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

Judgment reserved on:12.02.2026

Judgment pronounced on:01 .07.2026

\+ **W.P.(C) NO. 491/2003**

SUPER BAZAR ...Petitioner

Through: Mr. Harin P. Raval, Sr. Adv., Mr. Ruchir Mishra, Mr. Sanjiv Kr. Saxena, Mr. Mukesh Kr Tiwari, Ms. Reba Jena Mishra, Ms. Urmi H.Raval, Ms. Poonam Shukia, Ms.Shrestha Narayan, Advs.

versus

D.D.A ...Respondent

Through: Mr. Kailash Vasdev, Sr. Adv., Mr. Shashi Pratap Singh, Ms. Shagun Sabharwal, Ms. Anamika Tyagi, Advs.

CORAM:

HON'BLE MR. JUSTICE JASMEET SINGH

J U D G M E N T

1. By way of this writ petition, the petitioner has approached this Court seeking quashing of the ordersdated 06.08.2002 ***("impugned Order")*** and 22.10.2002 whereby the lease of property bearing Plot No. 20 situated at District Centre, Rajendra Place ***("subject property")*** has been cancelled and the request of the petitioner for extension of time for construction of proposed building on the subject property has been rejected.

FACTUAL MATRIX AS PER THE PETITIONER

2. The petitioner namely, Super Bazar, the Co-operative Stores Ltd. was established in the year 1966 by the Government of India and was functioning as a Consumer Co-operative Society under the aegis of Ministry of Consumer Affairs to ensure availability of quality consumer goods to the citizens of Delhi at reasonable rates.

3. The respondent by way of a lease deed executed on 13.10.1998 granted perpetual lease of the subject property admeasuring 677.61 sq. mtrs. in favour of the petitioner. Even though the said property was initially allotted in favour of the petitioner in the year 1975, by fixing consideration of Rs. 10 Lacs as premium and fixed rent of 2.5% of the premium per annum effective from 1978 but the possession of subject property was handed over only on 10.09.1998.

4. Pursuant to the execution of lease deed, the petitioner entered into an agreement with M/s. Design 'n' Design Architects, Engineers and Planners, Hauz Khas, New Delhi ***(“Construction Company”)*** for the construction of building at the subject property.

5. In order to scrutinize the irregularities in the aforesaid agreement between the Construction Company and the petitioner, an investigation was initiated by the CBI at the behest of Department of Consumer Affairs.

6. The Under Secretary to the Government of India *vide* letter dated 02.07.1999 informed the petitioner to keep in abeyance all further actions on the project in view of consideration of the matter by the Central Vigilance Commission ***(“CVC”)***.

7. In view of the directions of CVC and investigation by CBI, the execution of the construction Contract between petitioner and Construction Company was delayed and ultimately rescinded.

8. Owing to severe financial distress, CBI investigations and pending public interest litigations against the petitioner Society, the petitioner, *vide* letter dated 26.03.2001 requested the respondent for extension of time for construction work at the subject property.

9. Disregarding the said request for extension, the respondent issued a show cause notice dated 08.02.2002 requiring the petitioner to explain reasons for non-construction of the commercial building even after the expiry of 26 years.

10. The managing director of the petitioner duly replied to the show cause notice stating the reasons for delay and also requested the respondent for further extension of 2 years period to construct the required building.

11. The respondent without taking into consideration the said reply to the show cause notice issued the impugned Order dated 06.08.2002, cancelling the allotment/lease deed on the ground of failure to construct the proposed building, failure to furnish a satisfactory response to the show cause notice, and failure to make rent payments on time.

12. The petitioner *vide* a letter dated 31.08.2002 again requested the respondent to grant extension of time owing to several difficulties in completion of the construction but to avail as the request was declined *vide* letter dated 22.10.2002 and the decision of cancellation of allotment/lease deed was reiterated.

Intervening Events

13. Meanwhile, the petitioner owing to increasing financial strain, went into liquidation and an official liquidator was appointed. The said liquidation proceedings were challenged by the workers union of the petitioner Society before this Court and on dismissal of the said challenge, a Special Leave Petition bearing SLP(C) No. 8398-8399/2005 was filed, wherein the Hon’ble Supreme Court initiated steps for revival of the Society.

14. In an attempt for revival, the Hon’ble Supreme Court invited bids and eventually a bid of Writers and Publishers Ltd. was accepted. However the revival could not be effectively achieved.

15. In view of the several steps for revival, this Court *vide* its Order dated 06.05.2013 directed the respondent to decide the representation made by the petitioner dated 26.09.2011 for the restoration of lease deed.

16. The respondent in compliance of the said direction passed an order dated 17.04.2015 restoring the lease deed subject to payment of appropriate charges which were to be communicated later to the petitioner. The order dated 17.04.2015 is reproduced as under:

2026:DHC:5274

(Sada Shiv)
Dy. Director (CL)

Delhi Development Authority
Commercial Land Branch
Vikas Sadan, INA
New Delhi – 110 023

No.F.3(04)76/CL/Pt./684 Dt. 17/7/15

To

The Manager (Admn.)
Super Bazar Cooperative Store,
Indra Chowk, Cannought Place,
New Delhi-110001.

Sub: Restoration of lease of plot No. 20, Distt. Centre, Rajendra Place, N.Delhi.

Sir,

With reference to Orders of Hon'ble High Court in WP (C) No. 491/20013 (Super Bazar vs DDA), your letter dt. 27/08/2013 and undertaking accompanying it; and the letter dated 10/02/2015 of Official Liquidator, I am directed to inform you that Hon'ble Lt. Governor, Delhi has approved the restoration of lease in respect of the above mentioned plot No. 20, measuring 677.61 sq meters, Distt. Center, Rajender Place subject to the payment of unearned increase as per DDA policy, restoration charges, composition fee for non-construction and other usual charges as may be calculated and worked out by Finance Department of DDA. The said outstanding dues will be communicated to you shortly. Further, you need to apply for extension of time to complete the construction of building.

(Sada Shiv)
Dy. Director (CL)

Copy forwarded for kind information to:-

1. Sr. Accounts Officer(CL) for information and necessary action please.
2. Dr. A.K. Mishra, Official Liquidator, Super Bazar, Co-operative Store Limited, O/o Room No.248-A, Krishi Bhawan, New Delhi w.r.f. letter dt. 10.2.2015.
3. Sh. Sanjeev Sabbarwal,St. Counsel, DDA for information and necessary action please.

Dy. Director (CL)

17. Pursuant thereto, a letter dated 04.09.2015 was addressed to the petitioner stating the outstanding dues to Rs. 83,70,54,798/-, to which the petitioner raised objections.

18. This Court *vide* its Order dated 13.10.2015, again directed the respondent to file a status report and at the same time also allowed the petitioner to file its objections to it.

19. Meanwhile, on 13.10.2015, the respondent addressed another letter to the petitioner demanding dues of Rs. 82,96,40,607/-.

20. The calculation of the outstanding dues demanded for restoration of lease deed is further disputed by the petitioner on the ground of being erroneous. The petitioner has also filed a reply affidavit to the status report in accordance with the liberty granted by this Court.

SUBMISSIONS ON BEHALF OF THE PETITIONER

21. At the outset, Mr. Raval, learned senior counsel for the petitioner states that the impugned Order is in violation of guidelines laid down by the Hon'ble Supreme Court in the case of *ONGC v. CCE*[1] and administrative instructions issued by the Union Government, wherein it is held that the disputes between government organisations are to be resolved by being referred to the high powered committee.

22. The impugned Order of cancellation is based on the premise that the petitioner failed to construct the building even after expiry of 26 years without taking into consideration that the plot was handed over to the petitioner in September 1998 despite allotment in the year 1975.

23. The impugned Order is also vitiated because it states that one of the grounds for the decision is that the petitioner has not paid its dues towards ground rent, which is not true as the petitioner has paid its up to date ground rent.

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[1](2004)6SCC437.

24. The delay in construction of the building is not attributable to any faults of the petitioner but to directions issued by the CVC and investigation by the CBI.

25. It is settled position of law that in such situations the respondent ought to have exercised its discretion to grant extension to the petitioner to construct the building by regularising the said lapse.

26. He further states that a winding up Order dated 05.07.2002 has been passed for the petitioner Society which categorically provides for revival of the petitioner. In this regard, the petitioner has to discharge its various liabilities and at this stage the cancellation of lease and forfeiture of amount deposited such as premium and ground rent would result in loss to the petitioner.

27. It is also stated that the impugned Order has caused grave harm to the petitioner inasmuch as it is passed without reasons and without considering the reply or request of the petitioner for extension of time, and only on the ground that the petitioner failed to give a satisfactory response to the show cause notice.

28. As per the policy of the respondent pertaining to levy of composition fee, the allottee can apply for construction beyond the stipulated time mentioned in the lease deed subject to payment of composition fee.

OBJECTIONS ON BEHALF OF THE PETITIONER TO THE CALCULATION OF OUTSTANDING DUES

29. Mr. Raval, learned senior counsel for the petitioner states that pursuant to the directions of this, the respondent restored the lease deed and raised demands of Rs. 83,70,54,798/- *vide* letter dated 04.09.2015, which was revised to Rs. 82,96,40,607/-. The said demand of applicable charges is devoid of any reasons or justification.

30. The said decision of restoration of the lease deed is dependent on arbitrary and unjustified condition of payment of unsubstantiated charges and the same cannot be termed as restoration.

31. The respondent has been ignorant in undertaking the calculation of the applicable charges as in the letter dated 13.10.2015, the respondent has incorrectly stated the area of the subject property as admeasuring 7290 sq. mtrs. instead of the actual area of the subject property which is specifically recorded in the lease deed dated 13.10.1998 to be 677.61 sq. mtrs. only.

32. It is also submitted that the demand of Rs. 66,99,02,378/- raised by the respondent towards the payment of Unearned Increase ***("UEI")*** is unsubstantiated, unjustified and illegal.

33. The imposition of UEI is submitted to be in breach of the terms of the lease deed as the Clause No. 4(b) of the lease deed provides for imposition of UEI only in cases where the lessee involves in sale, transfer, assignment, subletting or parting with possession of the subject property with prior permission of the respondent as contemplated under Clause No. 4(a). However, in the factual matrix of the instant case,Clause No. 4(a) is not triggered at all so as to require permission of the respondent because no sale, transfer, assignment, subletting or parting with possession has taken place and the subject property (leased property) continues to remain in the name of Super Bazar Cooperative Store.

34. The demand of UEI is devoid of any justifications because the petitioner never sought any permission which is a mandatory pre-requisite as per Clause No. 4(a) read with Clause No. 4(b).

35. The said permission was not required, hence was never sought, because the revival process was carried out strictly in pursuance of the directions of the Hon’ble Supreme Court and the same cannot be termed as transfer or alienation of the subject property.

36. Mr. Raval, learned senior counsel, also places reliance on circular dated 08.05.1979 issued by the respondent itself, to contend that UEI is payable only in cases involving a change in constitution of a partnership firm or private limited company. In the present case, the structure and identity of the petitioner Society remains the same as it was prior to revival.

37. It is also stated that without prejudice to the other submissions, even assuming that there was a change in management of the petitioner, such change is attributable to compulsory operation of law as the change is effected pursuant to the orders of the Hon’ble Supreme Court. In such a situation when the transfer is effected by compulsory operation of law, the dues fastened to the said property will not transfer. Reliance is placed on *Tayal Energy Ltd. v. Provident Fund Commr., Employees' Provident Fund Organisation*[2].

38. The respondent never disclosed any outstanding UEI in the bid document and by raising a demand for the same at a later stage, the respondent has taken a completely contrary stand which was not adopted in the revival proceedings before the Hon’ble Supreme Court. In those proceedings, the respondent claimed only a meagre amount towards ground rent dues and no alleged liability towards UEI was ever disclosed.

39. It is submitted that the respondent has erred in calculating the ground rent/enhanced ground rent upto 14.01.2016, as the lease deed was in fact not subsisting (not effective) for a period of 2002 to 2016. Thus,

[2] 2011 SCC OnLine P&H 3614.

ground rent/enhanced ground rent is only payable for the effective operating period of 1998 to 2002.

40. Additionally, it is stated that the demand of outstanding dues raised by the respondent including at its serial No. 5, “License fee upto 05.06.2000 (for plot No. 9A & 23)” is totally untenable as the subject matter of the representation and present petition including the cause of action is *qua* plot No. 20 only and the respondent cannot unilaterally enlarge the scope of present petition to raise demands with respect to other properties. Consequently, demands of outstanding dues mentioned at serial No. 5, 6, and 7 towards license fee and interest emanating therefrom, concerning Plot Nos. 9A and 23 are unfounded.

SUBMISSIONS ON BEHALF OF THE RESPONDENT

41. At the outset, Mr. Vasdev, learned senior counsel appearing on behalf of the respondent, states that the petition is misconceived as the dispute emanates from terms of a lease deed and the same stands at an independent footing. Even if the terms are inconsistent with the principles of justice, equity and good conscience, the same cannot be invoked to override or dilute the express stipulations of the lease.

42. The physical possession of the subject property was handed over on 15.11.1975, and as per the terms of the lease (Clause No. II (3a)), the petitioner was required to construct the building within 3 years of acquiring possession. In addition, petitioner was also bound to pay lease premium. The petitioner failed to construct the building within time and also to pay its dues.

43. The petitioner on multiple occasions, requested the respondent for extension of time for construction and the same was duly considered subject to payment of dues of Rs. 7,13,25,862/-. However, the petitioner then requested for waiver of composition fee, which was denied by the respondent.

44. The request of the petitioner for grant of extension of time was rejected *vide* order dated 28.05.2001. Subsequently, a show cause notice dated 07.02.2002-08.02.2002, letter dated 06.05.2002, and final notice dated 15.05.2002 were issued to the petitioner. Thus, in this view of non-payment of outstanding dues and violation of terms of lease the impugned Order of cancellation of lease deed was passed by the respondent.

ANALYSIS AND FINDINGS

45. I have heard the learned counsels for the parties and perused the documents placed on record.

46. From a conspectus of the aforesaid facts as stated above, it is clear that the lease deed has been cancelled by the respondent on the ground of non-construction of the commercial building on the said plot and non-payment of ground rent. The impugned Order is reproduced as under:

ANNEXURE P-7

COMMERCIAL LANDS BRANCH
DELHI DEVELOPMENT AUTHORITY F3(4)76/CL/1660
VIKAS MINAR
INDRAPRASTHA ESTATE
DELHI-110 002

Dy.Director (CL) Dated 6-8-2002

M/s. Super Bazar Co-Operative Store Ltd.,
Indira Chowk,
New Delhi-110 001.

Sub: Cancellation of allotment/lease deed in respect of plot No. 20, Distt. Centre, Rajindra Place.

WHEREAS the plot No. 20, Distt. Centre, Rajindra Place was allotted to M/s. Super Bazar Co-operative Store Ltd. and possession was handed over on 14.11.1975.

AND WHEREAS it was reported that even after expiry of 26 years, the commercial building has not been constructed on the plot. The upto date ground rent has also not been paid by M/s. Super Bazar Co-operative Store Ltd.

AND WHEREAS show cause notice dated 5.2.2002 and 15.5.2002 were also issued under Clause II 3 (A) and III of the terms and conditions of lease deed executed on 13.10.1998 for non construction of commercial building on the plot and non payment of ground rent but neither the commercial building was constructed and payment of ground rent made nor any satisfactory reply has been received.

AND WHEREAS the allotment/lease deed of the plot has been cancelled/determined in violation of aforesaid terms and conditions of the allotment/lease deed.

Now take notice that M/s. Super Bazar Co-operative Store Ltd. has become un-authorised occupant of the said plot which has become a public premises/land. You are therefore directed to handover the possession

> of the aforesaid plot to the AE (CL) of this office 20.8.2002 between 11.30 AM-12.30 PM who is the authorised to take over the possession on the date and time.
>
> Sd/-
>
> Dy. Director (CL)

47. It is the case of the petitioner that the delay in construction is not attributable to the petitioner but due to the prevailing circumstances as investigations were undergoing against the petitioner and it was facing financial constraints.

48. It is not in dispute that the petitioner has failed to construct the required building within the time fixed in the lease deed. In fact, the petitioner also requested the respondent time and again for extension of time.

49. Pursuant to these requests, the petitioner was granted an opportunity to seek extension of time by paying the outstanding dues of Rs. 7,13,25,862/-. However, the petitioner opted to seek waiver of this amount.

50. Yet again, pursuant to the Orders of this Court, the respondent considered the representation filed by the petitioner and decided to restore the lease deed subject to payment of outstanding dues of Rs. 82,96,40,607/- communicated to the respondent *vide* letter dated 13.10.2015. The same is reproduced as under:

2026:DHC:5274

Annexure-A

DELHI DEVELOPMENT AUTHORITY
COMMERCIAL LAND BRANCH
'A' Block : Vikas Sadan : INA : NEW DELHI

No: F 3(04)1976/CL/Pt./ 2542 Dt 13/10/15

To,

The Manager (Admn.)
Super Bazar Co-operative Store,
Indira chowk, Connaught Place,
NEW DELHI.

Sub.: Restoration of lease in r/o Plot NO.20, Distt. Centre, Rajindera Place, N.Delhi.

Sir,

In compliance of order dated 17.4.2015 and order of the Hon'ble High Court in WP(C) No.491/2003 titled Supar Bazar Vs DDA, I am directed to inform you the matter has been examined by the Finance Department of DDA and the outstanding dues which are payable are given below:-

1	Plot area	7290 Sqm.
2.	FAR	48170 Sq. feet.
3	UEI	Rs.66,99,02,378.00
2	G.R. upto 14.1.2016	Rs. 3,69,861.00
3	Enhanced G.R. upto 14.1.2016 (w.e.f. 14.11.2005)	Rs. 10,16,987.00
4	Interest on G.R. @ 10% P.A. (Expected dt. 14.1.2016)	Rs. 6,62,219.00
5	Licence fee upto 05.6.2000 (for plot No.9A & 23)	Rs. 3,08,70,079.00
6	Interest on licence fee upto 31.12.07 for plot No.9A & 23	Rs. 8,23,66,169.00
7	Interest on L/fee updated w.e.f. 01.1.08 (@18%) to 31.12.2015 expected.	Rs. 4,44,52,914.00
	Total	**Rs.82,96,40,607.00**

(Rupees Eighty Two Crore Ninety Six Lacs Forty Thousand Six Hundred Seven Only).

The above amount of unearned increase of Rs. 66,99,02378/- is subject to condition that "the consideration if any, is not more than the market value of 71.75 crores."

You are therefore, requested to make the payment of outstanding dues as per above details within 30 days from the date of issue of this letter.

Further clarification/details of outstanding dues if any may kindly be obtained from Accounts Officer(CL), Ground Floor, C-Block, Vikas Sadan, INA, New Delhi.

Yours faithfully,

(Sada Shiv)
Dy.Dir.(CL),DDA

Copy for kind information to :
1. ~~Shri~~ Sanjeev Sabharwal, Standing Counsel for DDA.
2. A.O.(C.L.)

Dy.Dir.(CL),DDA

51. The petitioner disputes the said calculation of the outstanding dues and states that the same is devoid of any reasons or justifications. The decision of restoration of lease deed is dependent on arbitrary and unjustified condition of payment of unsubstantiated charges and the same cannot be termed as restoration. Additionally, the petitioner is ready and willing to pay the lawful charges towards the outstanding dues to the respondent.

52. With regards to the calculation of outstanding dues for restoration of lease deed as required, it is the case of the petitioner that the calculation is wrong because the same is not only based on incorrect application of Clause No. 4(a) and 4(b) of the lease deed but also the charges stated at Serial No. 5, 6 and 7 are not payable as the petitioner is already undergoing liquidation. These charges stated therein can only be recovered by way of filing a claim before the liquidator as it does not relate to the property forming subject matter of the lease deed of which restoration was sought *vide* present petition i.e. Plot No. 20.

53. *Qua* the calculations, it is also stated by the counsel for the respondent that in the serial No. 1 i.e., plot area, there is a typographical error and 7290 sq. mts. should be read as 7290 sq. ft.

54. I am of the view that notably, the petitioner consumer cooperative society was established by the Union Government with the aim and objective of making good quality consumer goods available to the citizens of Delhi.

55. The subject property was leased out to the petitioner for the very specific purpose of running departmental store to make available affordable and good quality consumer goods to the public at large in Delhi. The relevant portion of the lease deed reads as under:

> *"14) The plot or the building thereon shall not be used for a purpose other than that as specified. The Lessee shall also ensure that the purchasers of floor area units in the building observe the general conditions of lease entered into between the Lessor and the Lessee. <u>The purchasers of the floor area units shall not use or caused to be used the units/show</u>*

> *<u>rooms or any portion thereof for any purpose whatsoever other than that of the office show room or shop as specified for business purposes.</u> The lessee shall not use or caused to be used the said unit show-room in such manner which may or is likely to cause nuisance or annoyance to the neighbourers of any other unit/show-rooms in the building or to the owners and occupiers of any other adjoining and neighbouring property. Nor shall he use the said unit/show-room for any illegal, immoral purposes or for any residential purposes."*

56. From a conspectus of the aforesaid, it is clear that the lease was granted in the larger public interest for running show rooms or shops for the benefit of the people, as per the purpose of the petitioner Society which is to ensure availability of good quality consumer goods to the people. The same is clearly envisaged in the Bye-Laws of the petitioner Society, which is important and the relevant portion reads as under:

> *"III. OBJECTS*
>
> *4. The objects of Super Bazar are*
>
> *a) to undertake wholesale and retail distribution of consumer goods and essential commodities; and to establish department stores;*
>
> *b) to develop an effective link with between the producers/suppliers and the consumers with the object of transforming production on a continuous basis to suit the changing market;*
>
> *c) to raise the quality of products and maintain standards*

d) to foster the growth of new products and new manufacturing units through market support and management advice;

e) to lower distribution costs and to introduce fair and better training practices such as fixed prices etc.; and

f) to provide an information service to both producers and consumers.

5. In order to promote the above objects Super Bazar shall

a) organize or undertake the purchase, procurement, processing or manufacture and storing of consumer commodities and related raw materials;

b) establish trade connections, purchasing centres and depots for the requirements of the stores; establish and run branches directly or through representatives;

c) undertake designing and other services to improve the quality of products;

d) own lands, buildings, vehicles, etc. or take or give them on lease or rent;

e) undertake educational and other measures designed to encourage in the members the spirit and practice of thrift, self-help and mutual help;

f) undertake welfare activities for the members and employees and their families;

g) to import and export consumer goods;

h) do all such things as are deemed essential for the attainment of any or all of the above objectives."

57. The long pendency of the dispute for nearly two and a half decades is in itself a matter of serious concern. The subject property assigned for advancement of public interest is left in the lurch because of frivolous challenges being raised by the petitioner time and again. The said subject property cannot be kept in a state of perpetual suspense because of repeated representations and challenges by the petitioner.

58. The violation of terms of the lease deed in itself constitutes a valid ground for cancellation of the lease deed and extension of time as claimed by the petitioner, is only an exercise of discretion by the respondent. The respondent duly decided the request in favour of the petitioner to grant extension on payment of outstanding dues. The respondent also decided the representation of the petitioner in pursuance of the Order of this Court, to restore the lease deed subject to payment of outstanding dues.

59. The outstanding dues were again disputed by the respondent on multiple grounds. However, to my mind, the grievances against the computation of outstanding dues for restoration of lease deed cannot advance the case of the petitioner.The petitioner in the present case cannot insist that this Court should conduct a roving inquiry into the legality/validity/correctness of each and every arithmetic calculation undersub-heads of the outstanding dues.

60. This Court in the present petition is neither required nor I am inclined to conduct an enquiry into the disputed calculations, which would require detailed factual reconciliation as well.

61. Moreover, the petitioner has been granted opportunity twice to get the lease restored by payment of outstanding dues but the petitioner has disputed the calculations made by the respondent.

62. I am of the view that in the light of intervening circumstances, the disputes pertaining to calculation of the outstanding dues need not be considered in this petition as the petitioner, an erstwhile government multi-state consumer cooperative society, is under liquidation and will not be able to continue with the purpose for which the subject property was initially allotted to it.

63. The purpose for which the subject property was leased stands frustrated as now it can never be used by the petitioner for the purpose it was initially allotted. This in itself constitutes a major ground for cancellation of the said lease deed.

64. This Court in exercise of its writ jurisdiction is required to keep the interest of public in consideration. Public land is a scarce resource and when it is specifically set out for the benefit of the public by construction of some form of amenity or necessary structure, it cannot be allowed to remain in a state of uncertainty on a mere hope that the internal difficulties of the petitioner would be sorted out at some point in future. I cannot lose sight of the fact that keeping the subject property locked up in litigation for years without any foreseeable fulfilment of object of allotment is nothing but making the larger public interest suffer.

65. A Coordinate bench of this Court in the case titled as ***United News of India v. Union of India through Land And Development Officer Ministry Of Housing And Urban Affairs &Anr.***[3]***,*** while dealing with a petition impugning the cancellation of allotment for the reason of violation of terms of allotment, relied on ***Center for Applied Politics v. Union of India***[4]***,***to make the following categorical observation, which reads as under:

> *"112. Reference may be made to an order dated 06.12.2024 of a Coordinate Bench of this Court in Center for Applied*

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[3] W.P.(C) 5363/2023, Judgment pronounced on 20.03.2026.
[4] W.P.(C) 16309/2024.

Politics v. Union of India, W.P.(C) 16309/2024, wherein, in somewhat similar circumstances, it was held as under:

> *"7. The terms of the allotment, as outlined in the Agreement to Lease, are unambiguous and place an unequivocal obligation upon the Petitioner to construct an office building and five single-seated rooms within 24 months of taking possession of the land. These facilities were envisaged to advance the cause of education in Political Science, Administration, and Diplomacy. Despite being in possession of the land for nearly five decades, the Petitioner has not fulfilled this fundamental purpose. Such a prolonged lapse of time exhibits Petitioner's gross failure to meet its contractual obligations and erodes any claim to equity in their favour.*
>
> *xxx xxx xxx*
>
> *11. <u>Public land, when allocated for a specific purpose, must be utilized in strict conformity with the terms of allotment. The Petitioner's inaction has entirely frustrated the purpose of the allotment, which was to establish a hub for education and scholarship in Political Science. In a rapidly urbanizing city like Delhi, where land is both scarce and valuable, the effective utilization of public resources assumes importance. The L&DO, as a trustee of public land, is duty-bound to ensure that such lands are utilised meaningfully for public purposes.</u> Unfortunately, in this instance, it appears to have faltered in acting with*

the urgency required to prevent the misuse of this resource. Nonetheless, permitting the Petitioner to retain possession despite their flagrant non-compliance would be countenancing misuse of public resources which would set a concerning precedent emboldening other allottees to disregard their obligations with impunity. Therefore, this Court finds no reason to condone such a breach or to invoke its extraordinary jurisdiction under Article 226 of the Constitution of India to aid a party that has wilfully and persistently violated the terms of the Agreement to Lease."

113. In LPA No. 95/2025, emanating from the aforesaid order, it was held by a Division Bench of this Court, vide judgment dated 10.02.2025, as under:

"7. The Agreement to Lease placed an obligation upon the appellant to construct an office building and five seated rooms within 24 months of taking possession of the land. It is obvious that the sanctioned building plans ought to have been obtained by the appellant within the stipulated period noted above. Despite passage of five decades, the application of the appellant seeking sanction of building plans has not seen the light of the day. Clearly, the delay is attributable only to the appellant. Reference to a notice dated 28.12.2007 issued by MCD does not come to the rescue of the appellant nor does it enure to its benefit. Rather, it only explains andestablishes that the

appellant has been absolutely negligent and lackadaisical in completing its obligations both towards the L&DO and towards the MCD. Nothing has been placed either before the learned Single Judge or before this court evidencing any documentation to prove the active engagement of the appellant with the MCD for approval of its building plans. This appears to be a case of gross and blatant disregard of the obligations under the terms of the allotment letter as also the Agreement to Lease dated 02.07.1977."

114. The aforesaid observations are squarely attracted in the facts of the present case as well. This Court simply cannot countenance a situation where public land continues to be occupied for decades together, without fulfillment of the conditions of license."

66. As per the petitioner the subject property is a valuable asset of the petitioner and is now required to discharge the dues of the petitioner. However, if the subject property is restored to petitioner, the same would be dealt with in liquidation/would be sold for the satisfaction of its liabilities. The same, to my mind, cannot in any way be countenanced as serving the larger public purpose for which the subject property was initially leased nor it would in any way advance the object of the lease in a meaningful manner.

67. Further, the Hon'ble Supreme Court in the judgment of ***Dalip Singh v. State of Haryana***[5]**,** held that in cases of failure to satisfy necessary conditions governing allotment, the cancellation of allotment can be

[5](2019) 11 SCC 422.

affected after following due process. The relevant paragraphs of the judgment read as under:

> *"21. The allotment of Industrial Plot No. 306, Industrial Area, Phase II, Panchkula in 1984 to Rabinder Nath was in his capacity as Managing Director of M/s Shiva Dairy & Oil Mills. The plot was thus allotted to the partnership firm. The appellants have not been able to show as to how they stepped into the shoes of the partnership firm, apart from the mere fact that they are legal heirs of Rabinder Nath. As discussed earlier, at the time of making application for allotment of industrial plot, the applicant has to clearly disclose all the facts regarding the type of industry to be started, licence if necessary under law, project report, estimated cost of project, details regarding time required in completing the project, details of employees required, source of fund, etc. The project so submitted is then approved by the competent authority after considering its viability. The applicants are then issued letter of intent/provisional allotment letter with condition to complete the other formalities within the stipulated period of time and after completion of formalities, regular allotment letter is issued in favour of the applicant. <u>As pointed out earlier, the undertaking of the production as per the approved project is the foundation for the allotment of the industrial plots which is with twin object of economic development and generation of employment opportunities. Over the years, the State has undergone substantive changes and economic growth. Land/industrial plots now becoming</u>*

> *very scarce, governed by the present EMP, the appellants cannot seek for revocation of resumption by contending that they are ready to pay the current market rate.*
>
> *22. The court can interfere with the revocation of resumption of land only if the executive has not carried out its duty or acted in violation of the procedure. Clause 11 of the terms and conditions of allotment clearly stipulates that in the event of breach of any of the conditions of transfer, the Estate Officer may resume the land in accordance with the provisions of Section 17 of the HUDA Act, 1977. The order of resumption of the plot is as per the terms and conditions of the allotment order and the High Court rightly refused to interfere with the order of the revisional authority. The appellants having failed before all the forums including the High Court and also the revisional authority, we do not find any serious infirmity or illegality in the order of resumption of the plot and therefore, this appeal is liable to be dismissed.*
>
> ***(Emphasis Supplied)***

68. Restoring the said lease in favour of the petitioner would not serve the public purpose for which the subject property was leased, it would just result in conversion of the subject property into a liquidation asset, and the same can never serve the purpose, the lease and the petitioner society was meant to serve.

69. The petitioner has also raised a contention that the show cause notice dated 08.02.2002 issued by the respondent to the petitioner prior to cancellation of lease deed was based on erroneous understanding of the situation and without considering the fact that the possession of the subject property was handed over to the petitioner in September 1998.

70. Even assuming that the subject property was, in fact, handed over in 1998, there is neither any progress made by the petitioner nor any steps have been taken to show the construction of the building for the purpose of running a consumer goods store for the benefit of the people. The said object can now never be achieved as the petitioner is under liquidation. The entire exercise is academic in nature.

71. To my mind, valuable piece of land (subject property) in the heart of the city, if not an asset owned by a company in liquidation, should not be made available to the company in liquidation (herein the petitioner Society under liquidation) for satisfying its liquidation debts over the interest of public and if so permitted, the same would also be contrary to the purpose of the lease.

72. Additionally, the obligation to complete the construction in time was a contractual obligation and the fact that the delay in construction as it can be seen from the reply of the petitionerto the show cause is because of internal mismanagement and investigations. The same cannot be said to be something not attributable to the petitioner.

73. The petitioner however was not remediless against this decision and the available remedy of seeking extension of time was in fact sought by the petitioner. Grant of such extension however is not a matter of right and is only a discretionary exercise of power. The request for extension of time was later accepted by the respondent subject to payment of outstanding dues but the petitioner sought waiver of those dues.

74. It is also stated that the petitioner already paid up to date ground rent and thus, the show cause notices and the impugned Order are vitiated in law. I am of the view that once it is satisfied that there has been a violation of a term of lease as explained above i.e., non-construction of building within 3 years, this in itself is sufficient to support the validity of the impugned Order of cancellation.

75. Therefore, in these circumstances, the petitioner cannot seek any advantage from the pendency of the dispute or the fact that the plea for restoration has been accepted subject to payment of dues or its challenges to the said show cause notices, as the essence of the matter would remain that the subject propertycannot be utilized for the original intended purpose. The restoration of lease in such a situation would be nothing but an empty formality.

CONCLUSION

76. The purpose of the lease deed, in view of the series of events that have transpired, can no longer be fulfilled. If the petition were to be allowed, the inevitable consequence would be that the said subject property would be converted into an asset of the petitioner for being placed at disposal in the liquidation proceedings, thereby defeating the very purpose and object for which the subject property was leased out to the petitioner.

77. Accordingly, the petition is dismissed, in the aforesaid terms.

78. The interim directions contained in the Order dated 20.01.2003, shall continue for a period of 3 weeks from the date of pronouncement of this judgment.

JASMEET SINGH, J

JULY 01, 2026/SS