

HIGH COURT OF JUDICATURE AT ALLAHABAD

Reserved on 14.5.2025

Delivered on 24.7.2025

Neutral Citation No. - 2025:AHC:121716-DB

Court No.21

Case: WRIT - C No.40871 of 2024

Petitioner: M/S Shanti Lal Arun Kumar

Respondent:- Up State Industrial Development Authority And 2 Others

Counsel for Petitioner :- Ashish Kumar Singh

Counsel for Respondent:- Anuj Pratap Singh, Mahesh Narain Singh

Hon'ble Manoj Kumar Gupta,J.

Hon'ble Anish Kumar Gupta,J.

1. Heard Sri Ashish Kumar Singh, learned counsel for the petitioner and Sri M.C. Chaturvedi, learned Senior Counsel assisted by Sri M.N. Singh, learned counsel for the respondents.
2. The present case is an extreme example of high-handedness, irresponsible and reckless action of the respondents, i.e. Uttar Pradesh State Industrial Development Authority (for short, hereinafter referred to as the 'respondent-Authority').
3. The brief facts of the case are that initially, vide allotment letter dated 16.01.2001, the respondents have allotted a plot ad-measuring 742.5 sq. mt. to one Mohammad Shaqibuddin. In due course of time, the allotment was transferred in favour of the

petitioner (a partnership firm) in pursuance of permission granted by the respondent-Authority on 07.01.2009. For permitting the transfer of allotment, a transfer levy @ 250 per sq. mt. was realised by the respondent-Authority from the petitioner. After the allotment was transferred in favour of the petitioner, the respondent-Authority started charging lease rent and maintenance charges from the petitioner. The petitioner deposited the aforesaid charges as and when demanded by the respondent-Authority. On 22.4.2013, the respondent-Authority gave a notice to the petitioner stating that as per condition no. 6 of the allotment/transfer letter, the petitioner was obliged to obtain the lease deed of the allotted plot within sixty days and thereafter take possession of the same. However, even after expiry of fifty months, the petitioner had failed to take any action in that regard. Additionally, as per condition no. 11, the petitioner had failed to apply for extension of time. Apart from this, a sum of Rs. 13,034/- was due against the petitioner-firm as on 30.6.2012, which it had failed to pay. The petitioner-firm was required to make payment of the said amount within thirty days and submit an application, offering explanation for delay, failing which proceedings for cancellation of the allotment would be initiated. In response to the said communication, the petitioner-firm vide letter dated 12.6.2013 informed the respondent-Authority that it had not carried out any development in the area. There was no approach road to his plot and therefore it was not possible for

the petitioner-firm to set up the industry. The petitioner-firm requested the respondent-Authority to at least construct a road in front of the plot to enable the petitioner to establish the industry. The petitioner-firm also intimated the respondent-Authority that it had deposited Rs. 13,034/- vide DD No. 022909, drawn on HDFC Bank, as demanded.

4. The specific case of the petitioner is that it repeatedly requested the respondent-Authority to carry out development and construct a road as promised by it in front of the plot of the petitioner. However, the respondent-Authority neglected the matter and did not carry out any development. The Regional Manager of the respondent-Authority, vide communication dated 7.6.2016, in response to a notice dated 25.4.2016, given by the petitioner through its counsel, disclosed that the allotted plot number F-403, Industrial Area, Masuri Gulawati Road, Hapur lies over Road No. 27. The petitioner-firm can contact the Junior Engineer of the respondent-Authority on any working day and seek further information from him in respect of the situation of the plot.

5. The petitioner-firm vide letter dated 30.5.2016/1.6.2016, addressed to the Regional Manager of the respondent-Authority, highlighted the fact that as per layout plan, the plot allotted to the petitioner was a corner plot with three open sides. However, upon spot visit, it transpired that no such plot actually existed. There was neither any development nor any road, but only agricultural land without any demarcation. The petitioner-firm complained that because of sheer

negligence on part of the respondent-Authority, it had suffered huge financial losses and in case its grievance is not redressed, it would initiate legal action.

6. The Regional Manager of the respondent-Authority vide letter dated 23.6.2016 addressed to the Executive Engineer of the respondent-Authority, brought to his notice the fact that the petitioner-firm vide letters dated 26.10.2013 and 12.6.2013 had requested the respondent-Authority to ensure construction of the road on priority basis in front of the plot, but the Junior Engineer on inspection made on 30.5.2016 found that no road had been constructed. The said communication also refers to the contents of the letter of the petitioner-firm dated 12.6.2013 about the fact that in absence of road and development work in the area, the petitioner was not in a position to establish any industrial unit. The Regional Manager of the respondent-Authority, by the said communication, requested the Executive Engineer to ensure construction of road in front of the plot in question on a priority basis and also make available tracing of the plot to his office so that further action could be taken. A copy of the said letter was also forwarded to the petitioner-firm. The Regional Manager of the respondent-Authority vide letter dated 4.9.2017 informed the petitioner-firm that he by his letter dated 23.6.2016 referred to above, and various other communications dated 15.7.2016, 20.4.2017 and 11.7.2017, in continuation to letter dated 23.6.2016, requested the Executive

Engineer, Construction Division – II to apprise him of the status of the road and drainage in front of Plot Nos. F-399 to F-403. The Executive Engineer in response to the aforesaid letters apprised him of the fact that construction of Road No. 27 in front of the aforesaid plots would be possible only after carrying out amendment in the layout plan and he had made request in this regard to the Head Office vide letter dated 9.2.2017.

7. The respondent-Authority, however, without constructing road for providing access to the plot, issued another notice dated 28.10.2020 to the petitioner-firm and thereby it demanded maintenance charges upto 30.6.2020, interest till 30.11.2020, lease rent upto 31.3.2021, and GST amounting to Rs. 1,04,555/-. The said amount was required to be deposited within thirty days, failing which, proceedings for cancellation of the allotment would be initiated. The petitioner-firm replied to the said notice on 11.1.2021 that the respondent-Authority had promised to construct road in front of the plot after getting the layout plan amended, but till date it had failed to take requisite steps in that regard. The respondent-Authority instead of finalizing the proceedings for amendment in the layout plan and constructing road to provide access to the plot in question, threatened the petitioner by another notice dated 3.3.2022 to recover maintenance charges and interest on the said amount as arrears of land revenue.

8. On 16.8.2024, the respondent-Authority issued the impugned communication stating that for certain reasons (not disclosed), it was not able to provide possession of the allotted plot to the petitioner. The petitioner was given option to seek refund of the amount deposited by it along with 6% simple interest per annum and in case the petitioner agrees to the said option, it should give consent in writing. The second option was that effort would be made to provide the allotted plot/alternative plot to the petitioner in maximum time period of two years, but in case it could not materialise, then the entire amount would be refunded with simple interest @ 6% per annum. The petitioner vide letter dated 29.8.2024 raised a serious protest against the options given to it. The petitioner specifically mentioned that it was not willing to take refund, but gave consent for allotment of alternative plot and, in that case, it also agreed to pay any differential amount, if payable. On 25.10.2024, the Regional Manager of the respondent-Authority, in response to a complaint lodged by the petitioner on IGRS Portal, informed the petitioner that the petitioner had already been intimated by letter dated 16.8.2024 that the respondent-Authority was not in a position to hand over possession of the allotted plot and was given two options, in response to which, the petitioner had opted for option no. 2, i.e. the respondent-Authority would wait for a maximum period of two years to hand over possession of the same plot or alternative plot to the petitioner-firm. The said communication dated 25.10.2024 is also under

challenge. The petitioner-firm has also prayed for a writ of mandamus directing the respondent-Authority to complete the formalities with regard to execution of the lease deed and hand over possession of the allotted plot or alternative plot to the petitioner-firm forthwith.

9. A short counter affidavit has been filed by the respondent-Authority wherein it has been admitted that the allotment of the plot was transferred in favour of the petitioner in pursuance of permission granted by the respondent-Authority vide 'Permission for Transfer' dated 07.01.2009. However, the case taken is that later on, an inspection was made, and in which it transpired that, in fact, the plot in question was not in existence, though it was part of the lay out plan. The error was sought to be explained by taking the stand that the lay out plan was prepared by super imposing images and not on basis of spot inspection. The relevant paragraphs 21, 22, 23 and 24 of the short counter affidavit are being reproduced below:

"21. That in response to the petitioner letter dated 12.06.2013 necessary communication was made from the office of Regional Manager to the Executive Engineer vide letter dated 26.10.2013.

22. That a complaint was filed by petitioner via email before the Hon'ble Chief Minister, Uttar Pradesh and further copy of the same was also sent to the office of the answering respondents. That on basis whereof letters dated 23.06.2016, 15.07.2016, 12.04.2017 and 11.07.2017 was issued to the Executive Engineer, construction Division-II requiring him to update necessary status about construction of Nali and Road in reference to Plot No. F-399 to F-403. That in reference whereof Executive Engineer informed that for the aforementioned plots if the road is to be constructed beyond road no. 27 then the

construction of road will be done over the land earmarked for park and further necessary amendment will also be carried out in the lay out plan.

23. That later upon due inspection it was found that on spot plot no. F-403 is not in existence although the same was part of the lay out plan

24. That the lay out plan was prepared by super imposing images and was not made on the basis of spot inspection."

10. It is clear from the stand taken by the respondent-Authority that the plot in question was actually not in existence. It was carved out only on papers. The respondent-Authority has admittedly realized a huge amount towards premium, transfer levy and even maintenance charges and lease rent from the original allottee/the petitioner-firm from time to time in respect of the plot which was not even in existence. The petitioner kept on requesting the respondent-Authority to carry out development of the area, construct road in front of its plot to facilitate access to the same, but the respondent-Authority not only failed to carry out its obligations, but even concealed correct facts from the petitioner. While giving a reply on 07.06.2016 to the legal notice given by the petitioner through its counsel on 24.5.2016, the respondent-Authority stated that the plot in question was situated over Road No. 27. It is clear from the communication between the Regional Manager and the Executive Engineer of the respondent-Authority dated 23.06.2016 that they were aware of the fact that the road in front of the plot had not been developed. Yet, the petitioner was given wrong

information regarding the allotted plot being situated over Road No. 27. In fact, it is evident from letter dated 4.9.2017 of the Regional Manager that road in front of the plot was not even planned, let alone constructed. The petitioner was given assurance that the said road would be constructed after carrying out necessary amendments in the layout plan and for which, proceedings had already been initiated. However, the said exercise was not held, while on the other hand, the petitioner was again threatened with a notice dated 28.10.2020 to pay accrued maintenance charges, interest and lease rent, along with GST, failing which, the allotment would be cancelled. It has been disclosed for the first time, in the counter affidavit, that not only the road, even the allotted plot does not exist. It is beyond comprehension as to how the respondent-Authority continued to demand maintenance charges, interest and lease rent from the petitioner when the plot itself was not in existence. The options given to the petitioner vide impugned communications dated 16.8.2014 and 25.10.2024, on basis of alleged policy of the respondent-Authority, were wholly arbitrary, unjust, unfair and fraudulent. In case the plot actually did not exist, the respondent-Authority should have, within reasonable time from 30.5.2016, when the Junior Engineer inspected the site and confirmed that there was no development at the site, nor any road in existence, or in the year 2017, when the respondent-Authority itself admitted that construction of road would not be possible unless layout plan is amended, refunded the

money to the petitioner-firm. Instead, as noted above, it kept slapping the petitioner with notices demanding maintenance charges, lease rent, interest, etc. and even succeeding in realizing the amount demanded under the said heads in pursuance of notice dated 22.4.2013 under threat of cancellation of allotment.

11. We also find sufficient force in the case of the petitioner that vide communication dated 29.8.2024, the petitioner only showed willingness to take an alternative plot and did not agree to Option No. 2, i.e. for extension of time for handover of possession of the allotted plot/alternative plot for two years, and in case of failure, to refund the amount with simple interest @ 6% per annum.

12. The action of the respondent-Authority in the circumstances noted above amounts to unjust enrichment and harassment of the petitioner. The arbitrariness is writ large on the face of the record. After retaining the money for almost twenty three years, the respondent-Authority is seeking to refund the amount with simple interest @ 6% per annum. As per the permission of transfer dated 7.1.2009 granted in favour of the petitioner, had there been any default on part of the petitioner in depositing the amount payable thereunder, the petitioner would have been liable for interest @ 15% per annum. However, the respondent-Authority after retaining huge amount towards premium and transfer levy and realizing lease rent, maintenance charges, etc. since last eighteen years, is now trying to wash off its hands by

refunding the amount with simple interest @ 6% per annum. It is nothing but an act of high-handedness and a reflection of monopolistic approach of the respondent-Authority, which cannot be countenanced. The petitioner-firm admittedly wanted to set up a steel fabrication and job work unit, and despite the petitioner having invested a huge sum for the said purpose, it could not set up the industrial unit on account of irresponsible and reckless manner of functioning of the respondent-Authority.

13. The respondent-Authority was constituted under the U.P. Industrial Area Development Act, 1976 with the avowed object of providing impetus to industrial development in the State. The approach of the respondent-Authority in the present case has been very casual, irresponsible, arbitrary, unjust, unfair and fraudulent. In the first instance, the respondent-Authority should not have floated the scheme without verifying the existence of the plot on the ground and after it transpired that the plot was not in existence and it was also not possible to construct the road as promised, the respondent-Authority should have forthwith refunded the amount. But it not only retained the same, but kept on making illegal demands and realizing lease rent, maintenance charges, interest, etc.

14. It is noteworthy that the respondent-Authority during pendency of the writ petition, has tried to refund an amount of Rs. 20,18,697/- by means of a cheque to the petitioner as against the amounts realized

from 16.1.2001 upto 13.6.2013, along with interest @ 6% per annum. In the rejoinder affidavit, the stand taken is that the cheque sent to the petitioner in this regard, has not been accepted by the petitioner and the petitioner has returned the same to the respondent-Authority through postal cover dated 4.5.2025.

15. By a specific order passed on 06.03.2025, we granted time to learned counsel for the respondent-Authority to obtain instructions as to whether the respondent-Authority was ready to give alternative plot to the petitioner. Learned Senior Counsel appearing for the respondent-Authority after seeking instructions, submitted that the respondent-Authority is not in a position to allot any alternative plot to the petitioner. Thus, even the option given by the petitioner for allotment of alternative plot has not been honoured and it speaks volumes about the arbitrary and unjust approach of the respondent-Authority.

16. As the petitioner could not set up the industry, resulting in financial losses and also having suffered harassment, the writ petition is **disposed of** with the following directions: -

- a) The respondent-Authority is directed to refund the entire amount realised from the petitioner or from predecessor-in-interest of the petitioner, to the petitioner, with interest at the rate of 15% per annum (i.e. the rate of interest which would have been charged by the respondent-Authority if there has been any fault

on the part of the petitioner) within four weeks from the date of receipt of a certified copy of this order,

b) In addition to the above, the respondent-Authority shall also pay a sum of Rs. 10,00,000/- as compensation to the petitioner, within two weeks from the date of receipt of a certified copy of this order, towards the harassment and mental agony caused to the petitioner due to the illegal, irresponsible and fraudulent approach adopted by the respondent-Authority in the entire matter.

17. The Registrar (Compliance) of this Court is directed to send a copy of this order to the respondent-Authority within a week for compliance.

Order Date :-24.7.2025.

o.k.

(Anish Kumar Gupta, J.) (Manoj Kumar Gupta, J.)