

Court No. - 29

Case :- WRIT - C No. - 21958 of 2025

Petitioner :- Manish Gupta

Respondent :- State Of Uttar Pradesh And 3 Others

Counsel for Petitioner :- Namit Srivastava, Vallabhi Shukla

Counsel for Respondent :- Anuj Pratap Singh, C.S.C., Pankaj Rai

Hon'ble Mahesh Chandra Tripathi, J.

Hon'ble Anish Kumar Gupta, J.

1. Heard Shri Namit Srivastava, learned counsel for the petitioner; Shri Fuzail Ahmad Ansari, learned Standing Counsel for State respondent no.1 and Shri Pankaj Rai, learned counsel for respondent nos.2 to 4.

2. The instant writ petition is preferred inter alia for following reliefs:-

"I. Issue an appropriate writ, order or direction in the nature of certiorari quashing the impugned order dated 08.05.2025 passed by the Regional Manager, Uttar Pradesh State Industrial Development Corporation, Administrative Building EPIP Industrial Area Surajpur-5, Kasana, Greater Noida, District Budh Nagar (Annexure No.15 to the writ petition).

II. Issue an appropriate writ, order or direction in the nature of certiorari quashing the cancellation order dated 26.06.2018 passed by the respondent corporation being arbitrary, illegal and violative of principle of natural justice (Annexure No.10 to this writ petition).

III. Issue an appropriate writ, order or direction in the nature of mandamus directing the respondent No.4 to restore the Plot No.K-231, Industrial Area Surajpur Site-V, Greater Noida, Gautam Budh Nagar in accordance with Chapter-5 of UPSIDA Operating Manual Industrial Area "Guidelines for restoration of allotment of cancel Plot in Industrial area" after accepting necessary restoration charges.

IV. Issue any other suitable order or direction in favour of the petitioner as this Hon'ble Court may deem fit and proper in the circumstances of the case to meet the ends of justice.

V. Award the cost of the petition to the petitioner."

3. It appears from the record that 'Uttar Pradesh State Industrial Development Corporation' (in short, UPSIDC) had allotted a plot No.K231 situated in Industrial Area Surajpur, Site-V, Greater Noida, District Gautam Budh Nagar to one Naresh Sabharwal vide allotment letter dated 22.03.2003. The petitioner moved an application on 27.11.2007 seeking permission to transfer the aforesaid plot in his favour for setting up an industrial unit. Finally, the UPSIDC vide order dated 30.08.2008 had accorded permission to the original allottee to transfer the

aforesaid plot, with a condition to deposit Rs.3,13,875/- as transfer charges. It is claimed that in pursuance to the aforesaid order, the petitioner had deposited Rs.78,500/- on 09.09.2008 and Rs.61,000/- on 06.10.2008. The UPSIDC vide order dated 12.10.2009 directed the petitioner to deposit the stamp paper of Rs.1,27,900/- alongwith other documents and to get the lease deed executed within one month. Thereafter, the UPSIDC vide its letter dated 03.08.2010 directed the petitioner to deposit the balance premium amount of Rs.1,42,301/- for execution of the lease deed. In pursuance to the aforesaid letter, the petitioner had deposited Rs.2,29,000/- on 02.07.2011 as full and final payment against the said plot.

4. It also appears from the record that again the UPSIDC vide its letter dated 14.08.2013 asked the petitioner to deposit the balance premium and other charges, amounting to Rs.1,39,036/- for execution of the lease deed and thereafter, various notices were issued to the petitioner in the years 2014, 2016 and 2017, directing him to deposit the amount in question. By the impugned order dated 26.06.2018, the UPSIDC had cancelled the allotment on the ground that nine years have passed; the industry has not been set up by the petitioner and further the amount has not been paid by the petitioner in pursuance of the aforesaid notices. The cancellation order was subjected to challenge in Writ C No.1095 of 2025 (Manish Gupta vs. State of UP and others), which was disposed of, on 07.03.2025 granting liberty to the petitioner to approach the authority for redressal of his grievance. In compliance thereof, the petitioner had proceeded to make a representation on 20.03.2025 for restoration of the plot in question. By the impugned order dated 08.05.2025, the Regional Manager, UPSIDC, Gautam Budh Nagar (respondent no.4) has rejected the application of the petitioner for restoration of the plot.

5. Learned counsel for the petitioner in this backdrop vehemently submitted that the petitioner is willing to set up the industrial unit over the land in question. The petitioner has moved appropriate applications on

18.02.2022 and 16.07.2025 and also deposited the requisite fees, as demanded by the UPSIDC. He submits that no sufficient opportunity had been afforded to the petitioner to raise construction and it was not open to the UPSIDC to have illegally and arbitrarily cancelled the allotment of the subject plot. The petitioner is ready and willing to deposit the outstanding amount and comply with all conditions as per UPSIDC's Operating Manual (Chapter-5) including payment of applicable premium and fees. In the representation dated 16.07.2025, the petitioner has stated that he is ready to pay all the restoration charges as per policy of the UPSIDC for restoration. The petitioner has also assured that he will start the factory within six months from the date of permission. However, without considering the application of the petitioner, the impugned order dated 08.05.2025 has been passed.

6. Learned counsel for the petitioner further submits that the petitioner has never acted with any mala fide intent. The UPSIDA failed to consider the petitioner's bona fide conduct and his genuine attempts to comply with the conditions of allotment. Arbitrary cancellation of the plot would defeat the larger object of the industrial development for which the allotment was initially made. The said land has not been allotted to any other party till date. The principles of natural justice were not adhered to and the rejection of the restoration application was mechanical and devoid of proper consideration. Lastly, it is urged that denial of restoration is unjust, inequitable and warrants judicial interference. In support of his submission, he has placed reliance on the judgement of Apex Court in **A.K. Kraipak vs. Union of India**, AIR 1970 SC 150; **Ridge vs. Baldwin** (1970) AC 40; **K.K. Balla vs. State of M.P.** (2006) 3 SCC 581; **MCD vs. Qimat Rai Gupta** (2007) 7 SCC 309 and **Dharampal Satyapal Ltd. vs. Dy. Commissioner of Central Excise** (2015) 8 SCC 519.

7. *Per contra*, Shri Pankaj Rai, learned counsel for UPSIDC has vehemently opposed the writ petition. He submits that the UPSIDC had

accorded permission to the original allottee to transfer the subject plot in favour of the petitioner, subject to deposit of transfer charges. Despite repeated reminders and notices dated 29.04.2014, 16.12.2014, 24.06.2016 and 05.05.2017 and others, the petitioner neither cleared the outstanding dues nor established a functional industrial unit on the allotted plot. He further submits that the cancellation of the allotment of the plot in question is legal, justified and strictly in accordance with the conditions stipulated in the allotment letter. Lastly, it is urged that since the petitioner has failed to fulfil the essential terms and conditions of the allotment agreement as well as the general conditions, the impugned orders have been rightly passed, and the present writ petition is devoid of merit and liable to be dismissed.

8. Heard rival submissions and perused the record.

9. The UPSIDC has been incorporated as State Government Corporation for industrial development in the State. The land is acquired by the State Government for the UPSIDC for development and allotment to the deserving applicants for setting up small and medium scale industries. The authority is entrusted with the responsibility of developing and maintaining requisite infrastructure, providing incentives, and creating a conducive environment for businesses to establish and expand their operations in the State. In furtherance of these objectives, the UPSIDC also endeavours to generate employment opportunities and to support and strengthen the growth of existing industries across Uttar Pradesh.

10. The UPSIDC vide order dated 30.08.2008 had accorded permission to transfer the subject plot in favour of the petitioner for setting up an industry over the said plot, subject to specific terms and conditions. As indicated above, since 2008, at no point of time the petitioner has proceeded to make any construction over the plot in question and in this backdrop, the UPSIDC had proceeded to cancel the allotment of plot in question on 26.06.2018. Aggrieved by the said action, the petitioner had invoked the extraordinary jurisdiction of this Court under Article 226 of Constitution of India, praying

for quashing the cancellation order dated 26.06.2018 and the writ petition was disposed of on 07.03.2025. Thereafter, the petitioner had moved an application for restoration of the plot in question as under the Operating Manual, provisions are made for restoration of plot that has been cancelled and the norms have to be followed and observed before any such application for restoration is entertained. For ready reference, the relevant provision of the Operating Manual is extracted herein below:-

**"CHAPTER-5
GUIDELINES FOR RESTORATION OF ALLOTMENT
OF CANCELLED PLOT IN INDUSTRIAL AREAS**

The policy of restoration has been provided with a view to give an opportunity to entrepreneurs who defaulted due to genuine reasons and felt to correct and communicate it after cancellation. It seeks to minimize chances of litigation by ex-allottees in regard to cancelled plots. Restoration of cancelled plots in favour of original (last) allottee only can be considered by the Corporation on following terms and conditions :-

- 1. Application for restoration of allotment of cancelled plot will generally be considered upto 30 days from the date of cancellation. However, application beyond the above period may be considered in cases where, plot remained unallotted due to stay by court or possession of the plot could not be obtained by the Corporation or due to other reasons.
- 2. The ex-allottee shall have to apply for restoration of allotment alongwith affidavit in prescribed format as on annexure-6.
- 3. Restoration of allotment will be made only in favour of the entity who was allottee/lessee at the time of last cancellation and the plot has not been allotted to someone else.
- 4. The entire outstanding dues against the cancelled plot upto the date of cancellation will have to be paid before restoration is allowed irrespective of the fact that re-entry has been made, possession has been taken back and the plot was declared vacant for allotment.
- 5. A processing fee of Rs.2000 (for VFMA's & FMA's) and Rs.1000 (for SMA's) shall accompany each application for restoration. Besides above the ex-allottee will have to pay the outstanding dues and at least 25 or 10 percent of the restoration levy due in very fast/fast moving or slow moving areas respectively before restoration. Restoration levy due will be as per the following Table or @ 5%, 3% and 1% of the current premium prevailing on the date of restoration in very fast moving, fast moving and slow moving Industrial Areas respectively, whichever is higher.

While calculating the restoration levy the location charges of a particular plot shall not be considered.

Category of Industrial	Rate of Restoration Levy (Percentage of difference of current and
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Areas	original premium/sq.m.)					
	UP 1 years	>1 year = 2 years	>2 year= 3 year	>3 year= 4 year	>4 year = 5 year	>5 year
Very fast moving	10	20	30	40	50	60
Fast Moving	7.5	15	22.5	30	37.5	45
Slow	5	10	15	20	25	30

and only basic premium shall be taken into account

1. Balance restoration levy shall be payable in ten-half-yearly equal installments alongwith interest at the rate prevailing on the date of restoration on unpaid restoration levy from time to time. However, balance premium in respect of the plot will be payable in lump-sum or in 10 six-monthly installments with interest on the rates prevailing at the time of restoration.
2. Alongwith request for restoration, the ex-allottee will have to submit time-bound programme for implementation of the project for which two years time from the date of restoration will be allowed. In case the allottee fails in setting up project within stipulated period, the plot will be liable to be cancelled as per existing rules. However, allottees can avail time extension on payment of Time Extension Fee. For determining TEF in case of restored plots, the original premium rate and of Restoration levy will be clubbed together which shall be the original rate of premium for calculating TEF. Further time elapsed for TEF purpose will be counted from the date of restoration.
3. In case of restored plots, date of allotment will be the same as per the original allotment letter.
4. Restoration of cancelled plots will not be considered in cases where any court of law has passed orders in favour of the Corporation in legal suits filed by ex-allottee against cancellation or delivery of possession of the plots to the Corporation.
5. The restoration shall be made to the last allottee and all prior sanctions or orders shall also be deemed to be restored as if there was no cancellation i.e. status as on the date of cancellation shall be restored in all respect.
6. In cases of restoration the allottee shall be required to execute supplementary/correction deed and stamp duty on the amount of restoration levy has to be paid. It shall be ensured by Regional Office that such stamp duty is paid in ordered to avoid any loss to state exchequer.
7. In case where the unit of the plot was running unit on or before the date of cancellation, the rate of restoration levy shall be 50% of the applicable slab rate. The status of running unit should be substantiated by documentary evidence as explained in Chapter-6 relating to transfer of plots.

Regional Manager can restore the Industrial Plots only upon the area of 500 sq.m. in all Industrial Areas within 4 years from the date of allotment. Plots of more than 500 sq.m. Can be restored by Head Office. Proposals for such restoration of plots shall be forwarded by Regional Office to the Head Office within 10 days of the receipt alongwith documents and recommendation. After approval of the Head Office, offer of restoration spelling out terms and conditions

as above and details of payments required to be made by the ex-allottee will be sent by the Regional Office within 7 days of intimation by Head Office.

RE-RESTORATION OF INDUSTRIAL PLOTS

In case the restoration of the plot is taken back due to default of terms or restoration, re-restoration of Industrial Plots in favour of ex-allottees can be considered by the Corporation only in following cases :

- a) Ex-allottee (Sole proprietor/Principal partner/Major Share holder/Promoter) has suffered from severe ailment and has been admitted in hospital at least for 6 months.
- b) Minimum 10% construction on the plot has been completed and construction work is in progress.
- c) If re-restoration has been instructed by the competent court of law.
- d) If Managing Director of the Corporation is of the opinion that there is some other adequate reason for allowing re-restoration.

All terms and conditions of first restoration shall remain same in case of second restoration also."

11. According to the aforesaid Operating Manual, a pre-requisite is to be performed and the calculations are clearly contained therein. This is apparent before this Court that the petitioner does not appear to have complied with the same.

12. This is also reflected from the record that the respondent authorities had proceeded to re-look the matter in detail and found that the petitioner had not made any serious efforts to establish the industry on the allotted plot. Consequently, the respondent no.4 vide impugned order dated 08.05.2025 has rejected the application of the petitioner for restoration of the plot. Nothing has been brought on record to indicate that at any point of time, the petitioner had made any effort to start the construction and to run the industry. He had not utilised the said plot for about ten years and further he did not make any effort for execution of the lease deed. As per rules of the UPSIDC, the petitioner was required to apply for restoration of the plot within 30 days from the date of cancellation of allotment of the said plot. The last date of making an application for restoration of the plot was 31.12.2019 but the petitioner has not made any application within the

stipulated time. It is also admitted situation that the petitioner had not applied for any extension of time beyond the prescribed time for raising the construction over the plot in question.

13. The decision of Hon'ble Apex Court in **Skyline Contractors Pvt. Ltd. v. State of U.P** (2008) 8 SCC 265 squarely applies to the facts of the present case. In that matter, despite partial and delayed payments by the allottee, Hon'ble Supreme Court upheld the cancellation of allotment by NOIDA, holding that unilateral deposits made without prior approval or consent could not bind the authority. Similarly, in the present case, the petitioner has not set up the industry and further he has not deposited the amount in pursuance of the aforesaid notices. His delayed restoration application cannot cure or condone the long delay in establishment of the industry on the plot in question and breach of essential terms of the allotment.

14. In **Kamla Nehru Memorial Trust and Others v. U.P. State Industrial Development Corporation Limited and Others** 2025 INSC 791 the Apex Court has recently upheld the cancellation of a land allotment to the Kamla Nehru Memorial Trust (KNMT) by UPSIDC and affirmed that UPSIDC, being a statutory body, had the right to cancel the allotment due to persistent payment defaults by KNMT. The relevant portion of the judgment is reproduced herein below:-

“25. We may hasten to add at this stage that the dues for the Subject Land, allotted in 2003, remained unpaid despite multiple communications spanning several years. KNMT not only failed to make timely payments but also sought unwarranted concessions, including waiver of interest and rescheduling of dues. This persistent non-compliance establishes KNMT as a chronic defaulter, while the continued attempts to seek waiver evince a deliberate strategy to avoid payment obligations. UPSIDC's action in treating KNMT as a defaulter was, therefore, both justified and necessary to preserve the integrity of the allotment process. Allowing such deliberate defaults to persist unchecked would undermine the entire framework of land allocation and set a detrimental precedent.

26. For the reasons stated, we are satisfied that the cancellation of allotment by UPSIDC is fully justified and in accordance with law.

E. INVOKING THE PUBLIC TRUST DOCTRINE IN THE ALLOCATION OF RESOURCES.

27. The prolonged litigation initiated by KNMT has spanned over fifteen years, unnecessarily burdening the judicial system and impeding the efficient functioning of public authorities. Such protracted disputes highlight the need for more stringent initial evaluation processes to prevent chronic defaults.

28. While we have upheld the cancellation due to KNMT's default, the circumstances reveal systemic concerns in the original allocation process. UPSIDC allotted the Subject Land to KNMT within merely two months of application, raising questions about the thoroughness of the evaluation. Furthermore, during the pendency of this dispute, UPSIDC demonstrated remarkable alacrity in considering alternative allotments to M/s. Jagdishpur Paper Mills Ltd.

29. We, therefore, consider it necessary to examine whether UPSIDC's procedure for industrial land allotment meets standards of administrative propriety, particularly in light of the Public Trust Doctrine (Doctrine) mandating that public resources be managed with due diligence, fairness, and in conformity with public interest.

30. The Doctrine emanates from the ancient principle that certain resources (seashores, rivers and forests) are so intrinsically important to the public that they cannot be subjected to unrestricted private control. Rooted in Roman law and incorporated into English common law, this Doctrine recognizes that the Sovereign holds specific resources as a trustee for present and future generations. *M.C. Mehta v. Kamal Nath*, (1997) 1 SCC 388, para 24-25.

31. In the Indian context, the Doctrine has evolved to encompass public resources meant for collective benefit, reflecting the constitutional mandate Under Article 21. As held in *Natural Resources Allocation In re*, while the Doctrine does not impose an absolute prohibition on transferring public trust property, it subjects such alienation to stringent judicial review to ensure legitimate public purpose and adequate safeguards. *Centre for Public Interest Litigation V. Union of India* (2012) 3 SCC 1.

32. When a substantial tract of industrial land is allocated without a comprehensive evaluation, it raises critical questions about adherence to these principles. The Doctrine requires that allocation decisions be preceded by a thorough assessment of public benefits, beneficiary credentials, and safeguards ensuring continued compliance with stated purposes.

33. The allocation of 125 acres of industrial land to KNMT without a competitive process fundamentally violated the Doctrine, which demands proper procedure and substantive accountability in public resource allocation. UPSIDC ought to have considered verifiable evidence of economic benefits, employment generation potential, environmental sustainability, and alignment with regional development objectives to demonstrate that the decision serves the collective benefit. The failure to adopt transparent mechanisms not only deprived the public exchequer of potential revenue-as evidenced by the substantial appreciation in the value of such a large tract of land-but also created a system where privileged access supersedes equal opportunity. This betrays the fiduciary relationship between the State and its citizens.

34. Having upheld the cancellation due to KNMT's chronic default, we observe that the hasty allotment followed by years of litigation exemplifies systemic deficiencies in the allocation process. This necessitates comprehensive directions to ensure that future allocations uphold principles of transparency and

accountability, thereby preventing prolonged disputes while ensuring that public resources genuinely promote industrial development and economic growth.

F. CONCLUSION AND DIRECTIONS

35. In light of our detailed examination of the contentions raised by the parties, the comprehensive analysis of the factual and legal matrix and the resultant conclusions, we uphold the cancellation of the allotment by UPSIDC.

36. The actual allotment or any offer thereof made by UPSIDC in favour of M/s Jagdishpur Paper Mills Ltd (Respondent No.3) for the Subject Land is also declared to be illegal, contrary to public policy and is consequently annulled. However, if any earnest money or any payment has been received from the said prospective allottee, the same is directed to be refunded along with interest at the rate granted by the Nationalized Banks.

37. The appeals are accordingly dismissed with no order as to costs.”

15. In the aforesaid facts and circumstances, we do not find any plausible reason to interfere with the impugned orders.

16. The writ petition sans merit and it is, accordingly, dismissed.

Order Date :- 20.8.2025

RKP