

HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR

S.B. Civil Writ Petition No. 5717/2025

1. Pooranmal Phoola Devi Memorial Trust, Having Its Registered Office At H.no.5449, Prem Bhawan, K.g.b. Ka Rasta, Johari Bazar, Jaipur (Rajasthan)-302003 Through Its Managing Trustee Dr. S.s. Agarwal.
2. Dr. S.s. Agarwal S/o Late Shri Kalyan Prasad Agarwal, Aged About 70 Years, Managing Trustee, Pooranmal Phoola Devi Memorial Trust Having Its Registered Office At H.no.5449, Prem Bhawan, K.g.b. Ka Rasta, Johari Bazar, Jaipur (Rajasthan)-302003.

----Petitioners

Versus

1. State Of Rajasthan, Through Principal Secretary, Urban Development And Housing Department, Government Of Rajasthan, Government Secretariat, Jaipur.
2. Jaipur Development Authority, Through Its Secretary, Ramkishore Vyas Bhawan, Indira Circle, Jawahar Lal Nehru Marg, Jaipur (Rajasthan)
3. Deputy Commissioner, Zone-9, Jaipur Development Authority, Ramkishore Vyas Bhawan, Indira Circle, Jawahar Lal Nehru Marg, Jaipur (Rajasthan)

----Respondents

For Petitioner(s)	:	Mr. Sandeep Pathak with Ms. Shefali Sharma
For Respondent(s)	:	Mr. V.D. Gathala, AGC Mr. Ajay Shukla with Mr. Raghav Sharma Ms. Jyoti Sharma Mr. Shivam Sharma

HON'BLE MR. JUSTICE SAMEER JAIN
Judgment

1	Arguments concluded on	30/04/2026
2	Judgment Reserved on	30/04/2026
3	Full Judgment or Operative Part Pronounced	Full Judgment
4	Pronounced on	25/05/2026

REPORTABLE :

1. The present petition has been instituted impugning the illegal and arbitrary action of the respondent–Jaipur Development Authority, (hereinafter referred to as 'JDA'), whereby the second, third, and fourth installments deposited by the petitioner-trust towards allotment of land for the development of a hospital and medical education facility have been unilaterally refunded, and the allotment of land was cancelled, without any prior notice or intimation to the petitioner, sans granting any opportunity of hearing; thus resulting in gross violation of the principles of natural justice.

SUBMISSIONS MADE BY LEARNED COUNSEL**REPRESENTING THE PETITIONERS :**

2. At the outset, learned counsel appearing on behalf of the petitioner–trust apprised this Court with regard to the locus *standi* of the present petitioners. It was submitted that the petitioner No. 1-Pooranmal Phoola Devi Memorial Trust, is a duly registered trust (Trust deed annexed as annexure no.2) and is governed by the provisions of the Rajasthan Improvement (Disposal of Urban Land) Rules, 1974 (hereinafter referred to as 'the Rules of 1974'). It was further submitted that petitioner No. 2, Dr. S.S. Agarwal, is the Managing Trustee (Authorization letter annexed as annexure no.1) of the said trust and is duly authorized to represent and espouse the cause of the trust in the present proceedings. Learned counsel further contended that the petitioner–trust is actively engaged in the field of medical education within the State of Rajasthan for several decades and has been rendering services in the said

domain since the year 1980. It was emphasized that the trust has established a credible standing and experience in promoting medical education and allied healthcare facilities. It was further submitted that, with a *bona fide* intention to expand its activities and to contribute towards the development of hospital infrastructure and medical educational institutions, the petitioner-trust had approached the State Government in the year 2015, seeking allotment of suitable land for the aforesaid purposes. Pursuant thereto, a recommendation came to be made in favour of the petitioner-trust for allotment of land for establishing a hospital and medical education center/college, in furtherance of its stated objectives.

3. In the aforesaid backdrop, learned counsel for the petitioners further submitted that, in the 118th meeting of the Land and Building Disposal Committee held on 30.07.2015, a recommendation was made for allotment of land on concessional rates. It was further submitted that the said recommendation attained further affirmation at the highest administrative level, inasmuch as in the 3rd meeting of the Cabinet Empowered Committee of the State Government held on 29.09.2021, a conscious decision was taken to allot the subject land to the petitioner-trust itself. Despite such decision, there was an inordinate and unexplained delay on the part of the authorities, and only after a lapse of nearly eight years from the initial recommendation, the State Government issued directions to the respondent-JDA to proceed with the allotment of land in terms of the decision taken in the year 2021.

4. Pursuant thereto, and in compliance with the directions so issued by the State Government, and taking into consideration the nature of activities undertaken by the trust and its objective of establishing medical and healthcare infrastructure, the respondent-JDA proceeded to issue an allotment letter dated 22.03.2023 (Annexure-4) in favour of the petitioner-trust, whereby land admeasuring 64,890 square meters (hereinafter referred to as 'property in question') situated at Village Jirota came to be allotted for the stated purpose.

5. Learned counsel further submitted that, in furtherance of its avowed objectives, the petitioner-trust, on or about 12.11.2024, comprehended a comprehensive plan to establish a medical education complex along with a hospital, on the property in question, with the intent of augmenting medical education and healthcare services in the region. In furtherance of the said objective, a Memorandum of Understanding came to be executed between the State Government and the petitioner-trust, delineating the framework for development of the proposed project. It was additionally submitted that, even prior to and in furtherance of the said project, the petitioner-trust had diligently obtained requisite permissions and no-objection certificates (hereinafter referred to as 'NOC') from the competent authorities. In this regard, an NOC dated 06.10.2022 was issued by the Medical and Health Department, Government of Rajasthan. Further, an NOC dated 03.02.2023 was issued by the Department of Medical Education, Government of Rajasthan, followed by another NOC dated 22.03.2023 from the Department of AYUSH,

Government of Rajasthan. It was also apprised to the Court that considering the location and statutory requirements, the petitioner-trust had applied for grant of an NOC from the Airports Authority of India, which, upon due consideration, granted its approval vide NOC dated 03.09.2024, thereby permitting construction of the proposed medical education complex and hospital, subject to applicable conditions. Thus it unambiguous that the petitioner-trust had at every stage, acted with due diligence and in compliance with all requisite statutory and administrative requirements for establishment of the proposed project.

6. It was further submitted that, in terms of the allotment letter dated 22.03.2023, the petitioner-trust was required to deposit a total consideration of Rs.27,98,38,125/-, payable in four installments, namely:

- (i) the first installment of Rs.7,34,57,608/-,
- (ii) the second installment of Rs.6,99,59,531/-,
- (iii) the third installment of Rs.6,99,59,531/-, and
- (iv) the fourth and final installment of Rs.6,99,59,532/-.

For the sake of handiness the relevant portion from the allotment letter dated 22.03.2023 is reproduced hereinbelow:

उक्त भूखण्ड के पेटे लेय नजराना राशि रूपये
279838125/—एक वर्ष की अवधि में 4 समान किश्तों में बिना
ब्याज निम्नानुसार जमा करायी जानी है:—

1. प्रथम किश्त:—

- नजराना राशि 69959531/—रूपये
- एम वर्षीय लीज राशि 3497977/—रूपये

- साईट प्लान शुल्क 100/-रुपये
- कुल जमा योग्य राशि 73457608/-रुपये
- 2. द्वितीय किश्त:-
- नजराना राशि 69959531/-रुपये
- 3. तृतीय किश्त:-
- नजराना राशि 69959531/-रुपये
- 4. चतुर्थ किश्त :-
- नजराना राशि 69959532/-रुपये

7. Learned counsel submitted that the petitioner-trust, in compliance with the terms of allotment, deposited the first installment on 12.04.2023, amounting to Rs.7,34,57,608/- vide challan No. 852643. Consequent thereto, the respondent-JDA issued a possession letter along with the site plan on 27.04.2023, thereby placing the petitioner in possession of the allotted land. It was further submitted that, thereafter, the petitioner-trust addressed representations/letters dated 23.05.2023 and 17.10.2023 to the respondent-JDA, *inter alia* requesting revision of the payment schedule so as to permit payment of the remaining installments over a period of three years instead of one year. However, no decision or response was communicated by the respondent authorities on the said representations/letters. Subsequently, the petitioner-trust proceeded to deposit the second installment on 16.07.2024, amounting to Rs.6,99,59,531/- vide challan No. 931863; intimation in this regard was duly furnished to the respondent-JDA. It was vehemently emphasized that the said amount was accepted by the respondent without any

demur or objection, thereby evidencing tacit approval of the petitioner's compliance with the terms of allotment.

8. It was further submitted that, subsequent to the deposit of the second installment, the petitioner-trust submitted building plans for the proposed hospital and medical education complex, seeking requisite approvals from the respondent-JDA. Thereafter, at a much later stage, vide communication dated 28.11.2024, the respondent-JDA informed the petitioner-trust that the proposed building height of 121.50 meters was not in conformity with the NOC issued by the Airports Authority of India, and accordingly directed submission of revised plans restricting the height to 90 meters. In compliance with the said direction, the petitioner-trust promptly submitted revised building plans on 11.12.2024, proposing a building height of 90 meters in accordance with the stipulations contained in the NOC issued by the Airports Authority of India.

9. At this juncture, it was ardently contended that the conduct of the respondent-JDA clearly demonstrated acceptance and affirmation of the second installment, as well as the ongoing development process undertaken by the petitioner-trust. However, without raising any objection to the actions undertaken by the petitioner till that stage, the respondent-JDA, vide communication dated 03.01.2025, abruptly informed the petitioner-trust that, in view of the available aerial hydraulic ladder for firefighting being limited to a height of 70 meters, the petitioner was required to once again submit revised building plans in conformity with the said constraint.

10. It was further submitted that the respondent-JDA, vide notice dated 21.01.2025, alleged that the second installment was deposited with delay and that the third and fourth installments were not yet paid. Thus vide said notice, a period of 15 days was granted to the petitioner-trust to deposit the outstanding amounts. It was apprised that the said notice was received by the petitioner-trust only on 25.01.2025. Learned counsel submitted that, in strict compliance with the aforesaid notice and well within the stipulated period of 15 days from the date of receipt, the petitioner-trust proceeded to deposit the entire outstanding amount towards the third and fourth installments, aggregating to Rs. 13,99,19,062/-, vide challan Nos. 959025, 960413, 961059, and 961161. It was emphasized that, at every stage of such deposits, due intimation was furnished to the respondent-JDA through written communications, and no objection or protest was ever raised by the respondent with respect to acceptance of the said amounts.

11. Thereafter, vide communication dated 13.02.2025, the respondent-JDA once again called upon the petitioner-trust to submit revised building plans within a period of 15 days, failing which the process of approval would stand closed. It was contended that the conduct of the respondent clearly demonstrated that the process of approval of building plans was actively under consideration, and the respondent was proceeding on the premise that the allotment subsisted and remained valid. In such circumstances, it was urged that the subsequent action of

the respondent-JDA in refunding the installment amounts is clearly hit by the doctrine of estoppel.

12. Learned counsel further submitted that, upon deposit of the entire consideration amount by 13.02.2025, the petitioner-trust submitted revised building plans proposing a height of 70 meters in compliance with the requirements communicated by the respondent authorities. No further objections or deficiencies were communicated thereafter, and in the absence of any adverse response, it was reasonably inferred that the building plans were in consonance with the applicable building bye-laws and stood accepted by the respondent-JDA. Further, it was apprised that subsequent to full payment of the consideration amount, the petitioner-trust submitted an application dated 18.02.2025 (Application No. 209636 – marked as Annexure-23) seeking issuance of the lease deed from the respondent-JDA, wherein the tentative date for issuance of the lease deed was indicated as 07.04.2025. The petitioner-trust, acting bona fide, awaited execution of the lease deed and, in the meantime, continued to take steps towards development of the project for which the land was allotted. In continuation thereof, the petitioner-trust addressed a communication dated 04.03.2025 to the respondent-JDA, *inter alia* stating that although an earlier request had been made for revision of the payment schedule, the same stood rendered infructuous in view of the notice dated 21.01.2025, pursuant to which the entire outstanding amount was deposited. Thus no irregularity or default could be attributed to the petitioner-trust.

13. However, to the utter shock and surprise of the petitioner-trust, a communication dated 07.03.2025 (Annexure-25 – Order impugned), sent through registered post and received on 17.03.2025 at the end of the petitioner, disclosed that respondent No. 3 i.e. Deputy Commissioner, Zone 9, JDA had taken a unilateral decision to refund the amounts deposited towards the second, third, and fourth installments, for the reasons not known to the petitioners. It was contended that the said decision was taken sans affording any opportunity of hearing to the petitioner-trust, in blatant violation of the principles of natural justice. It was further submitted that, within the shortest span of time, as possible, and even prior to receipt of the said communication, the respondent-JDA on 11.03.2025, unilaterally refunded an amount of Rs. 20,98,78,593/- to the bank account of the petitioner-trust, without issuance of any prior notice, order, or intimation.

14. Notwithstanding the aforesaid, the respondent-JDA, vide communication dated 07.04.2025 (Annexure-26), directed the petitioner-trust to submit further revised building plans incorporating circulation levels for the upper and lower ground floors. In compliance thereof, the petitioner-trust submitted revised plans on 16.04.2025, which were duly received by the respondent authorities. However, in a further arbitrary turn of events, and to the utter shock of the petitioner-trust, the respondent-JDA issued an order dated 08.04.2025 (Annexure-27) cancelling the allotment of land, despite the petitioner having complied with all requirements and deposited the entire consideration amount, and despite the respondent's own conduct

indicating continuance of the allotment and processing of approvals.

15. In support of the contentions made insofar, learned counsel had placed reliance upon a catena of judgments, *inter alia*, **Welspun Speciality Solutions Limited (Formerly known as Remi Metals Gujarat Ltd. Vs. Oil and Natural Gas Corporation Ltd.: Civil Appeal Nos.2826-2827/2016 along with other connected appeal**, decided on **13.11.2021**; **M/s. Hind Construction Contractors by its Sole Proprietor Bhikam Chand Mulchand Jain (Dead) by LRs Vs. State of Maharashtra: (1979) 2 SCC 70**; **Mcdermott International Inc. Vs. Burn Standard Co. Ltd. & Ors.: (2006) 11 SCC 181**; **Narayani Trexim Pvt. Ltd. Vs. State of Maharashtra & Ors.: Writ Petition No.5619/2021**, decided on **19.04.2023**.

16. In conclusion of the aforementioned, it was prayed that directions be given to the respondents to restore the allotment of land in favour of the petitioner-trust, accept back the amount as returned, and to give effect to the allotment letter dated 22.03.2023, including execution of the lease deed in accordance with law, and thus the instant petition is ought to be allowed. It was also assured to the Court that, if the instant petition is allowed the petitioners shall carry out every possible endeavor to conclude the said construction and get the Hospital and Medical Health Care Center operational, in order to serve the primary object of the Trust.

SUBMISSIONS MADE BY LEARNED COUNSEL

REPRESENTING THE RESPONDENTS :

17. In juxtaposition thereto, learned counsel appearing on behalf of the respondents had contended that the instant dispute emanates from the petitioner-trust's proposal to establish a healthcare, skill development, and medical education complex, which was initially recommended in the year 2015 and subsequently approved by the Cabinet Empowered Committee in the year 2021. Pursuant thereto, final approval was accorded by the competent authority on 08.03.2023. Thus, acting strictly in furtherance of the aforesaid decision, the respondent-JDA issued an allotment-cum-demand letter/allotment letter in favour of the petitioner-trust with respect to the property in question. It was submitted that the said allotment constituted a statutory grant, governed by the provisions of the Rules of 1974, particularly Rules 15 and 17, which regulate the allotment of non-residential land to charitable institutions at concessional rates. It was emphasized that the terms and conditions incorporated in the allotment letter were mandatory, binding, and non-negotiable in nature. It was further submitted that the allotment letter specifically provided for the detailed bifurcation and calculation of the concessional premium payable by the petitioner-trust. Learned counsel contended that the subsequent cancellation of the allotment and refund of the deposited amounts were necessitated on account of the petitioner's persistent defaults in adhering to the stipulated payment schedule, as well as the substantial escalation in the market value of the land in the intervening period. For the sake of

handiness, the relevant Rules, as relied upon by the learned counsel for the respondents are reproduced hereinbelow:

"15. Allotment and sale of non-residential land -

Land for non-residential purposes shall be allotted to public and charitable institutions on terms and conditions prescribed under these rules provided that lands of commercial nature shall be disposed of by public auction in the manner [as prescribed in Annexure A] provided further that the lands reserved for cinema, [Luxury hotels], [Film Studios and Amusement Parks], [Hospital, Diagnostic Centre, Nursing Homes and Tourism Unit], petrol pumps and for setting up godowns by [XXX] persons having authorised agencies of domestic gas allotted to them shall be disposed of in accordance with the directions of the State Government that may be issued from time to time :

[Provided that plots of land for consumer Co-operative Stores duly certified to the registered with the Assistant Registrar, Co-operative Societies of the concerned District, shall be allotted in the commercial areas on the reserve price of the scheme. The price shall be recovered in four equal annual installments:

Provided further that the number and size of such plots shall be determined by the Trust in consultation with the Government.]

[Provided further also that the price for allotment of land for gas godowns to be set up by War widows, member of Scheduled Castes and Scheduled Tribes and handicapped persons shall be the reserve price determined for land meant for commercial use in the scheme and for other category of persons the price shall be double the reserve price determined for land meant for commercial use in the scheme].

[Provided also that 30% of the land for shops and constructed shops shall be reserved for the members of the Scheduled Caste and Scheduled Tribes.]

16. XXXX

17. Allotment of Residential plots at fixed rates, procedure, categories, priority, plot size, price, recoveries, etc.— *(1) Every person entitled for allotment shall get himself registered with the Trust concerned where by making any application in the form prescribed by the Government obtainable from the Trust concerned on payment of such registration fee as may be fixed by the Trust from time to time.*

(2) xxxx

(3) xxxx

(4) [Category of person, plots size and price].— *The size of the plot and price to be charged from various categories of people entitled for allotment under these rules shall be in accordance with the Schedule attached to these rules.*

[(5) The cost of land shall be deposited by the allottee within a period of thirty days from the date of receipt of intimation for depositing the amount :

Provided that the allottee may deposit the said amount within the next 90 days from the day of expiry of said period of thirty days along with an interest @ 15% per annum. Interest shall be charged with effect from the thirty first day from the of receipt of intimation for depositing the amount, failing which the allotment of land shall automatically stand cancelled :

Provided further that such allotment of land may be regularised by withdrawing the automatic cancellation if the allottee is prepared to pay the full amount of cost of land plus penalty and interest at following rates :-

S. No	Period from allotment	Rate of interest on remaining amount	Penalty on	Authority for regularisation
1	2	3	4	5
1.	121 days and upto 1 year	[@9% annum]	per 5% of remaining amount	Chairman of the Trust
2	more than 1 year and upto 2 years	[@9% annum]	per 10% of the remaining amount	Trust (decided in Trust meeting)
3.	more than 2 years	[@9% annum]	per 15% of the remaining amount	State Government]

(6) xxxx”

18. It was argued that the land in question had been allotted to the petitioner-trust at a highly concessional rate of Rs. 4,312.50 per square meter, whereas, by the time the amounts were refunded, the market value of the land had increased manifold, resulting in a potential and significant loss to the public exchequer. It was contended that, if the allotment were to be revived, the petitioner, despite having defaulted in timely payments would unjustly benefit by acquiring land presently valued at approximately Rs. 113 Crores for a consideration of about and approx. Rs. 27 Crores, thereby causing grave prejudice to public interest.

19. Additionally, it was submitted that as per Condition No. 29 of the allotment letter, the petitioner-trust was obligated to deposit the total premium in four equal quarterly installments within a period of one year, without any interest liability. However, the petitioner committed repeated defaults in complying with the said schedule. Albeit the first installment, due in April 2023, was deposited within time, the second installment, due in July 2023,

was deposited after a delay of approximately 12 months, the third installment, due in October 2023, was deposited with a delay of about 15 months, and the fourth installment, due in March 2024, was deposited after a delay of nearly 10 months. Therefore, in view of such persistent and substantial delays, the petitioner had clearly violated the essential terms and conditions of the allotment. It was thus submitted that, in terms of Condition No. 17 of the allotment letter, such non-compliance rendered the allotment liable to automatic cancellation, and therefore, the action of the respondents is legal, justified, and in consonance with the governing statutory framework. The relevant condition is reproduced hereinbelow:

“ 17. यदि मांगी गई राशि 30 दिवस तक भी जमा नहीं कराई जाती है तो इसके अगले 30 दिन उपरान्त राशि जमा कराने हेतु चालान फार्म पर निदेशक वित्त/सम्बन्धित उपायुक्त से अनुमति प्राप्त कर ब्याज सहित राशि जमा करानी होगी। बिना अनुमति प्राप्त किये सीधे ही बैंक में जमा कराई गई राशि मान्य नहीं होगी। आवंटन के 60 दिन तक राशि जमा नहीं कराने पर आवंटन स्वतः ही निरस्त समझा जायेगा तथा दुबारा भूमि निस्तारण समिति ही इस मामले में पुनः आवंटन के मामले में मैरिट ऑफ दी केस के आधार पर निर्णय लेगी इसके लिए संस्था को निर्धारित प्रक्रिया अनुसार पुनः आवेदन करना होगा।”

20. Learned counsel for the respondents, while advancing their submissions in continuation, invited the attention of this Court to the specific stipulations contained in Condition No. 17 of the allotment letter, particularly Rules 1 and 2 appended thereto. It was submitted that Rule 1 expressly provides that any amount

deposited directly into the designated bank account without prior permission of the competent authority shall not be treated as a valid payment; and that Rule 2 stipulates that in the event the due installment is not deposited within a period of 60 days from the prescribed due date, the allotment shall be deemed to have been automatically cancelled, without necessitating any further act, order, or communication on the part of the respondent authority. Further, learned counsel contended that the second installment, which fell due in July 2023, was not deposited within the stipulated period of 60 days, and consequently, the allotment stood automatically cancelled by operation of law on 22.09.2023. Hence, no separate notice, hearing, or formal order of cancellation was required in view of the self-operative nature of the conditions governing the allotment.

21. It was additionally submitted that the subsequent conduct of the petitioner-trust clearly reveals its ulterior motives and lack of *bona fides*. Learned counsel further submitted that the petitioner's own communication dated 05.11.2024 on the letter head of the petitioner-trust revealed an intention to sub-lease the allotted land to a private corporate entity, which, is in clear contravention of the object and purpose underlying allotment of land at concessional rates to charitable institutions, is violative of the doctrine of public trust and in contravention of Condition No.1 of the allotment letter. At this juncture, attention of the Court was drawn to Condition No. 1 of the allotment letter, which categorically prohibits sub-leasing of the allotted land, so as to prevent profiteering from land allotted at concessional rates under a

welfare-oriented scheme. However, despite such express prohibition, the petitioner-trust, vide its communication dated 05.11.2024 addressed to the Cabinet Minister, sought relaxation of the said condition with a view to sub-lease the land to a private corporate entity for purposes of medical tourism. It was submitted that, in the said communication, the petitioner-trust candidly admitted its financial incapacity to independently undertake the proposed project, thereby exposing its intent to commercially exploit the subsidized land, rather than to utilize the same for *bona fide* charitable purposes. According to the respondents, such conduct is wholly inconsistent with the object of allotment and militates against the doctrine of public trust.

22. Learned counsel further submitted that the respondent-JDA has acted strictly in accordance with law and with due transparency, as the installments deposited by the petitioner beyond the permissible period were not legally valid in view of the conditions of allotment, and therefore, the respondent rightly proceeded to return the said amounts. It was also submitted that, notwithstanding the automatic cancellation, the respondent issued a show-cause notice dated 21.01.2025, followed by a formal order dated 07.03.2025 directing refund of the deposited amounts, and thereafter, the entire sum was duly refunded to the petitioner-trust. Therefore, the action impugned cannot be termed as illegal an arbitrary, rather the same was in strict conformity with the terms of allotment and the governing statutory framework.

23. It was further apprised to this Court that, on 11.04.2025, i.e., prior to the grant of any interim protection in the present

petition, the respondent-JDA authorities had already resumed physical possession of the subject land. In this regard, reliance was placed upon the official possession report on record, wherein a *panchnama* dated 11.04.2025 was duly prepared and executed jointly by the Executive Engineer, Zone-9, the Enforcement Officer, and the concerned revenue officials, evidencing resumption of possession by the respondent authorities. However, the said contention as qua the possession of the land in question being with JDA was refuted by the learned counsel appearing on behalf of the petitioner, and it was submitted that the possession is with the petitioner only.

24. In summation of the aforesaid submissions, learned counsel for the respondents contended that any interference by this Court, and particularly any direction to restore the allotment, would result in grave and irreparable loss to the public exchequer. It was urged that the petitioner-trust seeks to unjustly enrich itself by securing valuable public land at highly concessional rates, despite having defaulted in complying with the essential conditions of allotment, and further, with an apparent intent to sub-lease the same for commercial gain. It was, therefore, prayed that the present petition, being devoid of merit and contrary to public interest, deserves to be dismissed.

DISCUSSION AND FINDINGS :

25. Upon considering the submissions advanced by the learned counsel, having scrutinized the material on record in *extenso*, and having evaluated the factual matrix and legal tenets requisite for a final determination are delineated in the findings ad-infra;

however, prior to embarking upon an appraisal of the rival contentions and the substantive issues involved, this court deems it apposite to enunciate the uncontroverted factual matrix and the non-contentious particulars appertaining to the instant *lis*:

25.1 That the petitioner No. 1, Puranmal Phoola Devi Memorial Trust, is a duly registered trust engaged in the field of medical education since the year 1980, and petitioner No. 2 is its Managing Trustee. Thus, petitioner no.1 works on philanthropic basis, whose primary beneficiary is the public at large. It is also undisputed that in the matter at hand the petitioner no.1 is *prima facie* acting as under the Public Private Partnership model.

25.2 That with the objective of establishing a hospital and medical education complex, the petitioner-trust approached the State Government in the year 2015 seeking allotment of land. Pursuant thereto, the Land and Building Disposal Committee, in its 118th meeting dated 30.07.2015, recommended allotment of land at concessional rates, which was subsequently approved by the Cabinet Empowered Committee in its meeting dated 29.09.2021.

25.3 That after a considerable lapse of time, the State Government, in the year 2023, directed the JDA to proceed with the allotment. In compliance thereof, JDA issued an allotment letter dated 22.03.2023 in favour of the petitioner-trust for land admeasuring 64,890 sq. meters situated at Village Jirota.

25.4 That the total premium amount of Rs. 27,98,38,125/- was payable in four installments. The petitioner deposited the first installment on 12.04.2023, whereafter possession of the land was handed over on 27.04.2023.

25.5 That thereafter, the petitioner sought revision of the payment schedule, which remained undecided. However, with a delay the petitioner deposited the second installment on 16.07.2024, which was accepted by JDA without objection. Subsequently, the petitioner submitted building plans and continued to engage with the respondent authorities for approvals. Various communications were exchanged regarding building height and technical compliances, pursuant to which revised plans were submitted from time to time.

25.6 That on 21.01.2025, JDA issued a notice alleging delay in payment of installments and granted 15 days' time to deposit the remaining amount. The petitioner received the said notice on 25.01.2025 and, within the stipulated period, deposited the entire outstanding amount towards the third and fourth installments by 13.02.2025, which was duly intimated to JDA and accepted without objection. The petitioner thereafter applied for execution of lease deed on 18.02.2025. However, on 08.04.2025, the allotment was canceled.

25.7 That in March 2025, the respondent authorities, sans prior notice or opportunity of hearing, unilaterally refunded the amounts deposited towards the second, third, and fourth installments. The petitioner received intimation of such decision subsequently; and despite this, JDA continued to seek revised building plans even in April 2025.

26. Having evaluated the submissions proffered by the learned counsel regarding the factual matrix enumerated hereinabove, and having perused the material on record alongside the settled

position of law, this court deems it fit to render its findings on the settled issues ad-infra:

Issue No. 1: Whether the allotment stood automatically cancelled under Condition No. 17, and as to whether the respondents were justified in treating the delay in deposit beyond 60 days as automatic cancellation of allotment, despite subsequent acceptance of payments and continued conduct recognizing the subsistence of the allotment?

27. This Court has carefully considered the factual matrix in juxtaposition with the governing condition reproduced hereinabove, which stipulates that in the event the demanded amount is not deposited within the stipulated period, a further grace period may be availed with prior approval and payment of interest, failing which upon lapse of 60 days the allotment shall be deemed to be automatically cancelled and the matter relegated for fresh consideration. The language employed in the condition appears peremptory however, procedural and admits of discretion of the authority concerned, particularly by use of expressions such as “पुनः आवंटन”. However, it is a settled principle of law that contractual stipulations, howsoever stringent in text, must be interpreted not in isolation but in the backdrop of the conduct of parties and the overarching requirement of fairness in State action. It is also opined that if at the first violation of the condition of deposition of amount, if no stern action is taken, and subsequent payments are accepted, the respondents cannot revert the same.

28. The respondents have placed heavy reliance upon Condition No. 17 of the allotment letter, to contend that the allotment stood automatically cancelled upon failure to deposit the installment within 60 days of the due date. At first blush, such a clause appears self-operative; however, the enforceability of such a clause must be tested not merely on its textual existence, but on its application in the factual matrix and its compatibility with constitutional principles governing State action. In the present case, even assuming that the second installment was not deposited within 60 days of the due date (July 2023), the subsequent conduct of the respondent-JDA becomes determinative. The record reveals that the second installment was accepted in July 2024 without any reservation by the respondents; that no communication was issued treating the allotment as cancelled at that stage; that the respondent continued to process building plans and issued technical communications even thereafter. Nonetheless, a fresh notice dated 21.01.2025 was issued, calling upon the petitioner to deposit the remaining installments, thereby implicitly acknowledging subsistence of allotment, and thus barring the actions of the respondents by the doctrine of estoppel. This Court is of a stern opinion that such conduct of the respondents is wholly inconsistent with the plea that the allotment had already stood automatically cancelled in September 2023, in view of the conditions of the allotment letter dated 22.03.2023.

29. Further, it is a settled principle that a party may waive a contractual stipulation expressly or by conduct. The consistent

acceptance of delayed payments without protest constitutes a clear waiver of strict compliance, such acceptance of payments beyond the prescribed period, without insisting upon prior approval as contemplated in the condition, clearly dilutes the rigour of the clause. The respondents, by their own conduct, treated the timeline as directory rather than mandatory. Further, the condition itself contemplates grant of permission by the competent authority for delayed payment within the extended period. This inherently indicates that the stipulation is not absolute but subject to administrative discretion. When such discretion is exercised—expressly or impliedly through conduct—it cannot thereafter be retrospectively nullified to the detriment of the allottee. Thus, Condition No. 17, even if initially attracted, stood waived by the respondent's own conduct, and cannot be invoked belatedly to the prejudice of the petitioner.

Issue No. 2: Whether the impugned action violates principles of natural justice?

30. The next and more fundamental issue pertains to whether the cancellation of allotment and refund of installments, without affording any opportunity of hearing, is sustainable. It is trite that any action of the State having civil consequences must conform to principles of natural justice. In the present case, the consequences are severe, as cancellation of allotment of valuable land, disruption of an ongoing project involving medical education infrastructure, financial and reputational prejudice to the petitioner, and despite such consequences, the respondents did

not issue any show cause notice prior to cancellation, did not grant any opportunity of personal hearing, and directly effected refund even prior to communicating the decision. It is settled principle as by way of a catena of judgments that the procedure adopted by the State must be 'right, just and fair' and not arbitrary, fanciful or oppressive.

31. In the ratio encapsulated in **Erusian Equipment & Chemicals Ltd. v. State of West Bengal, (1975) 1 SCC 70**, it was held that even administrative decisions affecting rights must comply with natural justice. In the matter at hand, the respondents have attempted to justify their action on the ground of 'automatic cancellation'. However, such a plea cannot override constitutional guarantees, and the principles of natural justice and doctrine of *audi alteram partem*. Even where the allotment letter provides for automatic consequences, State authorities are not absolved of the obligation to act fairly. Accordingly, the complete absence of pre-decisional hearing renders the impugned action void *ab initio*.

Issue No. 3: Whether doctrine of legitimate expectation and estoppel applies?

32. The facts of the present case reveal a consistent pattern of conduct on the part of the respondent-JDA which induced a reasonable belief in the petitioner that the allotment subsisted and that compliance, albeit delayed, was being accepted, inter alia, other aspects, as the acceptance of second installment without objection, deposition by the petitioner-trust and acceptance of

third and fourth installments by the respondents, within time stipulated by notice dated 21.01.2025; continuous engagement regarding building plan approvals; directions issued in the month of April 2025 for submission of revised plans, this conduct of respondent-JDA is not merely passive, but is affirmative and participatory, thereby reinforcing the petitioner's expectation. The Hon'ble Supreme Court in **Union of India v. Hindustan Development Corporation: (1993) 3 SCC 499**, recognized that legitimate expectation arises from consistent past practice or conduct of the State. Further, in the dictum enunciated in **Motilal Padampat Sugar Mills v. State of UP: (1979) 2 SCC 409**, it was held that the State is bound by the doctrine of promissory estoppel where a party has acted upon a representation.

33. In the present case, the petitioner not only altered its position but also deposited substantial amounts, secured multiple statutory approvals over a substantial period, initiated project development. Thus this Court is of a considerate opinion that the respondents, having treated the allotment as subsisting, cannot turn around at a belated stage and assert that the said allotment stood cancelled earlier.

Issue No. 4: Whether the action of the respondents is justified on grounds of public exchequer and alleged ulterior motive?

34. The respondents have sought to justify their action by invoking public interest, contending that revival of allotment would result in financial loss to the State and that the petitioner intended to sub-lease the land, as permission was sought to remove the

Condition No. 1 of the allotment letter. This Court is of the view that such arguments, though appealing in equity, cannot sustain an otherwise illegal action. The rationale qua this opinion is based on the conclusions, enumerated ad infra:

34.1 That the allotment at concessional rates was not an inadvertent act, rather it was the result of the recommendation by the Land and Building Disposal Committee (in the year 2015), approval by Cabinet Empowered Committee (in the year 2021), and the final sanction by the competent authority (in the year 2023). Thus, the concessional pricing is a matter of State policy, not a subsequent anomaly.

34.2 That the alleged escalation in market value cannot be a ground to rescind a concluded transaction., and granting permission to such reasoning would introduce uncertainty and arbitrariness in State dealings.

34.3 That the allegation of sub-leasing is, at best, prospective and conditional, qua which only permission was sought, and no actual violation is therefore established; as the said permission was never accepted or denied by the respondents. Thence, seeking strength from the principle of *emo potest mutare consilium suum in alterius injuriam*, meaning that no one can change their position to the detriment of another, this Court is of a view that the respondents are barred by the doctrine of estoppel, and that public interest cannot be invoked as a cloak to justify arbitrary administrative action.

Issue No. 5: Whether time was essence of the present contract?

35. At the outset, it is a settled principle of contract law that, in transactions pertaining to immovable property, time is ordinarily not of the essence, unless specifically stipulated or necessarily implied from the terms and surrounding circumstances. This principle has been consistently affirmed by the Hon'ble Supreme Court in **Chand Rani v. Kamal Rani, (1993) 1 SCC 519**, and later reiterated in **Saradamani Kandappan v. S. Rajalakshmi, (2011) 12 SCC 18**, wherein it was held that though modern commercial realities may demand stricter adherence to timelines, the intention to treat time as the essence must be explicit and unequivocal. Applying the aforesaid principles to the facts of the present case, this Court finds that no such intention can be discerned.

35.1 That the allotment in question pertains to a large parcel of land admeasuring 64,890 sq. meters allotted for institutional purposes, namely establishment of a hospital and medical college. Such allotments, by their very nature, involve phased compliance, regulatory approvals, and long periods. Therefore, they do not partake the character of strict commercial contracts where rigid timelines are fundamental.

35.2 That the conduct of the respondent-JDA clearly militates against the plea that time was of the essence. The petitioner deposited the first installment in April 2023 and was handed over possession shortly thereafter, however, in matters of akin nature, the possession qua the property is only handed over, after clearance of the amount *in toto*; and herein a distinguishable approach is adopted by the State Government for the best known

welfare-based reasons. Even though there was delay in subsequent installments, the second installment deposited on 16.07.2024 was accepted without protest. More significantly, upon issuance of notice dated 21.01.2025, the petitioner deposited the entire outstanding amount within the stipulated extended period, i.e., by 13.02.2025, and the same was duly accepted by the respondents. Such acceptance of delayed payments without demur constitutes a clear waiver of strict compliance with timelines. The doctrine embodied in *qui approbat non reprobat* (one who approbates cannot reprobate) squarely applies, as having accepted the delayed payments, the respondents cannot subsequently turn around and penalize the petitioner for the very delay which stood condoned.

35.3 That even after the alleged default, the respondents continued to engage with the petitioner by seeking revised building plans and processing the matter in April 2025. This conduct reinforces the inference that the contractual relationship was subsisting and that timelines were treated as flexible rather than fundamental.

35.3.1 In this regard, the law laid down and the reliance placed by the learned counsel for the petitioner upon the ratio encapsulated in **Hind Construction Contractors (supra)**, is apposite, wherein it was held that acceptance of delayed performance and continued dealings between the parties are strong indicators that time was not intended to be of the essence. The relevant extract from **Hind Construction Contractors (supra)**, is reproduced hereinbelow:

"7. The first question that arises for our consideration, therefore, is whether time was of the essence of the contract that was executed between the parties on July 12, 1955 (Ex. 34). **It cannot be disputed that question whether or not time was of the essence of the contract would essentially be a question of the intention of the parties to be gathered from the terms of the contract.** The contract in the instant case is for the construction of an aqueduct across the Alandi River at Mile No. 2 of the Nasik Left Bank Canal and unquestionably 12 months' period commencing from the date of the commencement of the work had been specified within which the construction had to be completed by the appellant-plaintiff. Indisputably, in the work order dated July 2, 1955 the Executive Engineer had directed the appellant-plaintiff to commence the work by July 5, 1955 intimating in clear terms that the stipulated date for starting the work would be reckoned from July 5, 1955. Both the trial court as well as the High Court have found that mentioning of July 5, 1955 as the date for starting the work was not nominal but was real date intended to be acted upon by the parties. It is, therefore, clear that 12 months' period mentioned for the completion of the work was to expire on July 4, 1956. **The question is whether this period of 12 months so specified in the contract was of the essence of the contract or not ? On the one hand, counsel for the appellant-plaintiff contended that the contract being analogous to a building contract the period of 12 months would not ordinarily be of the essence of the contract as the subject-matter there of was not such as to make completion to time essential, that an agreement to complete it within reasonable time would be implied and that reasonable time for completion would be allowed.**

On the other hand counsel for the respondent-defendant contended that time had been expressly made of the essence of the contract and in that behalf reliance was placed upon Clause (2) of the "Conditions of Contract" where not only time was stated to be of the essence of the contract on the part of the contractor but even for completion of proportionate works specific periods had been specified and, therefore, the appellant-plaintiff's failure to complete the work within the stipulated period entitled the respondent-defendant to rescind it.

In the latest 4th edn. of Halsbury's Laws of England in regard to building and engineering contracts the statement of law is to be found in Vol. 4, Para 1179, which runs thus:

1179. Where time is of the essence of the contract. The expression time is of the essence means that a breach of the condition as to the time for performance will entitle the innocent party to consider the breach as a repudiation of the contract.

Exceptionally, the completion of the work by a specified date may be a condition precedent to the contractor's right to claim payment. The parties may expressly provide that time is of the essence of the contract and where there is power to determine the contract on a failure to complete by the specified date, the stipulation as to time will be fundamental. Other provisions of the contract may, on the construction of the contract, exclude an inference that the completion of the works by a particular date is fundamental, time is not of the essence where a sum is payable for each week that the work remains incomplete after the

date fixed, nor where the parties contemplate a postponement of completion.

Where time has not been made of the essence of the contract or, by reason of waiver, the time fixed has ceased to be applicable, the employer may by notice fix a reasonable time for the completion of the work and dismiss the contractor on a failure to complete by the date so fixed.

(Emphasis supplied)

35.4 That there is nothing on record to indicate that the allotment letter expressly stipulated that non-payment within the prescribed time would automatically result in cancellation without recourse to extension or condonation and that the respondents at a much belated stage on 21.01.2025 issued a notice granting fifteen days upper limit for deposition of the due amount, negates the very clause of 'automatic revocation of the contract/allotment'. In the absence of such a forfeiture clause of a stringent nature, the Court cannot infer that time was intended to be the essence of the contract.

35.6 That the respondents' own action of unilaterally refunding the installments, despite having accepted them earlier, is indicative of arbitrariness rather than contractual enforcement. The petitioner, having complied within the extended time and having been led to believe that the contract subsisted, cannot be prejudiced by subsequent unilateral reversal.

36. In totality, the cumulative effect of the nature of the transaction, absence of explicit stipulation, acceptance of delayed payments, and continued post-default engagement, leads to an

irresistible conclusion that time was not the essence of the contract in the present case.

37. Thus, now the germane question arises that whether the petitioner is entitled to restoration of allotment, or otherwise. For which this Court in view of the findings noted addressing the issues framed, is of a stance that the action of the respondents is vitiated by violation of natural justice; the conduct of the respondents attracts estoppel; and that the justification on grounds of public exchequer is unsustainable. Contrarily, the petitioner has deposited the entire consideration; timely complied with directions issued; acted in furtherance of the project in good faith; and even took a loan from the Bank as stated by the learned counsel appearing for and by the petitioner, for smooth conclusion of the project at hand. Thus, the balance of equity, legality, and justice tilts decisively in favour of the petitioner, especially under the circumstances where time was nowhere the essence of the contract.

CONCLUSION :

38. In culmination of the issues addressed hereinabove, this Court finds that the impugned action of the respondents is vitiated both in law and on facts. The sequence of events clearly demonstrates that the petitioner-trust, after being allotted a substantial parcel of land for institutional purposes, had not only deposited the first installment within time but was also handed over possession of the land on 27.04.2023. Thereafter, despite certain delays, the second installment deposited on 16.07.2024 was accepted by the respondents without objection, and even

upon issuance of notice dated 21.01.2025, the petitioner complied within the extended period by depositing the entire remaining amount by 13.02.2025. Significantly, such payments were not only received but retained by the respondents, and the petitioner was permitted to proceed further by submitting building plans, which continued to be examined even in April 2025. This consistent course of conduct unmistakably reflects that the contractual relationship between the parties subsisted and that any delay stood condoned. However, in stark contradiction to their own conduct, the respondents, without affording any prior notice or opportunity of hearing, unilaterally refunded the installments and proceeded to cancel the allotment on 08.04.2025, followed by resumption of possession on 11.04.2025. Such action, taken abruptly and without adherence to principles of natural justice, strikes at the very root of fairness in administrative decision-making.

39. The facts, leave no manner of doubt that the petitioner was led to believe, through the actions of the respondents, that the allotment remained valid and operative. The petitioner altered its position by making substantial financial deposits and pursuing statutory compliance. In such circumstances, the respondents cannot be permitted to defeat the legitimate expectations so created. The doctrine of legitimate expectation, coupled with a view that the respondents, having approbated the contract by accepting performance, are estopped from reprobating it thereafter. The doctrine of fairness in State action demands consistency, transparency, and adherence to natural justice, all of

which stand breached in the present case; thus dis-entitling the respondents from taking inconsistent stands to the prejudice of the petitioner.

40. Further, the absence of any strict forfeiture clause and the acceptance of delayed payments negate the contention that time was the essence of the contract. The respondents, having waived strict compliance, could not have resorted to the extreme measure of cancellation without first affording a reasonable opportunity to the petitioner to explain or rectify any alleged default. Thus, viewed holistically, the impugned cancellation order is not only arbitrary but also disproportionate to the alleged breach, if any. It fails the test of reasonableness and cannot be sustained. Accordingly, this Court holds that the petitioner has made out a clear case for interference. The writ petition deserves to be allowed, the impugned cancellation is liable to be quashed, and the petitioner is entitled to restoration of allotment with all consequential benefits.

DIRECTIONS :

41. Accordingly, the writ petition stands **allowed** in terms of the prayers asked for, with the following directions:

41.1 The impugned actions of refund of installments and cancellation of allotment are arbitrary and illegal, thus the impugned letter/order(s) dated 07.03.2025 and 08.04.2025 are hereby quashed and set aside.

41.2 Taking note of the fact that the petitioner had duly attained all the NOCs from the departments concerned (inter alia, NOC dated 06.10.2022 issued by the Medical and Health

Department, Government of Rajasthan; NOC dated 03.02.2023 issued by the Department of Medical Education, Government of Rajasthan, followed by another NOC dated 20.02.2023 from the Department of AYUSH, Government of Rajasthan; NOC from the Airports Authority of India, dated 03.09.2024,) time-to-time, has submitted building plans as per the guidelines of the respondents, as and when asked for, and has unequivocally established its bonafides, the allotment of land vide allotment letter dated 22.03.2023 is restored in favour of the petitioner-trust.

41.3 The respondents shall treat all payments made by the petitioner as valid and subsisting compliance. Thus, the respondents are hereby directed to accept the amount of Rs. 20,98,78,593.00/- (Rs. Twenty Crore ninety-eight lakh seventy-eight thousand five hundred ninety-three rupees and zero paise only) i.e. the second, third and fourth installments from the petitioner-trust, and proceed further for development of Hospital and Medical Education Complex in terms of the conditions of the allotment letter.

41.3.1 Further, in order to maintain parity and in consonance with the objective of Public Private Partnership innovative, the petitioner is directed to deposit the amount in question [Rs. 20,98,78,593.00/- (Rs. Twenty Crore ninety-eight lakh seventy-eight thousand five hundred ninety-three rupees and zero paise only)], in favor of the respondent concerned, along with an interest as enumerated in the guidelines by Reserve Bank of India, read with Section 30(7) of the Arbitration and Conciliation Act, 1996 (for referral and explicative purposes 6% per annum), of the

period as tabulated herein below, within an upper limit period of four weeks, from the date of pronouncement of this judgment:

Due Date of payment	Date of deposition of payment	Interest applicable on the deprived amount
22.07.2023	16.07.2024	@6% per annum on the amount of second installment
22.10.2023	28.01.2025	@6% per annum on the amount of third installment
22.03.2024	07.02.2025	@6% per annum on the amount of fourth installment
The date i.e. 17.03.2025, on which the petitioner was in receipt of the impugned letter (07.03.2025).	Date of deposition of the said amount to the respondents.	@6% per annum on the amount refunded by the respondents to the petitioner. i.e. amount of the second + third + fourth installments

41.4 The respondents are directed to execute the lease deed in favour of the petitioner Trust within a period of six weeks, from the date of pronouncement of this judgment; and further process the building plans submitted by the petitioners and pass appropriate orders strictly in accordance with law pronto.

42. It is also directed that the petitioners shall strictly adhere to all terms and conditions of allotment, and any violation, including impermissible sub-leasing, shall invite action, in accordance with law. As the learned counsel appearing for and on behalf of the petitioners had contended that the petitioner is ready and willing to complete the construction and infrastructure development, and thereafter promptly commence rendering service qua the Hospital

and Medical Education Complex, within a period of two years; it is expected and hereby directed that the same be complied within the period as assured i.e. two years. It is expected from the respondents that they shall render due cooperation and aid in utmost lawful manner, qua grant of NOCs, as and when required, by the respective departments/authorities.

43. It is cautiously clarified that this judgment shall not preclude the respondents from enforcing lawful conditions prospectively, but not in a manner inconsistent with the findings recorded herein.

44. No order as to costs. Pending applications, if any, shall stand disposed.

(SAMEER JAIN),J

Preeti Asopa