following of prescribed adjudication process and it has been held that the decision must be supported by the reasons. The Hon'ble Supreme Court has underscored the importance of recording reasons to ensure transparency in the decision-making process and facilitate judicial scrutiny. As observed here-in-above, on a perusal of the impugned orders, this Court finds that the orders are reasoned and detailed, disclose the material taken into consideration and indicate the basis on which the authority arrived at its conclusion. In view of above, another judgment in the case of **Managing Director, ECIL, Hyderabad & Others vs. B. Karunakar & Others (supra)** also does not advance the case of the petitioners.

133. The allegation of non-application of mind principally rests upon the fact that the newly appointed District Collector passed the seven orders shortly after assuming the charge. This circumstance, by itself, cannot establish pre-determination. The legal test is whether the authority considered the material placed before it and exercised its own judgment. No cogent material has been placed before this Court demonstrating that the District Collector acted under dictation or that the conclusion had been predetermined before considering the petitioners' replies. The mere speed with which an authority disposes of a matter cannot be treated as conclusive proof of non-application of mind.

134. While pressing the issues with regard to violation of principles of natural justice, lack of opportunity of hearing and non-application of mind, it was submitted by the learned Senior Counsel appearing for the petitioners that cancellation of lease deeds is fundamentally a quasi-judicial function and cannot be termed as merely an administrative function. This Court finds that the broad distinction between a quasi-judicial function and an administrative function lies in the nature of the power exercised, the manner in which it is exercised and the consequences flowing from the decision. A quasi-judicial authority is required to adjudicate a dispute or determine the rights, liabilities or legal interests of parties upon consideration of the material placed before it and in accordance with the prescribed legal framework, whereas an administrative authority, on the other hand, primarily exercises executive or managerial power for implementation of governmental policy, administration of public affairs or regulation of matters entrusted to it and its function does not necessarily

involve adjudication of a lis or determination of competing legal rights. The true character of the function has to be determined from the statutory scheme, the nature of the power conferred, the subject-matter, the manner in which the power is required to be exercised and the legal consequences of the decision.

135. To support his contention that the impugned action of cancellation is quasi-judicial function and not an administrative one, learned Senior Counsel appearing for the petitioners heavily relied upon the judgment of the Hon'ble Supreme Court in the case of **State of U.P. & Others vs. Maharaja Dharmander Prasad Singh & Others (supra),** wherein the Hon'ble Supreme Court observed as under:

> *"**55.** It is true that in exercise of powers of revoking or cancelling the permission is akin to and partakes of a quasi-judicial complexion and that in exercising of the former power the authority must bring to bear an unbiased mind, consider impartially the objections raised by the aggrieved party and decide the matter consistent with the principles of natural justice. The authority cannot permit its decision to be influenced by the dictation of others as this would amount to abdication and surrender of its discretion. It would then not be the authority's discretion that is exercised, but someone else's. If an authority "hands over its discretion to another body it acts ultra vires". Such an interference by a person or body extraneous to the power would plainly be contrary to the nature of the power conferred upon the authority. De Smith sums up the position thus:*
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> > *"The relevant principles formulated by the courts may be broadly summarised as follows. The authority in which a discretion is vested can be compelled to exercise that discretion, but not to exercise it in any particular manner. In general, a discretion must be exercised only by the authority to which it is committed. That authority must genuinely address itself to the matter before it: it must not act under the dictation of another body or disable itself from exercising a discretion in each individual case. In the purported exercise of its discretion it must not do what it has been forbidden to do, nor must it do what it has not been authorised to do. It must act in good faith, must have regard to all relevant considerations and must not be swayed by irrelevant considerations, must not seek to promote purposes alien to the letter or to the spirit of the legislation that gives it power to act, and must not act arbitrarily or capriciously. Nor where a judgment must be made that certain facts exist can a discretion be validly exercised on the basis of an erroneous*

> *assumption about those facts. These several principles can conveniently be grouped in two main categories: failure to exercise a discretion, and excess or abuse of discretionary power. The two classes are not, however, mutually exclusive.""*

136. This Court, upon respectful perusal of the judgment of the Hon'ble Supreme Court in the case of **State of U.P. & Others vs. Maharaja Dharmander Prasad Singh & Others (supra)** finds that the aforesaid judgment is clearly distinguishable on facts and in law and, therefore, does not advance the petitioners' case. The said judgment dealt with the exercise of regulatory powers by the competent authority in relation to cancellation of a permission earlier granted and did not concern a Government grant, execution of a lease pursuant thereto, or resumption/cancellation of such grant on account of breach of the conditions embodied therein. The controversy therein did not arise out of enforcement of contractual or grant conditions governing the use and enjoyment of Government land. The ratio of the said judgment, therefore, has no application to the present case, where the impugned action arises from the terms of the Government grant and the consequences expressly attached to breach of its conditions.

137. While explaining the quasi-judicial functions and administrative act, the Hon'ble Supreme Court in the case of **Province of Bombay vs. Khushaldas S. Advani (since deceased) & after him his legal representatives, AIR 1950 SC 222 (supra),** observed as under:

> *"[173]. What are the principles to be deduced from the two lines of cases I have referred to? The principles, as I apprehend them, are : (i) that if a statute empowers an authority, not being a Court in the ordinary sense, to decide disputes arising out of a claim made by one party under the statute which claim is opposed by another party and to determine the respective rights of the contesting parties who are opposed to each other there is a lis and prima facie, and in the absence of anything in the statute to the*

countrary it is the duty of the authority to act judicially and the decision of the authority is a quasi-judicial act, and (ii) that if a statutory authority has power to do any act which will prejudicially affect the subject , then, although there are not two parties apart from the authority and the contest is between the authority proposing to do the act and the subject opposing it, the final determination of the authority will yet be a quasijudicial act provided the authority is required by the statute to act judicially.

[174]. In other words, while the presence of two parties besides the deciding authority will prima facie and in the absence of any other factor impose upon the authority the duty to act judicially, the absence of two such parties is not decisive in taking the act of the authority out of the category of quasi-judicial act if the authority is nevertheless required by the statute to act judicially.

[176]. The question I have now to consider is whether the act of the Provincial Government under the Bombay Ordinance satisfied either of the two tests. In the case before us there were not two parties so as to make up a lis in the usual sense. Here the Provincial Government had been authorised to requisition land for a public purpose and the respondent's father whose interests were prejudicially affected opposed the requisition. The case, therefore, did not satisfy the test of a quasi-judicial act based on the presence of two parties apart from the Provincial Government. Chagla C. J. obviously felt the difficulty and tried to get over it by introducing the State as a party, as if, under the Government of India Act, 1935, the State was a legal entity apart from the Provincial Government. This introduction of a fiction is wholly unconvincing and cannot be supported. The Ordinance under review did not contemplate or permit such a fiction. The bald fact has to be faced that in this case there was an absence of two contending parties apart from the Provincial Government which was the deciding authority. This as I have said, is, however, not decisive, for it has yet to be enquired whether the case satisfied the second test, that is to say, whether the Ordinance required the Provincial Government to act judicially.

[177]. Turning now to the provisions of the Ordinance, it is contended that it is implicit in S. 3 that the existence of a public purpose must be determined judicially. The argument may be summed up thus : The existence of a public purpose as an objective fact was, under the main body of S. 3, a condition precedent to the exercise of the power of requisition, just as the non- user of land for any of the purposes mentioned in the proviso to S. 3 or the vacancy of the premises under S.4, were conditions precedent. This condition precedent being an objective fact, it had of necessity to be determined by the Provincial Government in a quasi-judicial manner. The first part of the argument wholly overlooks the difference in the language used in the main body of S. 3 and that used in the proviso in that section and that used in S. 4 of the Ordinances. The proviso to S. 3 placed certain lands outside the ambit of the power conferred on the Provincial Government by the main body of that section. If the Provincial Government purported to exercise its power of requisition with respect to land which fell within the provision an erroneous belief that it did not, then the Provincial Government overstepped the limits of its

powers and the offer of requisition would not bind anybody and could be challenged by suit as wholly without jurisdiction. Likewise, under S. 4 the Provincial Government's power of requisition had been confined in its range to vacant premises and if the Provincial Government purported to requisition premises as vacant premises which in fact were not vacant premises then also the Provincial Government entered the forbidden field and went beyond its power and its decision would not bind anybody and could be challenged by a suit. This would be the position in the two cases I have mentioned, because there was nothing in the Proviso to S. 3 or in S. 4 which could suggest that the question at the fulfilment of the condition precedent, namely, the non-user of the land for any of the purposes mentioned in the Proviso to S. 3 or the vacancy of the premises under S. 4, had in any manner been left to the subjective opinion of the Provincial Government. But, as I have already stated, the main body of S. 3, on a correct construction of it, expressly left the question of the existence of the public purpose along with the question of the necessity or expediency of requisitioning land to the subjective opinion of the Provincial Government and, therefore, its decision, if made in good faith, could not be questioned at all. The circumstance that the fulfilment of the condition precedent laid down in the Proviso to S. 3 or in S. 4 had not been left to the opinion of the Provincial Government could not affect the question of construction of the language used in the main body of S. 3 or alter the nature or character of the act under that section. The first part of the argument overlooks this aspect of the matter. The second part of the argument proceeds on the assumption that an objective fact can never be left to the subjective opinion of a specified authority and must always be determined judicially. The cases already referred to in connection with the first head of arguments clearly show that the question of the existence of a public purpose or the interests of the State and the like may well be, and indeed, often are, left to the subjective opinion or satisfaction of the specified authority and in such cases its decision, in the absence of bad faith, cannot be challenged in any proceeding. Even if the matter be not left to its subjective opinion; nevertheless, as already pointed out, an administrative authority has frequently to come to a decision in its own mind as to the objective facts such as the existence of a public purpose or the like as a step in the process of the exercise of its administrative powers. That decision if erroneous will not bind anybody and may be questioned an action. See the observations of Palles, O.B., in The Queen v. Local Government Board, (16 L. B. Ir. 150) (supra). The mere fact that the existence of a public purpose is a condition precedent to the exercise of the power of requisition will not necessarily make the decision as to its existence a qusi-judicial act. There is no warrant for saying that the fulfilment of the condition precedent to the exercise of an administrative power must necessarily and always be determined judicially by the authority invested with the power. The authority decides it for its own purpose and in case of dispute the final decision rests with the Court circumstance which also supports the view that the authority has no duty to decide it judicially. In my opinion, even on the assumption that the question of the existence of public purpose had not been left to the subjective opinion of the Provincial Government and that the question had to be *determined by the Government, there was nothing in S. 3 to suggest that such determination had to be made judicially at all. The observations of Lord Radcliffe in Nakkuda Ali's case (54 C. W. N. 883), (supra) at p. 887 are also instructive and helpful on this point.*

[179]. In considering and construing the above sections it has to be borne in mind that a mere provision for an enquiry as a preliminary step to coming to a decision will not necessarily make the decision a quasi-judicial act, for the purpose of the enquiry may only be to enable the deciding authority to make up its mind to do what may be purely administrative act. Take the case of Robinson v. Minister of Town and Country Planning, (1947-1 All E.R. 851: 1947 K.B. 702), (supra) to which reference has already been made were the act of the Minister was held to be an administrative act. Lord Greene M.B. said at p.859 :

> *"As an example of the difference to be found in the subject matter dealt with in different statutes I may point out that this case is different from a case where a Minister is given the duty of hearing an appeal from an order such as a closing order made by a local authority. This is not the case of an appeal. It is the case of an original order to be made by the Minister as an executive authority who is at liberty to base his opinion on whatever material he thinks fit, whether obtained in the ordinary course of his executive functions or derived from what is brought out at a public enquiry if there is one. They say that, in coming to his decision, he is in any sense acting in a quasi-judicial capacity is to misunderstand the nature of the process altogether. I am not concerned to dispute that the enquiry itself must be conducted on what may be described as quasi-judicial principles. but this is quite a different thing from saying that any such principles are applicable to the doing of the executive act itself, i.e. the making of the order. The enquiry is only a step in the process which leads to the result, and there is in my opinion , no justification for saying that the executive decision to make the order can be controlled by the Courts by reference to the evidence or lack of evidence at the inquiry which is here relied in. Such a theory treats the executive act as though it were a judicial decision (or, if the phrase is preferred, a quasi-judicial decision) which it most emphatically is not."*

138. This Court is of the considered opinion that the impugned orders for cancellation of lease deeds, in their true substance and effect, are administrative in character. The original allotment of the land and execution of the lease instrument constituted a statutory administrative act pursuant to a Government grant, and not an exercise of judicial or quasi-judicial power. Consequently, when the grantor, upon finding breach of the stipulated conditions or discovery of fraud in securing the grant,

proceeds to cancel or resume the grant in accordance with the terms thereof, such action remains administrative and cannot, merely because it entails formation of an opinion regarding the breach, be elevated to the status of a quasi-judicial determination. The authority is not adjudicating a lis between two independent contesting parties or determining disputed civil rights; rather, the Government, as grantor and one of the contracting parties, is enforcing the conditions governing the grant against the grantee. Significantly, the statutory scheme does not cast upon the competent authority any obligation to act judicially while exercising such power. The requirement of fairness in administrative action is sufficiently met where the grantee is afforded an opportunity to show cause before adverse action is taken, however, such opportunity does not transform the administrative process into a quasi-judicial proceeding. More particularly, where reversion or resumption of the land is a consequence expressly contemplated by the terms of the grant upon breach of its conditions, the legal consequence follows from the instrument itself, and the mere formation of an opinion by the District Collector as to the existence of such breach does not, by itself, impose upon him a duty to act judicially.

139. The submission by the petitioners that the leases are contractual and, therefore, cancellation thereof could be effected only through a civil suit also does not merit acceptance in the facts of the present case. The contractual conditions operate within the statutory framework governing Government industrial land. The State has not proceeded merely upon an allegation of private contractual default divorced from its statutory powers,

rather quite apparently, it has proceeded upon the asserted breach of conditions governing a Government grant and the continuing statutory regime applicable to the land.

140. Yet another allegation of legal malice levelled by the petitioners also cannot be accepted merely on the basis of the sequence of administrative events. In support of this contention, learned Senior Counsel appearing for the petitioner has relied upon the judgment of the Hon'ble Supreme Court in the case of **State of Punjab & Another vs. Gurdial Singh & Others (supra)**, wherein the Hon'ble Supreme Court explained the concept of legal malice in the following terms:

> *"**9.** The question, then, is what is mala fides in the jurisprudence of power? Legal malice is gibberish unless juristic clarity keeps it separate from the popular concept of personal vice. Pithily put, bad faith which invalidates the exercise of power — sometimes called colourable exercise or fraud on power and oftentimes overlaps motives, passions and satisfactions — is the attainment of ends beyond the sanctioned purposes of power by simulation or pretension of gaining a legitimate goal. If the use of the power is for the fulfilment of a legitimate object the actuation or catalysation by malice is not legicidal. The action is bad where the true object is to reach an end different from the one for which the power is entrusted, goaded by extraneous considerations, good or bad, but irrelevant to the entrustment. When the custodian of power is influenced in its exercise by considerations outside those for promotion of which the power is vested the court calls it a colourable exercise and is undeceived by illusion. In a broad, blurred sense, Benjamin Disraeli was not off the mark even in law when he stated: "I repeat . . . that all power is a trust — that we are accountable for its exercise — that, from the people, and for the people, all springs, and all must exist". Fraud on power voids the order if it is not exercised bona fide for the end designed. Fraud in this context is not equal to moral turpitude and embraces all cases in which the action impugned is to effect some object which is beyond the purpose and intent of the power, whether this be malice-laden or even benign. If the purpose is corrupt the resultant act is bad. If considerations, foreign to the scope of the power or extraneous to the statute, enter the verdict or impel the action, mala fides or fraud on power vitiates the acquisition or other official act."*

141. The above judgment further explains that where considerations foreign to the scope of the power enter the decision-making process, the action may amount to colourable

exercise of power. In the present case, however, the power has been exercised with reference to the alleged breach of the very conditions governing the Government leases and the purpose for which the land was allotted. The subject matter considered by the authority was, therefore, not extraneous to the power. Mere disagreement with the conclusion or the existence of previous administrative opinions favourable to the petitioners does not establish legal malice.

142. While pressing the issue of alleged legal malice, it has also been submitted on behalf of the petitioners that the respondents had repeatedly acted with a predetermined mind against the petitioners. Learned Senior Counsel appearing for the petitioners referred that despite the interim protection granted by this Court on 05.05.2025 in S.B. Civil Writ Petition No.6738/2025, the respondents, purportedly relying upon a subsequent clarification, initiated proceedings for cancellation of the lease deeds, which according to learned Senior Counsel demonstrated legal malice and a predetermined approach. In considered view of this Court, the aforesaid submission does not merit acceptance. The interim order dated 05.05.2025 was passed in proceedings concerning the petitioners’ request for permission to establish a tourism unit and for change of land use, whereas the proceedings impugned herein arise from independent show-cause notices alleging specific breaches of the terms and conditions of the lease deeds. The two proceedings, thus, operate in entirely different fields and involve distinct questions, causes of action and considerations. An interim order protecting the petitioners against coercive action in the former proceedings cannot, by itself, be

construed as creating any immunity against independent statutory action for subsequent or otherwise specified breaches of the lease conditions. Equally, the respondents' decision to initiate cancellation proceedings on the basis of the alleged violations cannot be characterised as an attempt to circumvent the interim order merely because such proceedings were initiated during the pendency of the earlier writ petition. The existence of an interim order in one set of proceedings does not preclude the competent authority of its independent jurisdiction to examine and act upon breaches of the lease conditions in accordance with law. Consequently, no inference of predetermined mind or legal malice can be drawn merely from the temporal proximity between the two proceedings.

143. On the basis of the above ground with regard to alleged violation of above interim order dated 05.05.2025, the petitioners have questioned the validity of orders of cancellation of lease deeds and submitted that orders, being contrary to the above interim order, are liable to be quashed and set aside. To support the above contention, learned Senior Counsel appearing for the petitioners relied upon the judgments of **Manohar Lal (Dead) by LRs. (supra), All Bengal Excise Licensees' Association (supra), M.C. Mehta (supra), Satyabrata Biswas & Another (supra), Dorab Cawasji Warden (supra), Metro Marins & Another (supra), Kishore Kumar Khaitan & Another (supra), Purshottam Vishandas Raheja & Another (supra)** delivered by Hon'ble Supreme Court and judgment of Bombay High Court in the case of **Mohammed Riyaz Shaikh & Others (supra),** judgment of Gauhati High Court in **Sujit Kumar Das**

(supra), judgment of Madhya Pradesh High Court in the cases of **Kailash Chand Gupta & Others (supra)** & **Ann. Chandiramani & Others (supra),** judgment of Calcutta High Court in **Official Trustee of West Bengal vs. The Wardens of the Armenian Holy Church of Nazareth in Kolkata (supra)** and judgment of Delhi High Court in **Mohd Shakeel & Others (supra).** However, in view of above discussion, where on facts of the present case, no case of violation of interim order dated 05.05.2025 or subsequently clarified order is made out, the prepositions laid down in the aforesaid judgments have no applicability in the facts and circumstances of the present case. The present cancellation proceedings constitute a subsequent and independent exercise concerning compliance with the conditions governing the seven leases deeds. The petitioners were afforded an opportunity to respond and the competent authority passed reasoned orders.

144. Furthermore, the petitioners' claim of legitimate expectation and promissory estoppel also stands substantially answered by the Hon'ble Supreme Court's judgment in the case of **Bishambhar Prasad (supra)**. The Hon'ble Supreme Court examined the claim of legitimate expectation arising from the earlier permissions and declined to recognise any enforceable expectation against the State. The reasonings given in the aforesaid judgment are equally applicable in the present case also, where while pursuing the plea of legitimate expectation and promissory, the petitioners seek to rely upon their alleged efforts to revive the industrial plants, earlier RIICO permission and the supplementary lease deeds, expenditure allegedly incurred and their subsequent attempts to develop the land for alternative

purposes. None of these circumstances can confer a right contrary to the governing rules. The fact that Petitioner No.1 incurred expenditure or initially made an attempt to revive one of the industrial units cannot, by itself, confer an indefeasible right to retain Government land indefinitely. Expenditure incurred by a lessee does not override an express condition of the grant, nor can financial loss convert a conditional Government lease into an absolute proprietary right. The petitioners accepted the land subject to the conditions of the lease deeds and the purpose for which the transfer was sanctioned. The principle is elementary and fundamental that doctrine of legitimate expectation and promissory estoppel cannot compel the Government to continue an arrangement contrary to statutory provisions or public interest.

145. The petitioners' contention that the industrial purpose ceased to bind them once the original undertaking became commercially unviable cannot be accepted. The character of the land and the purpose of its allotment do not disappear merely because the particular industrial venture encountered financial or technical difficulties. Judgment of the Hon'ble Supreme Court in the case of **Bishambhar Prasad (supra)** proceeds upon the premise that the land remained industrial land governed by the Rules of 1959. No doubt, the petitioners could undoubtedly approach the competent authority for a lawful change of user within the framework of the rules. However, while doing so, their inability or unwillingness to continue the original industrial activity does not confer any right to use the land for any alternative commercial purpose of their choice.

146. The petitioners' private interest in retaining possession of the land cannot be considered in isolation. The subject property comprises approximately 271.40 acres of valuable Government land, originally placed at the disposal of an industrial undertaking for a specific public and economic purpose. The State is required to administer such land consistently with the statutory framework and public interest.

147. The petitioners' principal contention that the failure to revive the industrial units cannot constitute breach because the revival was contemplated in phases and the Acrylic Plant was subsequently damaged by fire, essentially seeks this Court to undertake a disputed factual reassessment of the entire rehabilitation arrangement, which is not warranted while exercising writ jurisdiction.

148. In a recent judgment in the case of **Piaggio Vehicles Private Limited (supra),** the Hon’ble Supreme Court has observed that industrial plots allotted at concessional rates are intended to promote industrialisation, employment and economic development and the allottee is, therefore, bound by the stipulated terms of the lease, including the time-bound requirement for construction and commencement of production. The appellant in that case failed to demonstrate any bona fide or convincing effort to establish the industrial unit within the prescribed period and the subsequent change in the name of the lessee did not alter or extend the original lease conditions. Its prolonged and callous non-compliance disentitled it to equitable relief. The Hon’ble Suipreme Court further held that grant of industrial land at concessional rates involves commercial discretion

of the State, which the Court ought not to substitute with its own discretion in exercise of extraordinary jurisdiction. Following part of the judgment being relevant is quoted below:

> "***57.*** *To achieve these salutary objectives, the allottees are mandated to strictly comply with the terms and conditions of allotment, including time-bound schedules for project implementation. The lease deed executed inter se between the parties is the governing instrument of this relationship, and the parties are legally bound by its covenants.*
>
> ***58.*** *In the present matter, UPSIDA contends that the obligations regarding construction and commencement of production remained binding and unchanged even after execution of the subsequent lease deed in 2007. It is therefore apposite to reproduce the relevant clauses of the lease deed dated 19-3-2002, as they are directly relevant and germane to the present controversy regarding the alleged breach of industrial use:*
>
> > "***3. AND THE LESSEE DOTH HEREBY COVENANT WITH THE LESSOR AS UNDER****:*
> >
> > *(e) That the Lessee will keep the demised premises and the buildings thereon at all times in a state of good and substantial repairs and in sanitary condition at its own costs.*
> >
> > * * *
> >
> > *(o) That the Lessee shall put the demised premises with the buildings constructed thereon to the use hereinbefore mentioned within 6 calendar months from the date of possession of the said land is handed over to him and in any case within six (6) calendar months from the date of this deed or such extended period of time as may be allowed by the lessor in writing in its discretion provided that the extension of time for putting the premises to use under this clause shall not be admissible except wherein the opinion of the lessor the delay is caused for reasons beyond the control of the Lessee.*
> >
> > * * *
> >
> > ***5.*** *Notwithstanding any other provisions hereinbefore contained to the contrary the Lessee shall put up the whole of the property demised under this presents for the Industrial use to the satisfaction of the Lessor and the lessor shall have the right to determine the Lease of that much area of the plot of land demised which has not been actually so put to use within a reasonable time at its discretion or even to determine the lease of the whole of the land demised under these presents. The decision of the Lessor shall be binding with regard to the extent of the user as aforesaid as to whether the whole of demised land has been utilized or only a portion has been used and the Lessee shall be bound by the decision of the lessor in this regard. The Lessee hereby expressly agrees to the determination of the lease in part of the discretion of the same."*

__63.__ Shri Dave tried to draw much water out of the fact that in the year 2008, UPSIDA itself invited the appellant Company to apply for an extension by depositing an extension fee to the tune of Rs 35,93,963.60 (Rupees thirty-five lakhs ninety-three thousand nine hundred sixty-three and sixty paise only), which the appellant Company claims to have timely paid. However, the said submission of Shri Dave is also without any merit. In this regard, we may refer to the letters dated 26-9-2007, 31-1-2008, and 17-4-2008 issued by UPSIDA, which clearly convey that any consideration for extension was strictly conditional upon the timely payment of fee and submission of an affidavit in a prescribed format, a condition which the appellant Company admittedly failed to fulfil by the date fixed for this purpose.

__65.__ Ignoring all violations by the appellant Company, UPSIDA issued a letter dated 26-9-2007, informing the appellant Company that it was in breach of Clauses 3(e) and 3(o) of the lease deed dated 19-3-2002. In its response dated 15-10-2007, the appellant Company admitted that it was under pressure for scaling up manpower and facilities at its unit at Baramati, Maharashtra and hence, it had been unable to commence full-fledged operations at Surajpur, Uttar Pradesh. However, even in the said letter, the appellant Company did not indicate that any meaningful industrial activity, including the so-called testing activities, had ever been undertaken on the subject plot during the preceding six years.

__69.__ Three affidavits were executed and furnished by the appellant Company on different dates in response to the notice for cancellation issued by UPSIDA. The first affidavit sworn on 20-6-2008, submitted vide letter dated 1-7-2008, was executed by Shri Ashok Medankar and reads as follows:

"1-7-2008

To
The Regional Manager
U.P. State Industrial Development Corpn. Ltd.
Site-V, Kasna Surajpur
Greater Noida (U.P.)

Ref : Lease extension of Plot No. A-1 Industrial Area, Site-B, Surajpur.

Dear Sir,
Please find enclosed herewith the Affidavit as desired by you, for the purpose of the extension of the Lease of our plot at A-1 Industrial Area,
Site-B, Surajpur.

Thanking you

For Piaggio Vehicles Pvt. Ltd.
Anil Kumar
Head-administration

Encl. Affidavit

AFFIDAVIT

I, Ashok Medankar s/o Mr D.R. Medankar, Company Secretary of M/s Piaggio Vehicles Pvt. Ltd. having its registered office at E-2, MIDC Area, Baramati, Pune, do hereby solemnly affirm and declare as under:

1. I say that I am working as Company Secretary with M/s Piaggio Vehicles Pvt. Ltd.

2. I say that the company has established a state of art testing plant and machinery at A-1, Industrial Area, Surajpur, Site-B, Greater Noida, Gautam Budh Nagar and the research and development work is in progress at the said site.

3. I say that the Chairman and Managing Director had already announced several projects viz. manufacturing of diesel engines for home consumption and for export.

4. The company would generate revenue to the State as well as Central Government in the form of sales tax, excise tax, service tax, VAT, etc.

5. I say that the company has already established its huge plant at Baramati, Maharashtra having the annual turnover of more than Rs 1400 crores.

6. I say that the company would comply with the terms and conditions of the lease dead and pay all the leviable tax/fee.

DEPONENT

VERIFICATION

I, the above named deponent, do hereby verify that the contents of the above Affidavit are true and correct to the best of my knowledge and nothing material has been concealed there from. Verified at Pune on this 20-6-2008.

DEPONENT"

***73.** The fervent endeavour made by Shri Dave to convince the Court that the appellant Company should be considered for allotment of the plot under the Electric Vehicle Policy of the Government of Uttar Pradesh, also does not persuade us for a moment. Upon perusing the pleadings of the writ petition filed before the High Court and so also the appeal by special leave, we find no averment which can even remotely or vaguely indicate the details of the persons or entities in whose favour such discretion has been exercised by UPSIDA. It may be noted that though the Government may have devised a policy for liberal licensing in favour of Electric Vehicle manufacturers, but there is no material on record to suggest that, should the appellant Company fail to establish the unit, there would be no other takers for the plot.*

***77.** In this background, we are of the firm opinion that the appellant Company has failed to make out a case for grant of equitable relief in exercise of the extraordinary jurisdiction of this Court under Article 136 of the Constitution of India.*

***78.** In the wake of the above discussion, we find no reason to interfere with the impugned judgment which does not suffer from any error or infirmity warranting interference."*

149. Petitioners have also contended that assumption of fraud drawn against the petitioners is unsustainable for want of a

specific pleading identifying the particular misrepresentation, its falsity, the nature of inducement and the date of commission of fraud, the allegations cannot be accepted in the facts of the present case. The impugned orders have to be examined in the context of the entire course of dealings and the material which preceded and followed execution of the lease deeds. Fraud, in the present case, is not inferred from a solitary circumstance or from mere subsequent failure to revive the industrial units, but from a cumulative assessment of the representations made, the basis on which the Government land was obtained, the undertakings furnished and the subsequent conduct of the petitioners. At the cost of repetition, it is relevant to note that the MoU dated 19.10.2001 between JKSL and the petitioner substantially contemplated acquisition of the assets of Kota Units for Rs.15 crores and assumption of labour liabilities, while re-employment of 2,000 employees was expressly described only as a "legitimate expectancy" and not a binding obligation. Such arrangement, apart from being incapable of transferring the land contrary to Rule 8 of the Rajasthan Industrial Area Rules, 1959, could not have been acted upon during the pending conciliation and rehabilitation proceedings without requisite settlements and approvals. Thereafter, settlements were entered into with the workmen and staff and the matter was placed before the AAIFR on the representation that the industrial units would be revived and the existing workmen re-employed. The AAIFR's order and such settlements were then relied upon for securing transfer of the Government land and execution of the lease deeds, coupled with an undertaking by the petitioners to fulfill the conditions thereof.

150. Immediately thereafter, however, the purportedly revived unit was closed under the cover of a fire incident, followed by reports of non-viability and no meaningful attempt was made to revive six of the seven units, notwithstanding that their viability had earlier been assessed in the rehabilitation scheme. The subsequent conduct further strengthens the inference, such as the facts where proposals were made for Jan Avas Yojna, a Denim Unit and other impermissible uses, including obtaining supplementary lease deeds, despite the statutory restrictions. Even the later proposal for a tourism unit over the entire leased area was unsupported by any concrete or viable project and ultimately failed for want of requisite material before the Tourism Department. Viewed cumulatively, these circumstances are wholly inconsistent with the foundational representation on the basis of which the land in question was allotted.

151. The fraud, therefore, lies not in any isolated statement which the respondents were required to identify with mathematical precision, but in the representation and undertaking of revival and re-employment which formed the foundation for obtaining the Government land, coupled with the petitioners' conduct immediately thereafter demonstrating abandonment of that very purpose and repeated attempts to secure impermissible alternative uses. The circumstances disclose both the representation on which the authorities acted and the subsequent conduct which renders the bona fides of that representation untenable.

152. It is settled that fraud vitiates every solemn act and similarly, an advantage obtained by fraud is a nullity, as held by

the Hon'ble Supreme Court in the cases of **S.P. Chengal Varaya Naidu (Dead) by LRs. (supra), Meghmala & Others (supra)** and **Hamza Haji (supra)**. The present case also involves breach of the foundational conditions of the lease. The State, being trustee of public property, cannot permit valuable land granted for a specified industrial purpose to be retained or diverted to impermissible uses contrary to the conditions of grant. Consequently, cancellation of the lease deeds was necessary to give effect to the breach, restore the land to its lawful purpose and protect the public interest. The impugned orders, therefore, cannot be characterised as arbitrary or hasty, but constitute consequential action founded upon the breach of the conditions on which the land in question was transferred and the circumstances in which the leases were obtained.

153. The aforesaid issue relating to fraud may also be examined coupled with the stand taken by the State Government in relation to violation of public trust. The land in question was valuable Government land, transferred for a specific industrial purpose, namely revival of the Kota Units, re-employment of the existing workmen and promotion of industrial activity. Such land, having been entrusted for a defined public purpose, could not legitimately be retained or diverted in a manner defeating the very object for which it was granted.

154. In the present case, the petitioners, after securing the lease deeds on the basis of the proposed revival and re-employment, failed to fulfill the foundational conditions of the grant and thereafter, pursued successive proposals for uses not permissible under the governing rules. Consequently, the

continued retention of the land in question, without revival of the industrial activity and without any viable alternative use conforming to the applicable legal framework, would result in the public resource remaining unutilised or being retained contrary to the purpose for which it was entrusted.

155. This Court finds that the aforesaid circumstances, if considered cumulatively, demonstrate a clear breach of the trust reposed in the petitioners under the rehabilitation scheme. The workers, bank and financial institutions as also the State authorities sacrified their dues of hundreds of rupees, with the underlying objective that the seven industrial units would be revived and employment shall be restored. The petitioners, despite acquiring the industrial units under the rehabilitation scheme for a substantially reduced consideration with full knowledge of their industrial potential and obligation underlying the scheme, failed to revive the units or restore the promised employment and after more than two decades, sought to justify their inaction on the ground of alleged non-viability. Such conduct cannot be viewed merely as commercial failure, but in the facts and circumstances of the case, it amounts to utilisation of the concessional rehabilitation arrangement without fulfilling its foundational public and rehabilitative purpose, thereby constituting a breach of the trust reposed by the State, workers and financial institutions. The suppression of the true purpose underlying the concessions and the subsequent attempt to derive private advantages contrary to the very basis on which concessions were extended, further renders the petitioners conduct inequitable, distrustful and in substance, fraudulent.

156. The doctrine of public trust, in these circumstances, reinforces rather than independently creates the State's obligation to protect the land from being retained or diverted contrary to the public purpose underlying its grant. The impugned action of cancellation and restoration of the land was, therefore, consistent with the State's duty to safeguard public property and ensure its lawful and productive utilisation.

157. The contention founded upon the payment of labour dues also does not advance the petitioners' case to the extent suggested. Compliance with one part of the rehabilitation arrangement cannot automatically discharge the independent obligation to utilise the land for the purpose for which it was granted. The material placed before this Court demonstrates that revival of the industrial units constituted an integral part of the arrangement. The subsequent failure to restore the industrial complex to the contemplated industrial use, followed by repeated attempts to secure alternative utilisation of substantial portions of the land, was a relevant circumstance for the State to take into consideration.

158. Paragraph 106 of the judgment of the Hon'ble Surpeme court in the case of **Bishambhar Prasad (supra)** also does not assist the petitioners. The liberty granted therein was expressly to re-approach the State Government and seek conversion under the Rules of 1959, leaving it open to the State Government to consider the proposal in public interest and in accordance with law. The expression "liberty to seek" cannot be equated with a direction to grant permission. Thus, the rejection of the tourism

proposal, after consideration by the competent authority, does not amount to disobedience of the Supreme Court's judgment.

159. As regards the challenge to order dated 07.03.2025 rejecting the tourism proposal, in view of above, in considered view of this Court, the petitioners had no vested right to conversion of industrial land into tourism use. The Rules of 1959 regulate the manner and purpose for which Government industrial land may be utilised and confer no absolute right upon an existing industrial lessee to alter the sanctioned user. The State was entitled to examine the proposal in the light of the character of the land, the history of the industrial undertaking, viability and sustainability of the proposed project capacity of the proposer, the conditions of the existing leases and public interest. Merely because the Tehsildar had expressed an opinion favourable to consideration of the proposal, such report could not bind the competent authority. Moreso, where the Memorandum of Association of Petitioner company, which as per the respondents has been deliberately concealed and suppressed by the petitioners, does not provide for any such object of the company.

160. The steps claimed to have been taken by the petitioners pursuant to Paragraph No. 106 of the judgment of the Hon'ble Supreme Court in the case of **Bishambhar Prasad (supra)**, on closer scrutiny, do not disclose any serious, sustained or bona fide endeavour towards revival of the industrial units or restoration of employment. The petitioners have failed to place on record concrete and viable revival plan, supported by a definite financial arrangement, identified sources of investment, a time bound implementation schedule or credible mechanism for

recommencement of the dormant units. No satisfactory material has been brought on record demonstrating substantial investment in the existing industrial infrastructure, meaningful steps for operationalising the closed units or any concrete arrangement for re-employment of the workers whose sacrifices constituted a foundational component of the rehabilitation scheme.

161. More significantly as pointed out by learned Advocate General that Memorandum of Association of petitioner-company does not disclose establishment or operation of tourism unit as an object of the company. Copy of MoA has also not been placed on record, which under the circumstances where it was part of proposal of tourism unit, withholding the same amounts to material suppression on the part of the petitioners.

162. The petitioners' contention that the State itself prevented them from establishing alternative industrial activities also does not furnish a legal defence to the present proceedings. Hon’ble Supreme Court's judgment in **Bishambhar Prasad (supra)** itself recognised the primacy of the State Government in determining whether and to what extent change of user could be permitted. The petitioners could not unilaterally substitute a different commercial or tourism purpose for the purpose for which the land in question had been granted. The failure of one proposal does not authorise the lessee to treat the original lease conditions as having ceased to operate.

163. The argument based upon Articles 19(1)(g) and 300A of the Constitution of India is equally without substance. Article 300A of the Constitution of India protects property according to law; it does not confer an absolute right to retain Government

leasehold land contrary to the conditions governing the grant. Similarly, Article 19(1)(g) of the Constitution of India does not confer a right to carry on a business upon Government land in derogation of the lawful conditions attached to its allotment. Once the State establishes a lawful contractual/statutory basis for resumption and follows the prescribed decision-making process, the constitutional challenge cannot succeed merely because the consequence is adverse to the lessee.

164. The Court is also conscious that the present proceedings concern approximately 271.40 acres of valuable Government land and that the transfer in favour of Petitioner No.1 arose from a special rehabilitation arrangement. The State is not merely a private lessor seeking enforcement of a purely commercial covenant; it is custodian of public property and is required to ensure that Government land allotted for a specified public and industrial purpose is not permitted to be diverted contrary to the governing framework. The public interest consideration recognised by the Hon'ble Supreme Court is, therefore, directly relevant.

165. On an overall consideration of the material, this Court finds that the petitioners have not established any jurisdictional infirmity, demonstrable prejudice, denial of meaningful opportunity, perversity or such non-application of mind as would warrant interference under Article 226 of the Constitution. The challenge, in substance, seeks a reappraisal of the factual conclusions recorded by the competent authority regarding compliance with the rehabilitation arrangement and the lease

conditions. Such reappraisal falls outside the permissible limits of judicial review.

166. Resultantly, the petitioners have utterly failed to establish any ground whatsoever so as to warrant any indulgence by this Court in the present writ petitions. For the reasons stated hereinabove, S.B. Civil Writ Petition No. 9719/2025 and S.B. Civil Writ Petition No. 6738/2025 are hereby dismissed. Orders dated 24.06.2025 cancelling seven lease deeds in favour of Petitioner No.1 and order dated 07.03.2025 rejecting the proposal for change of land use for establishment of a tourism unit are upheld.

167. All interim orders passed in these writ petitions stand vacated. The respondents shall be at liberty to deal with the land in question in accordance with law and the applicable statutory provisions/rules.

168. However, before parting, having regard to the observations made by the Hon'ble Supreme Court in its judgment dated 20.04.2023 in the case of **Bishambhar Prasad (supra)**, particularly with regard to the need to find a viable solution to the issue and to ensure that the object of industrial development and rehabilitation is not lost sight of, this Court considers it appropriate to issue a consequential direction in larger public interest. The State Government, through its competent Department/authority, shall undertake a time-bound exercise to examine the feasibility of revival of the industrial units and, shall formulate an appropriate plan, in accordance with law and the applicable rules, for productive industrial utilisation of the land. Such exercise shall be undertaken within a period of six months from the date of receipt of a copy of this judgment and, upon such

determination, consequential steps shall be taken expeditiously in accordance with law. While undertaking the aforesaid exercise, the State Government shall duly take into consideration the larger public interest involved in productive utilisation of valuable industrial land as well as the legitimate interests of the erstwhile workmen, including their rehabilitation or re-employment, to the extent permissible under the applicable statutory framework and the relevant scheme. It is made clear that this direction shall not be construed as requiring the State Government to adopt any particular industrial activity or to create any employment contrary to law, financial viability or governmental policy; the competent authority shall retain the discretion to determine the appropriate mode of utilisation in accordance with law, but shall ensure that the land does not remain indefinitely unutilised and shall also keep in mind that the public purpose underlying its grant is duly served.

169. Pending applications, if any, shall stand disposed of.

170. Office is directed to place a copy of this judgment on record of connected writ petition.

(ANAND SHARMA),J

MANOJ NARWANI*.*