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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% **Reserved on : 18th December, 2024**
Pronounced on: 26th March, 2025

+ **W.P.(C) 8576/2004, C.M.APPL. 44138/24, CM APPL. 65751/24**

M/S PUNJ SONS P. LTD.Petitioner

Through: **Mr. Amarjit Singh Chandhiok,**
Senior Advocate with Mr. Tanpreet
Gulati, Mr. Naresh Thannai and
Ms. Khushboo Singh, Advocates.

versus

UOI & ANR.Respondents

Through: **Mr. Rajesh Gogna CGSC**
alongwith Mr. Nipun Jain and Ms.
Priya Singh, Advocates.

CORAM:
HON'BLE MR. JUSTICE CHANDRA DHARI SINGH

J U D G M E N T

CHANDRA DHARI SINGH, J.

1. The present writ petition has been filed on behalf of the petitioner under Article 226 and 227 of the Constitution of India, challenging the order dated 27th April, 2004 (hereinafter "impugned order") passed by the learned Chief Settlement Commissioner (hereinafter "CSC"), Government of India, wherein the petitioner has been directed to pay commercial rates for the regularization of 7.33 acres of land situated at



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Kalkaji Industrial Area, New Delhi and the imposition of damages by the government for such occupation.

FACTUAL MATRIX

2. The petitioner was initially allotted 3 acres of industrial land in 1956 for setting up an industrial unit. The petitioner undertook development work, transforming the site into a functioning industrial unit. Over time, the petitioner occupied additional adjoining land beyond the original allotted 3 acres.

3. The government, later, assessed that the petitioner was in unauthorized occupation of an additional 10.23 acres of land in the same area. Following deliberations, in the year 1973, the Group of Ministers decided to regularize 7.33 acres out of the occupied land, subject to the payment of regularization charges of Rs. 3 per square yards. In May, 1978, a formal offer for regularization of 7.33 acres was extended to the petitioner. The petitioner accepted this offer in June, 1978 (hereinafter “1978 offer”).

4. In June, 1981, the government revised the terms of regularization, increasing the land rate to Rs. 393.75 per square yard and requiring the petitioner to surrender 2.9 acres of land. The petitioner objected to this revision, arguing that the earlier agreed rates should be applicable and that the said condition of surrender had not been a part of the original 1978 offer.

5. The dispute was referred to the learned Settlement Commissioner, who, in 1984, ruled in favor of the petitioner and directed that the payment be accepted at the previously agreed rates. The petitioner claims



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that it attempted to comply with this order by making the required deposit, but the government refused to accept the same.

6. In 1990, the Deputy Secretary, Government of India, acting under Section 33 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954, (hereinafter “DP Act”) set aside the 1984 order. The petitioner challenged this decision before this Court in CWP No. 1985 of 1985, where this Court granted interim protection against eviction and directed the petitioner to deposit Rs. 1,39,69,147.50/- (Rupees One Crore Thirty Nine Lakhs Sixty Nine Thousand One Hundred and Forty Seven and Fifty Paise Only) as security, which the petitioner complied with.

7. In 2002, this Court directed the learned Chief Settlement Commissioner to reconsider the matter afresh. Pursuant to this Court’s direction, the CSC passed a fresh order dated 27th April, 2004, which determined the applicable rate as commercial rate prevailing in 2002, instead of industrial rates and directed the petitioner to pay damages for alleged unauthorized occupation in accordance with the applicable policies.

8. Aggrieved by the impugned order, the petitioner filed the instant petition seeking the quashing of the same and for regularization process to be executed at the rates originally agreed upon in 1978.

PLEADINGS BEFORE THIS COURT

9. The instant petition has been filed on behalf of the petitioner seeking setting aside of the impugned order based on the following grounds:



“II. That the orders passed by the Chief Settlement Commissioner are totally one sided and partial and are based on presumed facts and decisions taken by other officers and not gone into by the Chief Settlement Commissioner independently. Thus, the orders passed by the Chief Settlement Commissioner have not been made impartially and with proper application of mind.

IV. That the Chief Settlement Commissioner vide orders dt. 27th April, 2004 has directed the payment at commercial rates as applicable on 26th November, 2002. It may be submitted that the land has never been used for commercial purposes. This is clear even from the records of the Respondents. At no point of time has there been any averments by the Respondent that the land was put by the Petitioner to the commercial use. That being so, there was no question of imposing commercial rates by Chief Settlement Commissioner. It is thus, clear that the orders are against the position at site as also against the records of the Respondents themselves.

V. That the Chief Settlement Commissioner has directed the application of the commercial rates as on 26th November, 2002. The Petitioner approached the Chief Settlement Commissioner vide application dt. 26th November, 2002 consequent upon the consent orders dt. 30th October, 2002 passed by this Hon'ble Court in CWP no. 1985/1985 in which it was also stated that the petitioner may approach the Chief Settlement Commissioner pursuant to the order dt. 17th May, 1990 & thus, the application dt. 26th November, 2002 moved by the petitioner in pursuance to the orders dt. 30th October, 2002 could not be treated as fresh application for the purpose of fixation of rates. The orders passed by the Chief Settlement Commissioner in this respect are thus, totally perverse and illogical.

VI. That the Chief Settlement Commissioner has ignored the offer made by the Govt. on 25th May, 1978 and the



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acceptance there of by the petitioner vide letter dt. 6th June, 1978. In para 4 of the order, the Chief Settlement Commissioner, has referred to the offer made by the Govt. on 25th May, 1978 and the acceptance there of by the petitioner. However, in the effective part of the order, the Chief Settlement Commissioner has not at all referred to this offer and acceptance. On the other hand, the Chief Settlement Commissioner has wrongly observed that the decision taken by the Govt. in April, 1981, is a standalone order which is complete in all respects. This observation, obviously is invalid and illegal as the Chief Settlement Commissioner could not shut his eyes and could not ignore the effect of the offer and acceptance of the year 1978. Thus, though referring to the offer and acceptance of the year 1978, but not taking the same into consideration and not at all discussing the same in his order, the Chief Settlement Commissioner has acted against the facts as well as against the law. Ignoring the offer and the acceptance of the year 1978 clearly shows that the orders passed by the Chief Settlement Commissioner are totally partial and one sided and mala fide. It may be submitted that the offer once made and accepted cannot be withdrawn or modified unilaterally by either of the parties.

VII. That during the proceedings dt. 30th June, 2003 before the Chief Settlement Commissioner. it was stated by Sh. Narindar Singh, the representative of the Govt. that in the year 1971 a meeting of some Ministers took place and it was decided in that meeting to regularise the land at the rates of the year 1973. This aspect happens to be quite important to the matter and goes to the root thereof. It may be submitted that a decision taken by a Group of Ministers could not be bye-passed by a decision taken by the Managing Officer or the Chief Settlement Officer or by any other officer. It may be submitted that since the decision of a Group of Ministers directed to regularise the land at the rates of the year 1973, it was to be done accordingly and any rates of any later year levied by any officer is violative of the orders of the Group of



Ministers and are thus illegal, invalid and in operative and also beyond jurisdiction.

VIII. That it was for the first time on 30th January, 2003 that it was revealed to the petitioner that a decision was taken in the year 1971 by a Group of Ministers. This important fact has not been disclosed by the Respondents either to the Petitioner or even to the Hon'ble Court. This hiding of the important decision taken by a Group of Ministers happens to be totally mala fide. In any case even now the said orders passed by the Group of Ministers should be implemented despite any other orders having been passed by any other officer.

IX. That the order passed by a Group of Ministers had become official and operative vis-a-vis the Petitioner even though the intimation there of was not sent to it. The said orders therefore, deserve to be implemented and this aspect should have been duly considered by the Chief Settlement Commissioner because the same was disclosed before him by Sh. Narindar Singh the Govt. Representative.

X. That in the aforesaid proceedings dt. 30th January, 2003, it was also stated by Sh. Narindar Singh, the representative of the Govt. that there are two types of rates namely residential and commercial and that the petitioner has been charged with the residential rates. In case the decision of the department I Group of Ministers was to charge at the residential rates then there was absolutely no occasion for the Chief Settlement Commissioner to direct the charging of commercial rates as has been done by him in his orders dt. 27th April, 2004.

XIV. That vide letter dt. 2nd I 3rd June, 1981, the Petitioner were intimated of a demand of Rs, 1,39,69,147.50 (Rupees One Crore thirty nine lacs sixty nine thousand one hundred forty seven and fifty paisa only) for 7.34 acres of land at the rate of Rs, 343.75 per sq. yds. In addition, the amount of



ground rent of Rs, 9141.25 (Rupees Nine Thousand One Hundred Forty One and twenty five paisa only) up to 31st January, 1982 was also intimated and both these amounts were required to be paid within one month of the issue of the letter with the condition that the regularisation shall be subject to the vacation of area of 2.08 acres of land by the Petitioner. It may be reiterated that this condition about the surrender of land of 2.9 acres was not contained in the offer letter dt. 25th May, 1978 which was duly accepted by the petitioner. Accordingly, the insertion of this condition was invalid. In any case even if the said condition, the Govt. could not make the offer contained in the letter dt. 2nd /3rd June, 1981, subject to the said condition as the same was violative of the contract based on the earlier offer and acceptance.

XXXIV. That the Rule of Natural Justice enjoined upon the department to furnish the basis for calculation of price charged by them. The department has not justifiable cause or reason for withholding the details of calculation from the Petitioner. Being the "State", it ought to have acted fairly and in a transparent manner.

XXXVIII. That at no point of time the petitioner has ever used the said area of 2.9 acres of land and it was only due to the geographical situation, that that area did not have any independent access and for which reason the respondents have forced the petitioner to surrender the area on papers which they actually never had in their possession."

10. Rebutting the instant petition, the respondent has filed its reply and counter affidavit, and the relevant extracts of the same are as follows:

"1. The contents of para 1 are denied to the extent they do not form part of the record. It is respectfully submitted that the Chief Settlement Commissioner has passed an order dated 27 /4/2004 with "respect to fixing the rates and conditions for regularization of land at Kalkaji by giving full



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opportunity to the petitioner for being heard and after consideration of all the facts and circumstances of the case. It is further submitted that the said order does not affect any legal or fundamental right of the petitioner.

3. ...In reply to Para 3 &4 of the application, it is submitted that the Hon'ble High Court vide its judgment dated 30/10/2002 in CWP no.1985/85 ordered that petitioner may approach the Chief Settlement Commissioner pursuant to order dated 17/5/1990 who in turn will consider the company's request of regularization of possession of land in question and pass appropriate order in the matter, under law after hearing the parties within two months for appearance of the parties before him. Then hearings were held on various dates and were ultimately completed on 2/4/2004. The CSC passed the order on 27 /4/2004 after hearing both the parties i.e. the petitioner as well as the department. The CSC has considered the representation of the Petitioner and his submissions through his counsel. It is respectfully submitted that the order passed by the CSC is in accordance with law and there is no malafide, illegality, arbitrariness in the context of the value of the land and damages payable for unauthorized use and occupation. It is further submitted that the proceedings were conducted before the Chief Settlement Commissioner in pursuance of the orders passed in the CWP No. 1985 of 1985 and the order passed by the Chief Settlement Commissioner is in accordance with the law. It is respectfully submitted that the petitioner is encroacher on the Govt. land and has been protracting the issue by way of different tactics including filing of a number of writ petitions thereby vitiating the process of law also. It is respectfully re-iterated that the order passed by the CSC dated 27.4.04 is completely in accordance with law and the petitioner must have complied with the said order.

5. ...The contents of para 1 are denied to the extent they do not form part of the record. It is respectfully submitted that



the matter was heard and decided by the Deputy Secretary. Vide an order dated 17.5.1990, the Deputy Secretary set aside the orders dated 28.12.1984 and 29.06.1988 passed by Authorized Settlement Commissioner and Authorized Chief Settlement Commissioner respectively and he afforded an opportunity to approach the Chief Settlement Commissioner afresh for regularization of their unauthorized occupation on such terms and conditions as the Chief Settlement Commissioner may deem fit and proper order.”

From the counter affidavit:

“The Petitioner in the ground have repeatedly raised all the issues and averments which were raised in CWP no. 1985/85 and when petitioner agreed with the answering respondent for passing a consent order by the Court, the Petitioner has legally forgone all these issues and their consideration on merit. Consent order dated 30/10/2002 provided a fresh opportunity to have the petitioner their request for regularisation on fresh terms be considered. The order dated 27 /4/2004 by the CSC has been passed and department has asked the petitioner to deposit an amount of Rs. 139.55 crores vide letter dated 17/18-05-2004. It is respectfully submitted that if the Petitioner is not willing to comply with the terms as indicated in order dated 27/4/2004 they are at liberty to hand over the vacant possession of the government land to answering respondent alongwith upto date damages charges together with interest for unauthorised use and occupation thereof. It is submitted that the present petition is not maintainable on the grounds stated in preliminary objection. The reply to all the ground are not replied separately as they are almost repetition of these which have already been replied in the present counter affidavit.

SUBMISSIONS

(on behalf of the petitioner)



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11. Learned senior counsel appearing on behalf of the petitioner submitted that the petitioner had already accepted an offer for regularization in 1978, which was as per the industrial rates, and the government is now seeking to unilaterally alter the agreed terms.

12. It is submitted that in May, 1978, the government formally offered to regularize the additional 7.33 acres of land and the petitioner accepted the offer in June, 1978, thus, creating a binding arrangement between the parties.

13. It is submitted that in June, 1981, the government unilaterally revised the terms of regularization, increasing the land rate to Rs. 393.75 per square yard and introduced an additional requirement to surrender 2.9 acres. It is further submitted that these revisions were made without prior consultation with the petitioner and were contrary to the 1978 order, which did not include any surrender condition. It is also submitted that the petitioner sought clarification regarding these new terms, however, instead of addressing the concerns, the government proceeded to enforce the revised terms unilaterally.

14. It is submitted that the dispute was referred to the learned Settlement Commissioner, who, in 1984, ruled in favor of the petitioner and directed the government to accept the regularization charges at the previously agreed rates. It is further submitted that the petitioner attempted to comply with this order by making the necessary payment within 30 days, but the government refused to accept the payment. It is also submitted that the government's refusal to accept the payment in 1984 and its subsequent demand for a higher amount in 2004 is arbitrary, unreasonable and legally unsustainable.



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15. It is submitted that the Deputy Secretary, Government of India, in 1990, invoked powers under Section 33 of the DP Act and set aside the 1984 order passed by the learned Settlement Commissioner and reinstated the government's demand for revised rates. It is further submitted that the reversal of the 1984 order was made without proper reasoning. It is also submitted that the 1990 decision was contrary to the principle of finality in administrative decisions, as the government had already accepted the petitioner's right to regularization.

16. It is submitted that the 1990 order did not consider the principles of natural justice, as the government failed to give due weight to the petitioner's acceptance of the 1978 offer and the petitioner's compliance with the 1984 ruling.

17. It is submitted that in 2002, this Court directed the CSC to reconsider the issue afresh, but the CSC, instead of applying the previously agreed industrial rates, assessed the land at commercial rates prevailing in 2002. It is further submitted that the 2004 order of the CSC does not account for the fact that the petitioner had already accepted an earlier offer, and such retrospective revision of terms violates the doctrine of legitimate expectation.

18. In view of the foregoing submissions, it is prayed that the instant petition may be allowed and the reliefs be granted as prayed for.

(on behalf of the respondent)

19. *Per Contra*, the learned Central Government Standing Counsel (CGSC) appearing on behalf of the respondents vehemently opposed the



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present petition submitting to the effect that the same is liable to be dismissed being devoid of any merit.

20. It is submitted that the impugned order passed by CSC is legal, valid and binding, as it was issued after due consideration of the facts and law. It is further submitted that the petitioner's claim that the land should be regularized at industrial rates is misconceived, as the government has correctly assessed the land at commercial rates prevailing in 2002. It is also submitted that the petitioner has failed to demonstrate any legal or equitable basis for compelling the government to apply industrial rates instead of commercial rates.

21. It is submitted that the petitioner was originally allotted 3 acres of land in 1956 but later occupied 10.23 acres without authorization. It is further submitted that despite repeated notices, the petitioner continued to remain in occupation of the land, which the government later considered for regularization as a special case. It is also submitted that the petitioner's continued unauthorized occupation resulted in financial losses to the government, justifying the demand for commercial rates and damages for unauthorized use.

22. It is submitted that the offer for regularization of 7.33 acres in 1978 was not an unconditional promise, but subject to the terms and conditions prescribed by the government. It is further submitted that, in June, 1981, the government revised the terms to Rs. 393.75 per square yard and required the surrender of 2.9 acres as part of the settlement. It is also submitted that the petitioner failed to complete the formal surrender of the additional 2.9 acres, which was a mandatory precondition for regularization.



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23. It is submitted that the 1984 order of the learned Settlement Commissioner, which had directed regularization at the earlier rates, was erroneously passed. It is further submitted that the petitioner had no vested right to demand regularization at a specific rate, as land allotment policies are subject to governmental discretion and evolving public interest.

24. It is submitted that the petitioner was directed by this Court to deposit Rs. 1.39 Crores as security, pending final adjudication of the matter. It is further submitted that mere deposit of money does not create a legal entitlement for the petitioner to demand regularization at industrial rates, as the rate of determination is within the exclusive domain of the government. It is also submitted that since the petitioner continued to remain in unauthorized possession, the demand for commercial rates and damages remains legally justified.

25. It is submitted that policy decisions on the land pricing fall within the executive domain and the courts should not interfere unless there is proven arbitrariness, discrimination or violation of fundamental rights. It is further submitted that allowing the petitioner's request would set an unhealthy precedent encouraging others to make unauthorized occupations and later claim regularization at preferential rates.

26. It is submitted that CSC's 2004 order was passed after considering all relevant factors, including previous administrative decisions and court directions. It is further submitted that the petitioner was given ample opportunity to present its case before the CSC and there was no procedural irregularity in the passing of the order.



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27. In view of the foregoing submissions, it is prayed that the present petition may be dismissed.

ANALYSIS AND FINDINGS

28. Heard the counsel for the parties and perused the material available on record.

29. It is the case of the petitioner that a binding arrangement for regularization of 7.33 acres at industrial rates was concluded in 1978 upon acceptance of the government's offer, which was later unilaterally altered in 1981 by imposing higher rates and surrender condition. Though the 1984 order of the learned Settlement Commissioner reaffirmed the original terms and the petitioner attempted compliance, the government refused the payment and in 1990, without proper reasoning or adherence to natural justice, set aside the 1984 order under Section 33 of the DP Act. Despite this Court's direction in 2002 for reconsideration, the CSC in 2004 applied commercial rates, ignoring the earlier acceptance, which the petitioner asserts violates the doctrine of legitimate expectation.

30. In rebuttal, the contention of the respondent is that while an offer was extended in 1978 for regularization of 7.33 acres, the same was conditional and never culminated into a binding agreement, having lapsed due to the petitioner's inaction. The revised offer was issued in June 1981, prescribing enhanced rates and requiring surrender of 2.9 acres, which the petitioner failed to accept or comply with. It is also contended that the petitioner continued in unauthorized occupation thereafter and that the regularization proposal was revisited in 2004, after this Court's



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direction and was rightly decided at prevailing commercial rates due to the efflux of time and the petitioner's persistent default.

31. Having considered the submissions advanced by both the parties, the dispute before this Court revolves around the petitioner's challenge to the impugned order dated 27th April, 2004, passed by the CSC, whereby the petitioner was directed to regularize its occupation of 7.33 acres of land at commercial rates prevailing in 2002 and to pay damages for unauthorized occupation of the said land. The petitioner contends that CSC failed to consider its historical entitlement under an offer made in 1978 for regularization at industrial rates, which it had unconditionally accepted. It is further submitted that the 1984 order of the learned Settlement Commissioner, which allowed payment at the earlier rates, remained valid and binding.

32. The respondents, on the other hand, contended that the 1978 offer lapsed, that the 1984 order was without jurisdiction, and that the CSC rightly applied commercial rates in view of the petitioner's continued unauthorized occupation and the efflux of time.

33. Before embarking upon the determination of the issues in the present writ petition, it is necessary to take note of the chronological sequence of events that culminated in the impugned order. The petitioner was initially extended an offer for regularization of unauthorised occupation in 1978 which was subsequently revised by the competent authority in 1981-82.

34. The petitioner, however, failed to comply with the stipulated terms within time. Thereafter, in 1984, the learned Settlement Commissioner, purporting to exercise jurisdiction under the Act, granted a further



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opportunity to the petitioner to make payment under the earlier terms, an order which was later set aside by the Government of India on 17th May, 1990, *inter alia* on the ground that the learned Settlement Commissioner lacked the authority to vary the conditions of the original offer.

35. Subsequently, by way of a consent order passed by this Court in 2002, it was agreed that the “*petitioner may approach the Chief Settlement Commissioner pursuant to order dated 17th May, 1990, who, in turn, will consider the Company’s request for regularisation of possession of land in question and pass appropriate orders in the matter under law after hearing the parties.*”.

36. Pursuant to this direction, the CSC passed the impugned order dated 27th April, 2004, which now forms the fulcrum of the present challenge. All preceding events, including the orders passed in the year 1978, 1984 and 1990 orders and the intervention of this Court, ultimately culminate in the impugned order which is the final order determining the rights and liabilities of the parties herein.

37. In the light of the above factual background, and the rival positions urged, the following issues arise for adjudication:

- a. Whether the petitioner has any enforceable right to seek regularization of the subject land at industrial rates in terms of the offer dated May/June, 1978, as allegedly accepted?*
- b. Whether the learned Settlement Commissioner’s order dated 28th December, 1984, granting 30 days’ time to the petitioner to deposit the regularization charges at the 1978 rates, was passed within the scope of authority vested under the DP Act and the Rules framed thereunder?*



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c. Whether the CSC's order dated 27th April, 2004 suffers from legal or procedural infirmities?

38. This Court will now proceed to examine each of the above issues *in seriatim*. Before doing so, it must be noted that while the petitioner has built its case primarily around the offer of 25th May, 1978 and its alleged acceptance, the government position is that this offer never matured into any binding arrangement, was later revised, and ultimately lapsed due to inaction on the part of the petitioner.

39. The first issue for consideration is ***whether the petitioner has any enforceable right to seek regularization of the subject land at industrial rates in terms of the offer dated May/June, 1978, as allegedly accepted?***

40. The petitioner has relied on a letter dated 25th May, 1978, by which the government proposed to regularize 7.33 acres of land allegedly in the petitioner's unauthorized occupation, at industrial rates, with reference to the original allotment made to the petitioner in 1956. It is claimed that the said offer was unconditionally accepted in June, 1978, and that this acceptance created a binding and enforceable arrangement entitling the petitioner to demand regularization at those rates.

41. While the offer and its acceptance are not in dispute in a factual sense, the question is whether such acceptance gave rise to an enforceable legal right capable of being asserted before this Court more than two decades later. In this regard, it is important to note that the 1978 offer was not acted upon within the stipulated time. The petitioner did not make the requisite payment, nor take any steps to complete the regularization within the window provided in the offer itself.



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42. The government, in the meantime, revised the terms of the regularization *vide* letter dated 2nd/3rd June 1981, now requiring payment at the rate of Rs. 393.75 per square yard and mandating the surrender of 2.9 acres out of the 10.23 acres under the unauthorized occupation. This revised offer was again renewed on 17th/22nd December, 1981 but no formal acceptance of the new terms or compliance therewith is on record.

43. A time bound offer extended by the State particularly in the realm of land allotment or regularization of unauthorized occupation is not irrevocable, nor does its mere acceptance automatically crystallize into an enforceable right in the absence of compliance with all conditions. It becomes evident that once the offer of 1978 was neither acted upon nor honored within time and a revised policy decision was made in 1981, the petitioner had no continuing right to claim enforcement of the earlier offer.

44. The revised offer of 1981 clearly laid down new financial terms and an additional condition for the surrender of land. It was a fresh administrative proposal and amounted to a supersession of the offer of 1978. The petitioner had a clear opportunity to accept the revised terms and bring the matter to a conclusion. However, it did not do so. Instead, it chose to challenge the increased rate and surrender condition without complying with either while continuing in occupation.

45. The petitioner has also sought to invoke the doctrine of legitimate expectation, contending that having accepted the government's offer in 1978 for regularization of land at industrial rates, it held a legitimate expectation that the offer would be honored and that subsequent policy shifts could not defeat that expectation. In the alternative, the petitioner



has suggested that the government having once extended an offer and encouraged acceptance, ought to be held bound by it under the principle of promissory estoppel.

46. This Court is unable to accept the petitioner's invocation of either doctrine. The doctrine of legitimate expectation, as clarified by the Hon'ble Supreme Court in **Rewa Tollway (P) Ltd. v. State of M.P.**¹, does not confer a substantive right. In that case, the Court held:

*"27. The doctrine of legitimate expectation has been discussed and elucidated upon in several judgments by this Court. The doctrine provides a framework for judicial review of executive actions, policy changes, and legislative decisions. In **Union of India v. Hindustan Development Corpn.** [**Union of India v. Hindustan Development Corpn.**, (1993) 3 SCC 499], this Court emphasised that legitimate expectation primarily grants an applicant the right to a fair hearing before a decision that negates a promise or withdraws an undertaking from which an expectation of certain outcome or treatment arises. It does not, however, create an absolute right to the expected outcome.*

28. The protection of legitimate expectation is subject to overriding public interest, which means that even if an individual's expectation is reasonable and based on a past practice or representation by the executive or legislature, it can be denied if justified by a significant public necessity. The Court also highlighted that in matters of policy change, the judiciary typically refrains from interfering, unless the decision is arbitrary, unreasonable, or not in public interest.

*29. The judgment in **Ram Pravesh Singh v. State of Bihar** [**Ram Pravesh Singh v. State of Bihar**, (2006) 8 SCC 381] defines legitimate expectation as an expectation of a benefit, relief, or remedy that arises from a promise or established*

¹ (2024) 9 SCC 680



practice through administrative, executive or legislative action. This expectation must be reasonable, logical, and valid; but it in no way vests any enforceable legal right. The doctrine does not elevate legitimate expectation to the level of a right enforceable by law. Instead, it is a procedural concept that demands fairness in administrative action. When an expectation is deemed legitimate, it may entitle the individual to a chance to show cause before the expectation is denied or to receive an explanation for the denial. However, legitimate expectation does not always result in relief, particularly when public interest, policy changes, or other valid reasons justify the deviation from the expected course of action.

*30. The decision in **P.T.R. Exports (Madras) (P) Ltd. v. Union of India** [P.T.R. Exports (Madras) (P) Ltd. v. Union of India, (1996) 5 SCC 268] further clarifies the limited role of legitimate expectation in the context of policy changes and legislative actions. This Court observed that the Government retains the authority to revise policies in response to changing circumstances, such as potential foreign markets and the need to earn foreign exchange. Thus, the doctrine of legitimate expectation does not constrain the Government from altering its policies, provided the changes are made in public interest and not through an abuse of power. The judiciary affords considerable leeway to the executive and legislature in matters of economic policy, recognising their prerogative to prioritise different economic factors. Consequently, previous policies do not bind the Government indefinitely; new policies can be adopted, if deemed necessary, for the public good. This underscores the principle that while legitimate expectation warrants fair treatment, it does not preclude the Government's flexibility in policy-making.*

31. Therefore, the doctrine of legitimate expectation serves only as a procedural safeguard ensuring fairness in administrative decisions and policy changes. It grants the



expectant party the right to a fair hearing and an explanation but does not guarantee the realisation of the expected benefit. The government's authority to revise policies in public interest remains paramount, with the judiciary intervening only in cases of arbitrariness, unreasonableness, or lack of public interest. This balanced approach ensures that while individuals can expect consistent treatment based on past practices or promises, the Government retains the flexibility to respond to evolving needs and priorities.

32. On the doctrine of promissory estoppel, since it is an equitable doctrine, it only comes into play when equity requires a party be estopped from withdrawing its promise. It has been well settled by this Court in several judgments that the principle of promissory estoppel cannot be invoked against the exercise of legislative power. In order to avoid burden on the present judgment, we are relying on the observations made by this Court in a recent judgment dealing with the doctrine of promissory estoppel.

*33. The Bench in **Hero Motocorp Ltd. v. Union of India** [**Hero Motocorp Ltd. v. Union of India, (2023) 1 SCC 386 : (2022) 13 SCR 592**], while relying upon other judgments of this Court in this regard, observed thus (SCC pp. 414-415, para 68)*

*“68. ... a common thread in all these judgments that could be noticed is that all these judgments consistently hold that there can be no estoppel against the legislature in the exercise of its legislative functions. The Constitution Bench in **M. Ramanatha Pillai [M. Ramanatha Pillai v. State of Kerala, (1973) 2 SCC 650 : 1973 SCC (L&S) 560]** has approved the view in American Jurisprudence that the doctrine of estoppel will not be applied against the State in its governmental, public or sovereign capacity. It further held that the only exception with regard to applicability*



*of the doctrine of estoppel is where it is necessary to prevent fraud or manifest injustice. The analysis of all the judgments of this Court on the issue would reveal that it is a consistent view of this Court, reiterated again in **Godfrey Philips (India) Ltd. [Union of India v. Godfrey Philips (India) Ltd., (1985) 4 SCC 369]**, that there can be no promissory estoppel against the legislature in the exercise of its legislative functions.”*

34. In light of the observations made by this Court in the above-cited judgments and several others, it is an evident position of law that a prior executive decision does not bar the State Legislature from enacting a law or framing any policy contrary to or in conflict with the previous executive decision in furtherance of larger public interest. Nor can it be canvassed that the law laid down by the legislature would be hit by principle of promissory estoppel or legitimate expectation because earlier the executive had expressed its view differently.

35. Promissory estoppel or legitimate expectation can be dealt with on the same status of the executive decision when the prior as well as the subsequent decisions are both taken by the same or similarly placed authorities. Where the executive takes a decision based upon which a party acts and, later on, the executive withdraws that decision to the detriment of the party acting upon the earlier decision, it can be said to be estopped from withdrawing its promise or depriving the party from its legitimate expectation of what had been promised.”

47. The above-cited decision provides a clear affirmation of the principle that the doctrine of legitimate expectation is procedural in nature and does not, by itself, confer an enforceable legal right. It entitles an affected party to fair treatment, a hearing or an explanation, where the executive reverses a prior policy or decision upon which an expectation



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may have been founded. However, it does not entitle the party to the actual enforcement of the expected benefit, especially in the face of overriding public interest or revised policy consideration.

48. The Hon'ble Supreme Court, while citing earlier authorities including *Union of India v. Hindustan Development Corporation*² and *Ram Prवेश Singh v. State of Bihar*³ held that while legitimate expectation may arise from a long-standing policy or an administrative promise, such an expectation cannot override the Government's inherent authority to revisit or revise policy in light of changing circumstances, administrative consideration or broader public good.

49. The doctrine, as clarified in the judgment, is meant to ensure administrative fairness, not to compel the government to maintain the *status quo* indefinitely. Indeed, the Court emphasized that previous policies do not bind the government irrevocably and new policies may be adopted where public interest so requires.

50. The government retains flexibility, particularly in domains such as economic or land policy, where executive discretion plays a foundational role. In such matters, the judiciary exercises considerable restraint, interfering only where the impugned policy change is shown to be arbitrarily, irrational or actuated by *mala fides*, none of which are even alleged, let alone established, in the present case.

51. In this light, the petitioner's plea that the government is bound to honor the offer of 1978 on account of legitimate expectation is untenable. The said offer was not acted upon within the prescribed time, was

² (1993) 3 SCC 499

³ (2006) 8 SCC 381



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subsequently revised in 1981 and renewed again in 1982. The petitioner did not accept or act upon those revised terms either. Therefore, whatever expectation may have existed stands displaced by the government's overt revision of policy and cannot be said to survive in law.

52. Moreover, given the long passage of time and the persistent unauthorized occupation, public interest clearly warranted a reassessment of the terms of regularization which the CSC undertook in 2004. In such circumstances, no procedural unfairness, let alone substantive right can be said to arise in favor of the petitioner under the doctrine of legitimate expectation.

53. On the plea of promissory estoppel, the judgment similarly affirms the long-settled position that this doctrine, being equitable in nature, cannot be invoked against the State acting in its sovereign or public capacity, except in exceptional cases involving fraud or manifest injustice. It has been underscored that no estoppel can lie against the legislature or executive when exercising their public functions, including policy revision or course correction.

54. The principle is particularly relevant in cases involving government largesse or public property, where courts have consistently held that unauthorized possession does not confer any right and offers for regularization cannot be converted into enforceable rights unless crystallized into formal and timely allotments.

55. Even in situations where both the earlier and later decisions emanate from the same level of executive authority, promissory estoppel cannot be invoked unless the promise has demonstrably altered their position to their detriment and the withdrawal of the promise is unfair or



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arbitrary. In the present case, the petitioner did not act upon the offer, did not deposit the requisite amount and continued in unauthorized possession.

56. There is no material to suggest that the petitioner altered its position or incurred a detriment in reliance upon the 1978 offer. On the contrary, the petitioner has benefitted from judicial protection for decades, without fulfilling the conditions laid out in either the original or the revised offers.

57. This Court, therefore, finds that the petitioner's invocation of both legitimate expectation and promissory estoppel is misplaced and legally unsustainable. The decision in *Rewa Tollway (P) Ltd. (Supra)* authoritatively clarifies that policy evolution in public interest remains a prerogative of the executive and that prior administrative assurances, especially when unacted upon, do not bind the hands of the State in perpetuity. No case is made out for interference with the policy shift effected in 1981 and reaffirmed in 2004 and no doctrine of equity can be used to revive an offer long since lapsed and overtaken by events.

58. Accordingly, the first issue stands decided.

59. Having held that the petitioner has no enforceable right to seek regularization at industrial rates under the 1978 offer, the next issue that arises for consideration is the validity of the order dated 28th December, 1984, passed by the learned Settlement Commissioner, whereby the petitioner was granted a further period of 30 days to deposit the regularization amount in terms of the earlier offer.

60. The question is whether such an order, in substance, amounted to a revival or modification of an earlier administrative decision and if so,



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whether the learned Settlement Commissioner was vested with the jurisdiction or authority under the DP Act or the Rules framed thereunder to pass such an order.

61. Before addressing the validity of the order of 1984 on its merits, it becomes essential to examine whether the learned Settlement Commissioner had the authority to issue such an order in the first place. The order, in substance, seeks to revive or extend the validity of an earlier offer of regularization that had lapsed due to non-compliance by the petitioner. The effect of such an order is not merely procedural, but substantive – as it attempts to reopen a closed administrative decision and breathe life into a time-bound policy offer, thereby directly impacting governmental rights and financial claims.

62. A close analysis of the statutory scheme of the DP Act and the Rules of 1955, reveals no express or implied power vested in the learned Settlement Commissioner to revive a lapsed regularization offer. Section 24 of the Act does vest broad revisional powers in the CSC, but these powers are retrospective and corrective in nature, designed to ensure legality and propriety of subordinate decisions or to address fraud and misrepresentation. They do not include the power to make fresh offers or revive time-bound administrative decisions that were never acted upon.

63. Section 22 and 23 of the DP Act, which establish the appellate framework under the Act, similarly pertain to review of existing orders within defined limitation periods. They do not authorize quasi-judicial authorities to reinstate expired rights or reopen foregone opportunities.

64. Section 33 of the DP Act, which vests residuary powers in the Central Government, does confer broader discretionary powers to



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intervene in any proceedings under the Act, subject to consistency with the Act and its Rules. However, this power resides exclusively in the Central Government and may only be exercised by others through specific delegation under Section 34 of the DP Act. No material has been placed on record to show that such powers were ever delegated to the learned Settlement Commissioner. Therefore, the learned Settlement Commissioner could not have acted under the garb of Section 33 of the DP Act, either expressly or impliedly, to revive the offer of 1978.

65. The Displaced Persons (Compensation and Rehabilitation) Rules, 1955 also do not provide any procedural avenue to revive lapsed offers. It is well-settled that all authorities under a statutory framework must act within the four corners of the powers conferred upon them. The principle of legality governs any administrative or quasi-judicial decision. No authority can act beyond the jurisdiction granted to it by statute, nor can it assume powers merely on considerations of equity, sympathy or convenience.

66. In the statutory scheme of the DP Act, the role of the learned Settlement Commissioner is primarily administrative and adjudicatory within defined parameters. Its powers extend to disposing of claims, hearing appeals where provided and revising subordinate orders where so permitted. These functions presume the existence of a pending dispute, a live claim or an appealable or revisable order. What they do not include is the power to resurrect lapsed offers, particularly those arising from policy decisions or one-time administrative concessions, the timelines for which were expressly communicated and consciously not complied with.



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67. The offer in question was not an adjudicatory order or a binding contract. It was a policy-based administrative proposal issued in the specific context of regularizing unauthorized occupation of government land, contingent upon fulfilment of conditions within prescribed time. Once that time expired without compliance, the offer ceased to exist. It could neither be revived nor extended, unless the issuing authority – or another authority superior to the learned Settlement Commissioner – chose to reconsider or reissue it in accordance with applicable policy or law.

68. The learned Settlement Commissioner, however, did not act on the basis of any directive from a superior authority. Nor did he act pursuant to a statutory provision permitting condonation, revival or extension of the offer period. Rather, he assumed that power unto himself and passed an order which, in legal effect, extended the lifespan of an administrative offer that was no longer available. This was not the exercise of an adjudicatory function – it was the assumption of a discretionary power that the law did not confer.

69. The question is not whether such an extension would have been fair or desirable but whether it was lawful. Administrative fairness cannot override statutory limitations. Even assuming that the learned Settlement Commissioner considered the petitioner's case to be meritorious, the appropriate course of action would have been to place the matter before a competent authority empowered to reconsider policy or grant relaxation. The learned Commissioner could not act as a substitute for the policymaker.



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70. The distinction between the procedural powers and substantive authority is central to this determination. While officers appointed under the Act may be clothed with procedural powers akin to those of civil courts for the purpose of inquiry or appeal – such as summoning witnesses, requiring production of documents or examining evidence – these powers do not translate into authority to modify, alter or revive administrative schemes or offers after they have run their course. The extension of time for compliance with a lapsed regularization offer is not a procedural act. It is a substantive determination involving financial implication, policy interpretation and administrative discretion – all of which lie beyond the remit of the learned Settlement Commissioner unless specifically delegated to him.

71. To uphold such an order would be to endorse an impermissible enlargement of jurisdiction. It would set a troubling precedent, where officers could, on their own, ignore a party's failure to meet deadlines and still bind the government to earlier terms it no longer agrees with. This is legally unacceptable. It would make time limits meaningless and undermine the principle of finality in administrative decisions, which is essential for effective governance.

72. This Court, therefore, concludes that the learned Settlement Commissioner, in issuing the order dated 28th December, 1984, acted beyond the powers conferred upon him under the statutory framework. The grant of additional time for compliance with a lapsed administrative offer, in the absence of any statutory source of power or superior delegation, was without jurisdiction. Accordingly, the said order does not



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have any legal efficacy and cannot be relied upon to assert any subsisting right in favor of the petitioner.

73. Accordingly, the second issue stands decided.

74. The third issue for adjudication is *whether the CSC's order dated 27th April, 2004 suffers from legal or procedural infirmities?*

75. The learned Chief Settlement Commissioner, in 2004, undertook a fresh consideration of the petitioner's request for regularization and passed the impugned order therein, assessing the land at commercial rates and rejecting the petitioner's request to apply earlier terms.

76. The validity of that order forms the next substantive issue for consideration. Unlike the earlier administrative orders which either lapsed or were found to be without jurisdiction, the order of 2004 is a live and operative decision and it is this order that forms that basis of the petitioner's present grievance. Accordingly, it requires scrutiny.

77. It must be noted at the outset that the CSC, while acting under the statutory framework, performs a quasi-judicial function in matters involving the regularization or allotment of land, particularly where competing rights or unresolved claims arise under the displaced persons' compensation regime.

78. The scope of such jurisdiction includes the discretion to determine whether regularization should be granted and, if so, on what terms. However, like all quasi-judicial functions, such discretion must be exercised reasonably, transparently and in accordance with the settled principles of fairness and legality.

79. In the present case, the order of 2004 is styled as a reasoned determination following a direction from this Court to consider the



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petitioner's request afresh. The CSC, upon doing so, assessed the land at prevailing commercial rates rather than at the industrial rates initially indicated in 1978. In doing so, he acknowledged the prior litigation history but ultimately concluded that the petitioner had no vested right to claim regularization on earlier terms.

80. This Court finds no legal infirmity in the decision to apply commercial rates. By 2004, more than two decades had passed since the original offer. The petitioner had remained in unauthorized possession throughout, and the government was within its rights to reassess the valuation in accordance with updated policy and prevailing market considerations. There is no principle in law that freezes the government's valuation for regularization indefinitely, particularly when earlier opportunities have not been acted upon.

81. The petitioner also contends that the CSC failed to take into account the fact that earlier offers had been accepted and were unfairly withdrawn. This argument cannot be sustained in light of the findings already recorded. The offers in question lapsed due to non-compliance. The purported revival in 1984 has been held to be without jurisdiction.

82. Consequently, by the time the matter came before the CSC in 2004, there was no subsisting or enforceable offer capable of being revived. The question before him was not whether to give effect to an earlier decision, but whether to allow regularization afresh and if so, on what terms. In light of the same, the order of 2004 does not appear to ignore prior conduct, it simply treats it as having no legal consequences, which this Court has already affirmed.



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83. At this stage, it is relevant to mention here that the petitioner has made submissions that the learned CSC has failed to quantify the damages and other aspects in the impugned order. With regard to the same, this Court is of the view that the same is not an error requiring separate adjudication by this Court, under its extraordinary writ jurisdiction as the failure to quantify the damages or to indicate the method of assessment does not constitute a procedural or legal infirmity. However, in the interest of justice, the petitioner shall be at liberty to move an appropriate application before the competent authority with regard to the same.

84. This Court is of the view that the impugned order is not vitiated by legal error in applying commercial rates for regularization. This decision is a reasoned one, rendered after a substantial passage of time and in view of the petitioner's prolonged unauthorized occupation.

85. Accordingly, the third issue stands decided.

CONCLUSION

86. The present writ petition is a culmination of protracted litigation spanning several decades concerning the petitioner's unauthorized occupation of the government land and its plea for regularization on favorable terms. This Court has carefully examined the sequence of events, statutory framework, and legal contentions advanced by both sides. It finds that the petitioner's claim to enforce regularization at the 1978 industrial rates is unsustainable in law, the said offer having lapsed long ago and not having been acted upon within time.



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87. The learned Settlement Commissioner's order of 1984, which purported to extend time for compliance with the offer of 1978, has been held to be without jurisdiction. Conversely, the learned CSC's order of 2004 has been found to be legally valid and properly reasoned. The application of commercial rates in the order of 2004 cannot be faulted, particularly in view of the petitioner's long-standing unauthorized possession and the efflux of time.

88. In light of the findings and conclusions recorded hereinabove, this Court is of the considered view that the instant petition does not merit acceptance to the extent of the petitioner's claim for regularization of the subject land on the terms originally offered in 1978 or as purportedly extended in 1984.

89. Accordingly, this Court issues the following directions:

- a. The petitioner's claim seeking regularization of 7.33 acres of land at industrial rates, in terms of the offer dated 25th May, 1978 is, hereby, rejected.
- b. The order dated 28th December, 1984 passed by the learned Settlement Commissioner, granting 30 days' time to the petitioner to make payment under the lapsed offer, is held to be legally unsustainable.
- c. The order dated 27th April, 2004 passed by the learned Chief Settlement Commissioner is, hereby, upheld.
- d. As mentioned hereinabove, the petitioner shall be at liberty to move an appropriate application before the competent authority for quantification of damages, which shall be decided in accordance with law.



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90. In view of the aforesaid facts and circumstances, the instant writ petition stands dismissed along with the pending applications, if any.

91. The judgment to be uploaded on the website forthwith.

CHANDRA DHARI SINGH, J

MARCH 26, 2025

Rk/kj/mk

Click here to check corrigendum, if any