

A M/S. SETHI AUTO SERVICE STATION AND ANR.
v.
DELHI DEVELOPMENT AUTHORITY AND ORS.
(Civil Appeal No. 6143 of 2008)

OCTOBER 17, 2008

B [C.K. THAKKER AND D.K. JAIN, JJ.]

Administrative law:

C *Executive order – Notings in a departmental file – Nature of – Held: Notings do not have the sanction of law to be an effective order – It is only an expression of viewpoint of an officer for internal use of the decision making authority – It culminates into an executable order only when it reaches and gets approval of the final decision-making authority and is*
D *communicated to the person concerned – On facts, although there were several notings recommending consideration of appellants' case for relocation of their petrol pumps but finally no official communication was addressed to or received by them – Notings in the file did not confer any right upon the*
E *appellants.*

Doctrine of legitimate expectation – Applicability of – Held: Mere favourable recommendations at some level of decision making process would be of no consequence – The concept of legitimate expectation has no application where
F *State action is in the public interest unless action taken amounts to abuse of power – Person who bases his claim on the doctrine of legitimate expectation, has to satisfy that he relied on some representation by State and denial of that expectation worked to his detriment – On facts, principle of legitimate expectation not applicable – Decision of DDA in declining request of appellants, for resitement of petrol pumps due to construction of flyover, was not arbitrary or unreasonable.*
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The writ petitioners-appellants owned petrol outlets adjacent to each other, located at NH-8, Mahipalpur, New Delhi since 1994. The land for the said purpose was allotted by the Airport Authority of India (AAI). The petrol pumps were allotted by the two oil companies, IOC and HPCL to the appellants.

In the year 1999, a proposal was formulated for construction of an Eight-lane Express Highway between Delhi and Gurgaon, including construction of flyover/grid separator at Mahipalpur crossing, where the two petrol pumps in question were located.

The two oil companies approached DDA for resitement of the petrol pumps on account of economic unviability pointing out that after the completion of construction of grid separator, all vehicles would cross over the separator and would not have access to the two petrol pumps in question. The State Level Coordinator (Oil Industry) also wrote to the DDA supporting the claim of appellants.

The Technical Committee of DDA on 28.4.2002 recommended relocation/resitement and on 17.5.2002, a proposal for allotment of alterative sites was referred to and considered by the Screening Committee of DDA at its meeting held on 21.11.2003, when the proposal for allotment of two alternative sites was approved. However, when the matter was finally taken up by the Screening Committee of DDA on 28.11.2003, the proposal for relocation was disapproved and instead the Commissioner (Planning) was directed to enquire and submit a report as to why the two petrol pump sites, earmarked for the appellants, were not auctioned. The recommendation of the Screening Committee was considered by the Vice Chairman of DDA, who rejected the proposal for relocation of the two petrol pumps in question.

The appellants filed writ petitions before the High

A Court wherein it was held that the appellants could not
claim an enforceable right merely on the basis of the proposal leading to the recommendation by the Technical Committee as it did not amount to an order or decision of the DDA, particularly when its competent authority rejected the request of the appellants. It also observed that at best the appellants had a mere expectation of being considered for re-sitement and that the DDA had acted fairly and reasonably in rejecting appellants' prayer for re-sitement. Accordingly, both the writ petitions were dismissed. Hence the instant appeal.

Dismissing the appeal, the Court

HELD: 1.1. It is trite to state that notings in a departmental file do not have the sanction of law to be an effective order. A noting by an officer is an expression of his viewpoint on the subject. It is no more than an opinion by an officer, for internal use and consideration of the other officials of the department and for the benefit of the final decision-making authority. The internal notings are not meant for outside exposure. Notings in the file culminate into an executable order, affecting the rights of the parties, only when it reaches the final decision-making authority in the department; gets his approval and the final order is communicated to the person concerned. [Para 12] [609-H; 610-A-B]

P.T. R. Exports (Madras) Pvt. Ltd. & Anr. v. Union of India & Ors. (1996) 5 SCC 268; Howrah Municipal Corporation & Ors. v. Ganges Rope Co. Ltd. & Ors. (2004) 1 SCC 663; Bachhittar Singh v. The State of Punjab (1962) Supp 3 SCR 713; Laxminarayan R. Bhattad & Ors. v State of Maharashtra & Anr. (2003) 5 SCC 413 – referred to.

1.2. The recommendation of the Technical Committee of the DDA did not fructify into an order conferring legal right upon the appellants. The note records that the proposals for re-sitement were not finally approved. The

High Court observed that the note dated 21.11.2003 along with the inspection report and the proposal for re-sitement was put up before the Commissioner (LB) who, on 9.9.2004 recorded that these petrol pumps were allotted on the land of Airport Authority of India and there was no responsibility on the part of the DDA to bear any cost or to carry out resitement for such sites given by any other land owning agency and which were being effected by a project' which is being done by a third agency, the National Highway Authority of India, with which DDA has no links and therefore, irrespective of the impact of the proposed Express Way on these petrol pump sites, there was no reason for DDA to take the responsibility of resitement of these petrol pump sites and the oil companies concerned may either participate in the auction process or obtain private plots for the purpose of carrying out their business. Thus, it is manifest that although there were several notings, which recommended consideration of the appellants' case for relocation but finally no official communication was addressed to or received by the appellants accepting their claim. After the recommendation of the Technical Committee, the entire matter was kept pending; in the meanwhile a new policy was formulated and the matter was considered afresh later in the year 2004, when the proposal was rejected by the Vice Chairman, the final decision making authority in the hierarchy. [Paras 15, 17] [611-A-E-F-G-H; 612-B-C-E-F]

De Smith's Judicial Review Sixth Edition – referred to.

2.1. Mere favourable recommendations at some level of the decision making process are of no consequence and shall not bind the DDA. A case for applicability of the doctrine of legitimate expectation, arises when an administrative body by reason of a representation or by past practice or conduct aroused an expectation which it would be within its powers to fulfill unless some overriding public interest comes in the way. However, a person

A who bases his claim on the doctrine of legitimate expectation, in the first instance, has to satisfy that he has relied on the said representation and the denial of that expectation has worked to his detriment. The Court could interfere only if the decision taken by the authority was
 B found to be arbitrary, unreasonable or in gross abuse of power or in violation of principles of natural justice and not taken in public interest. But a claim based on mere legitimate expectation without anything more cannot *ipso facto* give a right to invoke these principles. [Paras 17, 27]
 C [612-G; 617-C-E]

2.2. It is well settled that the concept of legitimate expectation has no role to play where the State action is as a public policy or in the public interest unless the action taken amounts to an abuse of power. The court must not
 D usurp the discretion of the public authority which is empowered to take the decisions under law and the court is expected to apply an objective standard which leaves to the deciding authority the full range of choice which the legislature is presumed to have intended. Even in a case
 E where the decision is left entirely to the discretion of the deciding authority without any such legal bounds and if the decision is taken fairly and objectively, the court will not interfere on the ground of procedural fairness to a person whose interest based on legitimate expectation
 F might be affected. Therefore, a legitimate expectation can at the most be one of the grounds which may give rise to judicial review but the granting of relief is very much limited. [Para 27] [617-C to H; 618-A]

G *Food Corporation of India v. M/s Kamdhenu Cattle Feed Industries (1993) 1 SCC 71; Union of India & Ors. v. Hindustan Development Corporation & Ors. (1993) 3 SCC 499; National Buildings Construction Corporation v. S. Raghunathan & Ors. (1998) 7 SCC 66; Punjab Communications Ltd. v. Union of India & Ors. (1999) 4 SCC 727; Bannari Amman Sugars Ltd.*
 H *v. Commercial Tax Officer & Ors. (2005) 1 SCC 625; Jitendra*

Kumar & Ors. v. State of Haryana & Anr. (2008) 2 SCC 161 – A
referred to.

Council of Civil Service Unions and Ors. v. Minister for the Civil Service (1984) 3 All ER 935; *Attorney General of Hong Kong v. Ng Yuen Shiu* (1983) 2 All ER 346; *Attorney General for New South Wales v. Quinn* (1990) 64 Aust LJR 327 – referred to. B

3.1. According to the 1999 guidelines, a request for resitement on the ground of reduction in sales level below the prescribed limit could be entertained by the DDA provided the proposal was referred by the oil company or the Ministry. The parties are *ad-idem* that the cases of both the appellants for relocation were recommended by the two Oil Companies, viz., IOC and HPCL, on account of expected fall in sales because of the construction of the flyover and grid separator. However, before a final decision on the representation of the appellants could be taken, the policy of the DDA underwent revision in the year 2003. The criterion for allotment of land by the DDA for resitement of existing petrol pumps was changed. Under the new policy resitement of a petrol pump etc. was possible only when the existing petrol pump was utilized for a planned project/scheme, which directly necessitated the closing down of the petrol pump. Under the new policy, resitement on account of fall in sales etc. was not contemplated. In fact, resitement on any other ground was specifically ruled out. It is also evident from the new policy that in the event of DDA permitting resitement, the possession of the old site has to be delivered to the DDA, which presupposes that the old site was also allotted by the DDA. [Paras 30, 31] [618-F-G- 619-E-F] C
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3.2. Apart from the fact that there was no challenge to the new policy, which seemed to be conceived in public interest in the light of the changed economic scenario and liberalized regime of permitting private companies to H

- A set up petrol outlets, the decision of the DDA in declining to allot land for resitement of petrol pumps, a matter of largesse, cannot be held to be arbitrary or unreasonable warranting interference. Moreover, with the change in policy, any direction in favour of the appellants in this regard would militate against the new policy of 2003. Therefore, the principle of legitimate expectation has no application to the facts at hand. [Para 32] [620-C-D-E]

CASE LAW REFERENCE

C	(1996) 5 SCC 268	referred to	Para 10
	(2004) 1 SCC 663	referred to	Para 10
	(1962) Supp 3 SCR 713	referred to	Para 13
	(2003) 5 SCC 413	referred to	Para 14
D	(1984) 3 All ER 935	referred to	Para 19
	(1983) 2 All ER 346	referred to	Para 20
	(1993) 1 SCC 71	referred to	Para 21
	(1993) 3 SCC 499	referred to	Para 22
E	(1990) 64 Aust LJR 327	referred to	Para 23
	(1998) 7 SCC 66	referred to	Para 24
	(1999) 4 SCC 727	referred to	Para 25
	(2005) 1 SCC 625	referred to	Para 25
F	(2008) 2 SCC 161	referred to	Para 26

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 6143 of 2008

- G From the final Judgment and Order dated 6.2.2006 of the High Court of Delhi at New Delhi in Letters Patent Appeal Nos. 2715 & 2722 of 2005

Arun Jaitely, R.S. Suri and Mohd. Wasay Khan for the Appellants.

- H A. Sharan, ASG., Vishnu B. Saharya (for M/s. Sharya &

Co.), H.K. Puri, S.K. Puri, V.M. Chaudhary, Priya Puri, Parijat Sinha, Reshmi Rea Sinha, S.C. Ghosh and Snehasish Mukherjee for the Respondents. A

The Judgment of the Court was delivered by

D.K. JAIN, J.: 1. Leave granted. B

2. This appeal is directed against a common judgment and order rendered by the High Court of Delhi at New Delhi on 6th February, 2006 in Letters Patent Appeals No.2715 and 2722 of 2005. By the impugned order, the appeals preferred by the two appellants herein, under Clause X of the Letters Patent have been dismissed. C

3. The appellant firms-M/s Sethi Auto Service Station and M/s Anand Service Station own two petrol outlets adjacent to each other, located at NH-8, Mahipalpur, New Delhi since 1994. The land for the purpose was allotted by the Airport Authority of India (for short 'AAI') whereas the petrol pumps were allotted by the Indian Oil Corporation (for short 'IOC') and Hindustan Petroleum Corporation Limited (for short 'HPCL') to Sethi and Anand respectively. According to the appellants, in the year 1999, a proposal was formulated for construction of an eight-lane express highway between Delhi and Gurgaon, including construction of a flyover/grid separator at Mahipalpur crossing, where the two petrol pumps in question are located. Claiming unviability in the operation of the two petrol pumps on account of construction of the flyover and relying on the policy framed by the Delhi Development Authority (for short 'the DDA') on 14th October, 1999, the two oil companies approached the DDA, respondent No.1 in this appeal, for "re-sitement" of both the petrol pumps. It was claimed that, in the first instance, IOC and HPCL had corresponded with the original allotment agency, viz. AAI, for re-sitement but some time in the year 2000, AAI informed the Oil Companies that it did not have any alternative site for allotment due to non-availability of land. The appellants also relied on the letter issued by the National Highway Authority of India (for short 'NHAI') confirming that the proposed dual high- D
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A way would be developed along with the existing alignment of NH-8 and that no access would be provided to any retail outlet or private property along the highway. Supporting the claim of the appellants, the State Level Coordinator (Oil Industry) also wrote a letter to the DDA on 10th May, 2002, *inter alia*, pointing out that the construction work on the grid separator had commenced; after its completion, all vehicles would cross over the separator and would not have any access to the two petrol pumps in question for refueling thereby rendering them economically unviable.

C 4. The stand of the appellants was that request for re-sitement made by the two Oil Companies with the recommendation of the State Level Coordinator had been considered by the DDA; the DDA conducted its own field survey; the Technical Committee of the DDA on 28th April, 2002 also recommended relocation/re-sitement and on 17th May, 2002, a proposal for allotment of alternative sites/plots was referred to and considered by the Screening Committee of the DDA at its meeting held on 21st November, 2003, when the proposal for allotment of two alternative sites was approved. However, when the matter was finally taken up by the Screening Committee of DDA on 28th November, 2003, the proposal for relocation was disapproved and instead the Commissioner (Planning) was directed to enquire and submit a report as to why two petrol pump sites, earmarked for the appellants, were not auctioned. The recommendation of the Screening Committee was considered by the Vice Chairman of DDA, who rejected the proposal for relocation of the two petrol pumps in question.

G 5. Aggrieved thereby, the appellants filed writ petitions in the Delhi High Court. It was pleaded that the State Level Coordinator as well as the DDA having recognised that the two petrol pumps were rendered commercially unviable due to construction of the grid separator, they had a legitimate right to the allotment/relocation of petrol pumps at alternative sites, in terms of the policy of the Ministry of Petroleum and Natural Gas formulated in the year 1998 as well as the policy of the DDA of 1999.

→ It was urged that all the requisite conditions for such re-allotment/re-sitement were fulfilled by them and the DDA had also recommended the allotment in May, 2002; which proposal had also been cleared by the Technical Committee and, therefore, the DDA was bound by the said decisions. Moreover, having acted upon its decisions by earmarking the two sites, the decision to withhold allotment and include the two earmarked plots in the proposed auction was unreasonable, irrational and arbitrary and the mere fact that the DDA chose to sit over the recommendations and did not issue formal orders of allotment could not rob the appellants of their valuable right to such allotment. In a nutshell, the case of the appellants was that the decision taken by the DDA in the year 2002, in favour of the appellants, upon consideration of all the relevant materials and factors, gave rise to substantive legitimate expectations in their minds that the allotment for alternative sites would be made in favour of the appellants. Allegations of discrimination were also levelled against the DDA, *inter alia*, stating that six-seven named petrol outlets were given alternative lands even though they were not operating on the lands allotted by the DDA.

6. The stand of the DDA before the High Court was that its policy and guidelines of 1999 for re-sitement of petrol outlets and gas godowns had been revised in June, 2003, superceding all its earlier policies on the subject. As per the new policy, re-sitement was permissible only when the land of an existing outlet was utilized for a planned proposal/scheme directly necessitating its closure; as per its policy the DDA has to dispose of land for petrol outlets through competitive mode of tender or auction and, in any case, the new policy does not contain any provision for allotment of an alternative site for an existing petrol pump located on private land or land allotted by other agency such as the AAI; that the internal notings or communications with the DDA are of no relevance and consequence till a final decision was taken and communicated to the concerned parties. In the present case though the proposals of other Government Agencies were considered, no final decision was taken

A and communicated by the DDA to the appellants. As regards
the approval by the Technical Committee or other officials, the
stand of the DDA was that till a final decision was taken by the
competent authority i.e. the Vice Chairman and communicated
to the appellants, there was no question of any vested right ac-
B accruing in favour of the appellants, merely on the basis of recom-
mendations of the officials of the DDA.

7. None of the contentions urged on behalf of the appel-
lants found favour with the learned Single Judge of the High
Court. The learned Judge, by a well reasoned order, came to
C the conclusion that the appellants could not claim an enforce-
able right merely on the basis of the proposal leading to the
recommendation by the Technical Committee as it did not
amount to an order or decision of the DDA, particularly when its
competent authority had rejected the request of the appellants.
D The learned Judge also observed that at best the appellants
had a mere expectation of being considered for re-sitement.
The stand of the DDA that in view of the fact that a new policy
had been formulated in June, 2003, it was within its right to ap-
ply the same was also found to be in order. Thus, the learned
E Judge found that the DDA had acted fairly and reasonably in
rejecting appellants' prayer for re-sitement. Accordingly, both
the writ petitions were dismissed.

8. Aggrieved by the said order, the appellants preferred
Letters Patent Appeals under Clause X of the Letters Patent as
F applicable to the High Court of Delhi. Both the appeals having
been dismissed, the appellants have preferred this appeal.

9. Mr. Arun Jaitley, learned senior counsel, appearing for
the appellants, strenuously urged that the representations of the
G appellants were considered by the DDA in terms of its policy
dated 14th October, 1999 and its Technical Committee, headed
by the Vice Chairman himself, had found the appellants to be
eligible and on 28th November, 2002 recommended re-sitement
of the two outlets and, therefore, it was not open to the DDA to
do a volte-face and reject the representation of the appellants.
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It was contended that once appellants' cases were considered by the DDA under the guidelines in vogue at the relevant time and they were found to be covered thereunder, the appellants had substantive legitimate expectation that allotments would be made to them. It was argued that mere delay on the part of the DDA in communicating formal orders of allotment to the appellants could not defeat their valuable right on the ground of subsequent change in the policy in June, 2003, which could only be applied prospectively.

10. *Per contra*, Mr. A. Sharan, learned Additional Solicitor General, appearing for the DDA, submitted that mere notings and proposals in the files of the DDA did not result in creation of any right in favour of the appellants till a final decision was taken by the Vice Chairman as the administrative head of the DDA and the same was communicated to the appellants. It was also urged that in the absence of a final decision duly communicated to the appellants, their claims had to be considered on the basis of the policies framed by the DDA from time to time and the relevant date for the said purpose would be the date when the Vice Chairman took the final decision under the policy in vogue at that point of time. In support of the proposition, reliance was placed on a decision of this Court in *P.T. R. Exports (Madras) Pvt. Ltd. & Anr. Vs. Union of India & Ors.*¹ A reference was also made to *Howrah Municipal Corporation & Ors. Vs. Ganges Rope Co. Ltd. & Ors.*² to contend that in view of the amendment of the guidelines, which had the statutory flavor, in June, 2003, the so called vested right to be considered under the 1999 guidelines, if any, also got nullified on account of the amended guidelines.

11. Thus, the first question arising for consideration is whether the recommendation of the Technical Committee vide minutes dated 17th May, 2002 for re-sitement of appellants petrol pumps constitutes an order/decision binding on the DDA?

12. It is trite to state that notings in a departmental file do not have the sanction of law to be an effective order. A noting by

A an officer is an expression of his viewpoint on the subject. It is
no more than an opinion by an officer for internal use and con-
B sideration of the other officials of the department and for the
benefit of the final decision-making authority. Needless to add
that internal notings are not meant for outside exposure. Notings
C in the file culminate into an executable order, affecting the rights
of the parties, only when it reaches the final decision-making
D authority in the department; gets his approval and the final order
is *communicated* to the person concerned.

13. In *Bachhittar Singh Vs. The State of Punjab*³, a Con-
stitution Bench of this Court had the occasion to consider the
effect of an order passed by a Minister on a file, which order
was not communicated to the person concerned. Referring to
the Article 166(1) of the Constitution, the Court held that order
of the Minister could not amount to an order by the State Gov-
E ernment unless it was expressed in the name of the Rajpramukh,
as required by the said Article and was then *communicated* to
the party concerned. The court observed that business of State
is a complicated one and has necessarily to be conducted
through the agency of a large number of officials and authori-
F ties. Before an action is taken by the authority concerned in the
name of the Rajpramukh, which formality is a constitutional ne-
cessity, nothing done would amount to an order creating rights
or casting liabilities to third parties. It is possible, observed the
Court, that after expressing one opinion about a particular mat-
ter at a particular stage a Minister or the Council of Ministers
may express quite a different opinion which may be opposed
to the earlier opinion. In such cases, which of the two opinions
can be regarded as the "order" of the State Government? It was
G held that opinion becomes a decision of the Government *only*
when it is communicated to the person concerned.

14. To the like effect are the observations of this Court in
Laxminarayan R. Bhattad & Ors. Vs. State of Maharashtra &
*Anr.*⁴, wherein it was said that a right created under an order of
a statutory authority must be communicated to the person con-
H cerned so as to confer an enforceable right.

15. In view of the above legal position and in the light of the factual scenario as highlighted in the order of the learned Single Judge, we find it difficult to hold that the recommendation of the Technical Committee of the DDA fructified into an order conferring legal right upon the appellants. We may note that during the course of hearing of the writ petitions, the learned Single Judge had summoned the original records wherein the representations of the appellants were dealt with. On a perusal thereof, the learned Judge observed that the proposal for re-sitement was apparently approved up to the level of the Commissioner and the matter was placed before the Technical Committee, which approved it on 28th November, 2002. Thereafter, the DDA took further steps on the basis of field inspection to earmark the two sites; the entire matter was placed before the Screening Committee and the Screening Committee in its decision some time in 2003 noted that the matter had to be placed for disposal in accordance with the policy. Some time in July, 2004 after the conclusion of certain inquiries into the complaints regarding re-sitement, the issue of relocation was again taken up and a detailed note was made on 12th August, 2004, recounting the steps taken including the discussion of the Screening Committee in its meeting on 21st November, 2003. It is pointed out that the note records that the proposals for re-sitement were not finally approved. The learned Judge has also observed that the note dated 21st November, 2003 along with the inspection report and the proposal for re-sitement was put up before the Commissioner (LB) who, on 9th September, 2004 recorded the following comments:

“However, the basic fact to be noted is that these petrol pumps were allotted on the land of Airport Authority of India and there is no responsibility on the part of the DDA to bear any cost or to carry out resitement for such sites given by any other land owning agency and which are being effected by a project which is being done by a third agency vis National Highway Authority of India with which DDA has no links. This was discussed with VC and PC

A last week in the context of certain other resitement
proposal pending for different areas in Dwarka and it was
agreed that the onus of such petrol pump sites on DDA
land, does not lie upon DDA particularly in a situation
B when DDA now has a policy for auction of petrol pump
sites. It was, therefore, decided that irrespective of the
impact of the proposed Express Way on these petrol pump
sites, there is no reason for DDA to take the responsibility
C of resitement of these petrol pump sites and the oil
companies concerned may either participate in the auction
process or obtain private plots for the purpose of carrying
out their business.”

D **16.** Finally, the Vice Chairman concurred with the view of
the Commissioner; proposals for re-sitement were rejected and
consequently decision was taken to put the two plots, on which
the appellants had staked their claims for auction.

E **17.** From the afore-extracted notings of the Commissioner
and the order of the Vice Chairman, it is manifest that although
there were several notings which recommended consideration
of the appellants' case for relocation but finally no official com-
munication was addressed to or received by the appellants
accepting their claim. After the recommendation of the Techni-
cal Committee, the entire matter was kept pending; in the mean-
while a new policy was formulated and the matter was consid-
ered afresh later in the year 2004, when the proposal was re-
F jected by the Vice Chairman, the final decision making author-
ity in the hierarchy. It is, thus, plain that though the proposals
had the recommendations of State Level Co-ordinator (oil in-
dustry) and the Technical Committee but these did not ultimately
fructify into an order or decision of the DDA, conferring any le-
G gal rights upon the appellants. Mere favourable recommenda-
tions at some level of the decision making process, in our view,
are of no consequence and shall not bind the DDA. We are,
therefore, in complete agreement with the High Court that the
notings in the file did not confer any right upon the appellants,
H as long as they remained as such. We do not find any infirmity

→ in the approach adopted by the learned Single Judge and affirmed by the Division Bench, warranting interference.

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18. We may, now, consider the plea relating to the legitimate expectation of the appellants in terms of DDA's policy dated 14th October, 1999 and the impact of change of the policy, in June, 2003, thereon.

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19. The protection of *legitimate expectations*, as pointed out in *De Smith's Judicial Review (Sixth Edition)*, (para 12-001), is at the root of the constitutional principle of the rule of law, which requires regularity, predictability, and certainty in government's dealings with the public. The doctrine of legitimate expectation and its impact in the administrative law has been considered by this Court in a catena of decisions but for the sake of brevity we do not propose to refer to all these cases. Nevertheless, in order to appreciate the concept, we shall refer to a few decisions. At this juncture, we deem it necessary to refer to a decision by the House of Lords in *Council of Civil Service Unions & Ors. Vs. Minister for the Civil Service*⁵, a *locus classicus* on the subject, wherein for the first time an attempt was made to give a comprehensive definition to the principle of legitimate expectation. Enunciating the basic principles relating to legitimate expectation, Lord Diplock observed that for a legitimate expectation to arise, the decision of the administrative authority must affect such person either (a) by altering rights or obligations of that person which are enforceable by or against him in private law or (b) by depriving him of some benefit or advantage which either: (i) he has in the past been permitted by the decision maker to enjoy and which he can legitimately expect to be permitted to continue to do until some rational ground for withdrawing it has been communicated to him and he has been given an opportunity to comment thereon or (ii) he has received assurance from the decision-maker that they will not be withdrawn without first giving him an opportunity of advancing reasons for contending that they should be withdrawn.

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A **20.** In *Attorney General of Hong Kong Vs. Ng Yuen Shiu*⁶,
a leading case on the subject, Lord Fraser said: “when a public
authority has promised to follow a certain procedure, it is in the
interest of good administration that it should act fairly and should
implement its promise, so long as the implementation does not
B interfere with its statutory duty”.

21. Explaining the nature and scope of the doctrine of legitimate expectation, in *Food Corporation of India Vs. M/s Kamdhenu Cattle Feed Industries*⁷, a three-Judge Bench of this Court had observed thus:

C “The mere reasonable or legitimate expectation of a citizen,
in such a situation, may not by itself be a distinct enforceable right, but failure to consider and give due weight to it may render the decision arbitrary, and this is how the requirement of due consideration of a legitimate expectation forms part of the principle of non-arbitrariness, a necessary concomitant of the rule of law. Every legitimate expectation is a relevant factor requiring due consideration in a fair decision-making process. Whether the expectation of the claimant is reasonable or legitimate in the context is a question of fact in each case. Whenever the question arises, it is to be determined not according to the claimant’s perception but in larger public interest wherein other more important considerations may outweigh what would otherwise have been the legitimate expectation of the claimant. A bona fide decision of the public authority reached in this manner would satisfy the requirement of non-arbitrariness and withstand judicial scrutiny. The doctrine of legitimate expectation gets assimilated in the rule of law and operates in our legal system in this manner and to this extent.”

22. The concept of legitimate expectation again came up for consideration in *Union of India & Ors. Vs. Hindustan Development Corporation & Ors.*⁸. Referring to a large number of foreign and Indian decisions, including in *Council of Civil Ser-*

→ *vice Unions and Kamdhenu Cattle Feed Industries* (supra) and elaborately explaining the concept of legitimate expectation, it was observed as under:

"If a denial of legitimate expectation in a given case amounts to denial of right guaranteed or is arbitrary, discriminatory, unfair or biased, gross abuse of power or violation of principles of natural justice, the same can be questioned on the well-known grounds attracting Article 14 but a claim based on mere legitimate expectation without anything more cannot ipso facto give a right to invoke these principles. It can be one of the grounds to consider but the court must lift the veil and see whether the decision is violative of these principles warranting interference. It depends very much on the facts and the recognised general principles of administrative law applicable to such facts and the concept of legitimate expectation which is the latest recruit to a long list of concepts fashioned by the courts for the review of administrative action, must be restricted to the general legal limitations applicable and binding the manner of the future exercise of administrative power in a particular case. It follows that the concept of legitimate expectation is "not the key which unlocks the treasury of natural justice and it ought not unlock the gate which shuts the court out of review on the merits", particularly when the element of speculation and uncertainty is inherent in that very concept."

23. Taking note of the observations of the Australian High Court in *Attorney General for New South Wales Vs. Quinn*⁹ that "to strike down the exercise of administrative power solely on the ground of avoiding the disappointment of the legitimate expectations of an individual would be to set the Courts adrift on a featureless sea of pragmatism", speaking for the Bench, K. Jayachandra Reddy, J. said that there are stronger reasons as to why the legitimate expectation should not be substantively protected than the reasons as to why it should be protected.

A- The caution sounded in the said Australian case that the Courts should restrain themselves and restrict such claims duly to the legal limitations was also endorsed.

B 24. Then again in *National Buildings Construction Corporation Vs. S. Raghunathan & Ors.*¹⁰; a three-Judge Bench of this Court observed as under:

C "The doctrine of "legitimate expectation" has its genesis in the field of administrative law. The Government and its departments, in administering the affairs of the country, are expected to honour their statements of policy or intention and treat the citizens with full personal consideration without any iota of abuse of discretion. The policy statements cannot be disregarded unfairly or applied selectively. Unfairness in the form of unreasonableness is akin to violation of natural justice. It was in this context that the doctrine of "legitimate expectation" was evolved which has today become a source of substantive as well as procedural rights. But claims based on "legitimate expectation" have been held to require reliance on representations and resulting detriment to the claimant in the same way as claims based on promissory estoppel."

F 25. This Court in *Punjab Communications Ltd. Vs. Union of India & Ors.*¹¹, referring to a large number of authorities on the question, observed that a change in policy can defeat a substantive legitimate expectation if it can be justified on "Wednesbury" reasonableness. The decision maker has the choice in the balancing of the pros and cons relevant to the change in policy. Therefore, the choice of the policy is for the decision maker and not for the Court. The legitimate substantive expectation merely permits the Court to find out if the change in policy which is the cause for defeating the legitimate expectation is irrational or perverse or one which no reasonable person could have made. (Also see: *Bannari Amman Sugars Ltd. Vs. Commercial Tax Officer & Ors.*¹²)

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26. Very recently in *Jitendra Kumar & Ors. Vs. State of Haryana & Anr.*¹³, it has been reiterated that a legitimate expectation is not the same thing as an anticipation. It is distinct and different from a desire and hope. It is based on a right. It is grounded in the rule of law as requiring regularity, predictability and certainty in the Government's dealings with the public and the doctrine of legitimate expectation operates both in procedural and substantive matters.

27. An examination of the afore-noted few decisions shows that the golden thread running through all these decisions is that a case for applicability of the doctrine of legitimate expectation, now accepted in the subjective sense as part of our legal jurisprudence, arises when an administrative body by reason of a representation or by past practice or conduct aroused an expectation which it would be within its powers to fulfill unless some overriding public interest comes in the way. However, a person who bases his claim on the doctrine of legitimate expectation, in the first instance, has to satisfy that he has relied on the said representation and the denial of that expectation has worked to his detriment. The Court could interfere only if the decision taken by the authority was found to be arbitrary, unreasonable or in gross abuse of power or in violation of principles of natural justice and not taken in public interest. But a claim based on mere legitimate expectation without anything more cannot *ipso facto* give a right to invoke these principles. It is well settled that the concept of legitimate expectation has no role to play where the State action is as a public policy or in the public interest unless the action taken amounts to an abuse of power. The court must not usurp the discretion of the public authority which is empowered to take the decisions under law and the court is expected to apply an objective standard which leaves to the deciding authority the full range of choice which the legislature is presumed to have intended. Even in a case where the decision is left entirely to the discretion of the deciding authority without any such legal bounds and if the decision is taken fairly and objectively, the court will not interfere on the ground of pro-

A cedural fairness to a person whose interest based on legitimate expectation might be affected. Therefore, a legitimate expectation can at the most be one of the grounds which may give rise to judicial review but the granting of relief is very much limited. [Vide *Hindustan Development Corporation* (supra)]

B 28. Bearing in mind the aforesaid legal position, we may now advert to the facts at hand. In the light of the factual scenario noted above, the short question arising for determination is whether rejection of appellants claim for resitement on the basis of the revised policy of the year 2003, their substantive
C legitimate expectation of being considered under the old policy of 1999 has been defeated?

D 29. In order to adjudicate upon the controversy, it would be necessary to briefly refer to the two policies being pressed into service by the rival parties. In the guidelines issued in 1999, the relevant eligibility criteria was in the following terms:

E “iv) The resitement sought due to reduction in sale on account of any planned scheme/project may be entertained by DDA, provided it is referred by an Oil Company/Ministry mentioning that the sale level is below the prescribed limit and petrol pump is not feasible in its existing location.”

F 30. According to the said guidelines, a request for resitement on the ground of reduction in sales level below the prescribed limit could be entertained by the DDA provided the proposal was referred by the oil company or the Ministry. The parties are *ad-idem* that the cases of both the appellants for relocation were recommended by the two Oil Companies, viz., IOC and HPCL, on account of expected fall in sales because of the construction of the flyover and grid separator. However,
G before a final decision on the representation of the appellants could be taken, the policy of the DDA underwent revision in the year 2003. The criterion for allotment of land by the DDA for resitement of existing petrol pumps was changed. Under the revised policy, dated 20th June, 2003, a case for resitement could be considered
H by the DDA only under the following circumstances:

"A. Resitement:

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1) Resitement will be made only when the existing petrol pump/gas godown site is utilized for a planned project/scheme which directly necessitates the closing down of the petrol pump/gas godown site. No resitement will be made on any other grounds. As the petrol pumps will be disposed on annual Licence fee basis rather than on upfront payment, if an allottee does not find the business lucrative due to certain other reasons, he can always chose to surrender the site.

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2) In all cases of resitement, the existing rates for the new site will be charged and the possession of the old site will be handed over to DDA.

3) The alternative site will be allotted through computerized draw from the available sites. For holding the draw at least 3 sites must be available on the date of holding the draw."

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31. It is plain that under the new policy resitement of a petrol pump etc. is possible only when the existing petrol pump is utilized for a planned project/scheme, which directly necessitates the closing down of the petrol pump. Under the new policy, resitement on account of fall in sales etc. is not contemplated. In fact, resitement on any other ground is specifically ruled out. It is also evident from the new policy that in the event of DDA permitting resitement, the possession of the old site has to be delivered to the DDA, which presupposes that the old site was also allotted by the DDA. As noted above, the existing sites on which the two petrol pumps in question are operating were allotted by the Airport Authority of India and not by the DDA.

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32. Having bestowed our anxious consideration to the facts in hand, in our judgment, the doctrine of legitimate expectation, as explained above, is not attracted in the instant case. It is manifest that even under the 1999 policy, on which the entire

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A edifice of appellants substantive expectation of getting alternative land for resitement is built does not cast any obligation upon the DDA to relocate the petrol pumps. The said policy merely laid down a criterion for relocation and not a mandate that under the given circumstances the DDA was obliged to provide

B land for the said purpose. Therefore, at best the appellants had an expectation of being considered for resitement. Their cases were duly considered, favourable recommendations were also made but by the time the final decision-making authority considered the matter, the policy underwent a change and the cases

C of the appellants did not meet the new criteria for allotment laid down in the new policy. We are convinced that apart from the fact that there is no challenge to the new policy, which seems to have been conceived in public interest in the light of the changed economic scenario and liberalized regime of permitting private

D companies to set up petrol outlets, the decision of the DDA in declining to allot land for resitement of petrol pumps, a matter of largesse, cannot be held to be arbitrary or unreasonable warranting interference. Moreover, with the change in policy, any direction in favour of the appellants in this regard would militate against the new policy of 2003. In our opinion, therefore, the

E principle of legitimate expectation has no application to the facts at hand.

F 33. In view of the foregoing discussion, the appeal is devoid of any merit and deserves to be dismissed. It is dismissed accordingly. However, in the circumstances of the case, the parties are left to bear their own costs.

D.G.

Appeal dismissed.