

STRIKING A BALANCE: PROMISSORY ESTOPPELS' INFLUENCE ON STATE AUTHORITY AND INDIVIDUAL RIGHTS IN INDIAN GOVERNANCE

- Dr. Priyanka Mohod* & Ayushi**

Abstract

This study examines Promissory Estoppel in Indian administrative law, its application, history, and significance. The research examines the doctrine's use and significance in administrative law, its impact on government acts, and the legal requirements needed to invoke it against the government. The research questions examine Promissory Estoppel's role in administrative law, its growth, the legal requirements for invoking it against the government, and its effects on administrative fairness and accountability. The introduction emphasises administrative law's role in balancing individual freedoms and state power. It covers the origins of Promissory Estoppel as an equitable doctrine to ensure fairness and equity, especially when one party relies on another's pledge. According to legal precedents and statutes like Section 115 of the Indian Evidence Act, Promissory Estoppel is relevant in administrative contexts. The following sections discuss Promissory Estoppel in government ties using relevant cases. It discusses the legal requirements to utilise the doctrine against the government, including a binding legal relationship and legal compliance. The Agnipath plan and governmental industrial strategies are examined in relation to Promissory Estoppel. Promissory Estoppel is important in Indian law for maintaining obligations and guaranteeing fairness and equity. Promissory Estoppel balances individual rights and state obligations, as the conclusion states. It suggests further research and accepts the doctrine's limits, especially in rare cases like the COVID-19 pandemic. This study examines Promissory Estoppel in Indian administrative law, including its evolution, application, and role in administrative justice and fairness.

Keywords: *Promissory Estoppels, Individuals Rights, Administrative Powers, Judicial Review, Arbitrariness, Legal Mandates.*

* Assistant Professor of Law @ HNLU Raipur

** Student @ HNLU Raipur

RESEARCH OBJECTIVES

1. To analyze the application and significance of the doctrine of Promissory Estoppel in administrative law.
2. To assess the impact of Promissory Estoppel on government actions and pledges to explore the evolution and development of Promissory Estoppel in the legal context.
3. To examine the essentials required to invoke the doctrine of Promissory Estoppel against the government, with a focus on legal parameters and binding legal connections.

RESEARCH QUESTIONS

1. What is the importance of Promissory Estoppel in administrative law, especially concerning government actions and pledges?
2. How has the concept of Promissory Estoppel evolved within the legal framework?
3. What are the legal parameters and conditions necessary to invoke Promissory Estoppel against the government?
4. How does the doctrine of Promissory Estoppel impact fairness and accountability in administrative relationships?

INTRODUCTION

Administrative law plays a significant part in preserving the delicate equilibrium between individuals' developing freedom and state power since it must evolve to meet the diverse needs and expectations of individuals, as well as their rights and responsibilities. Administrative law covers a number of principles developed by the court with the goal of exerting control over the use of authority so that abuse of power or arbitrariness does not occur. In this present era where the government makes fake promises, one doctrine strikes into our head, is the doctrine of Promissory Estoppel. This is an equitable doctrine that solely advocates justice and equity. It is a British concept and is used in a Court of Equity in England.

This means that if one party performs an act or omission or makes a promise, demonstrating his or her intention to form a legal or lawful relationship with the other party in the future, and the other party acts on that promise, the promise made by the prior party stands binding. The concept protects other parties who acted on the basis of a promise. So, the prior party should not back off

and gain an undue advantage.¹ When it comes to administrative law, this clearly demonstrates that administrative authority's actions or pledges are certain and undeniable.

It is provided in sec 115 of the Indian Evidence Act defines "*When one person has, by his declaration, act or omission, intentionally caused or permitted another person to believe a thing to be true and to act upon such belief, neither he nor his representative shall be allowed, in any suit or proceeding between himself and such person or his representative, to deny the truth of that thing.*"²

Estoppel is a rule of evidence: Section 115 allows for the use of estoppel as a rule of evidence against the Government. This can be done by relying on a representation or statement of facts, as long as the statement is not in conflict with the law. In the case of *University of Delhi v. Ashok Kumar*,³ where in order to take up the role of Technical Coordinator at CERN-Geneva, Dr. Ashok Kumar, the petitioner, filed a request asking the University of Delhi to give him study leave. Based on a letter that the institution obtained from the institution University Grants Commission on July 30, 2021, the petitioner's request was denied by the university on March 16, 2021. The Delhi High Court heard the matter before Hon'ble Justice V. Kameswar Rao, and on September 27, 2021, the court rendered a decision dismissing the plea. The petitioner was not entitled to the study leave award, the court ruled.⁴

EXPLORING THE APPLICATION OF PROMISSORY ESTOPPEL IN GOVERNMENTAL RELATIONSHIPS AND LEGAL CONTEXTS

The relationship between the government and its agencies is complex, often defined by legal principles such as promissory estoppel. This concept posits that when a government representative makes a commitment, the government is bound to fulfil it, guided by equity and good conscience. This is also known as the doctrine of equity, akin to Promissory Estoppel in Indian law, which embodies principles of fairness and justice. It operates on the premise that if one party makes a promise or representation inducing reliance by another, equity demands the fulfilment of that promise to prevent injustice. In India, Equity is invoked through legal doctrines such as Section 115 of the Indian Evidence Act, ensuring that individuals and entities are held accountable for their

¹ Shreya Dave, *The Doctrine of Promissory Estoppel*, Manupatra for more details visit *available at*: <https://www.manupatra.com/roundup/376/Articles/The%20Doctrine%20of%20Promissory.pdf> (last visited on 25.12.23)

² Indian Evidence Act, 1872

³ *University of Delhi v. Ashok Kumar*, AIR 1968 Delhi 131

⁴ *Ashok Kumar v. University of Delhi*, 2021 SCC OnLine Del 4537

commitments. This doctrine serves as a vital mechanism in administrative and contractual matters, upholding ethical standards and ensuring equitable outcomes in legal proceedings.

GOVERNMENT AND ITS AGENCIES

According to this idea, if the public or another party acts on it and the government representative, it be an executive branch official or another authority obligated to carry out the act, he or she must change his or her stance. The government is unable to retract or alter its position. It is required to fulfil its commitment in accordance with the stated terms. This principle has evolved by the judiciary by applying equity and good conscience.

In a celebrated case of *Union of India v. Anglo Afghan Agencies*⁵, The case involves the Government of India's Export Promotion Scheme for woollen goods. The respondent exported goods and claimed import entitlement as per the scheme, but the Textile Commissioner reduced it. "The Supreme Court rendered a verdict in favour of the respondent, asserting that the Commissioner and the Union of India failed to adhere to the requirements of the plan, so infringing upon the respondent's right to state its case". The Court emphasised the equity arising from the government's representation in the scheme. It rejected the need for promissory estoppel against the government, considering it unnecessary.

In a case of *M/S Motilal Padampat Sugar Mills v. State of Uttar Pradesh*⁶, the High Court of Uttar Pradesh rejected a writ and dismissed a plea invoking promissory estoppel against the Uttar Pradesh government. The apex court of India clarified that if one party makes a clear promise through words or actions, intending to create legal relations or influence a future legal relationship, and the other party acts upon it, the first party is liable for any resulting loss. The principle, rooted in equity to prevent injustice, is not strictly an estoppel rule but a doctrine developed to prevent unfairness. It can serve as the basis for legal action beyond a mere defence.

ESSENTIALS TO INVOKE DOCTRINE AGAINST GOVERNMENT:

1. The state assumes the responsibility within the legal parameters.
2. The goal is to establish a binding legal connection.

⁵ AIR 1968 SC 718

⁶ *M/S Motilal Padampat Sugar Mills v. State of Uttar Pradesh*, 1979 AIR SC 621

3. Either the other party must behave in accordance with that promise, or they are not allowed to.⁷

INSTANCES WHERE DOCTRINE CANNOT BE INVOKED AGAINST GOVERNMENT:

1. **Public interest:** The judiciary, in several cases, held that public interest will always prevail over promissory estoppel. The Supreme Court determined that promissory estoppel may be used against the Government, but its application depends on the balance of justice or public interest. If there is a significant public interest, the Government has the authority to modify its position and withdraw from its previous representation. This withdrawal may lead individuals to take actions that are not in their best interest.⁸
2. **Representation against the law:** No doctrine is in contrary to or opposed to the law, including estoppel. This was first introduced in the U.S. apex court in the case of *Federal Crop Insurance Corporation v. Merrill*⁹, where it was determined that the government's assurance that reseeded wheat could be insured was unenforceable due to the prohibition on the insurance of reseeded wheat under crop insurance regulations. Due to the fact that the promise violated wheat crop insurance regulations, the government deemed it non-binding.
3. **Ultra vires promise:** It is important to note that estoppel cannot validate conduct that is inherently outside the legal authority (ultra vires) as established in the case of *Commonwealth of Australia v. Burns*¹⁰, decided by U.K. court. The promisor cannot be obligated to fulfil an unlawful promise. The root of its potency lies in its rationality. The authority of the public institution is derived from the Parliament, which serves as the highest legislative body. The jurisdictional border of the public body is determined by the Parliament. The primary function of the public body is to use its powers in order to fulfil the intended purpose set by the Parliament, which aligns with the overarching aim of the country as represented by the people's elected representatives. Representation that exceeds the legal authority deviates from the national aim. Therefore, permitting an individual to assert their self-proclaimed right in opposition to the general interest is unjust.¹¹

⁷ Tripaksha Litigation, Doctrine of Promissory Estoppel, available at: <https://tripakshalitigation.com/doctrine-of-promissory-estoppel/> (last visited on: 22.10.23)

⁸ *Shreejee Sales Corporation v. Union of India*, 1997 (3) SCC 398

⁹ 332 U.S. 380: 92 L.ed. 10

¹⁰ 874 EDA 2023 J-S47018-23

¹¹ Ng May Yee, Subang Jaya, *Promisee's right to bound public authorities to their: The debate between the doctrine of estoppel and legitimate expectation*, 3, EAJ.15, 16, (2015)

4. **Estoppel against the university and educational institution:**¹² Promissory estoppel can lie against educational institutions also, which clearly given in the case of *Nilofar Insaf v. State of Madhya Pradesh*¹³ where the court said the denial of relief to Dr. Jain in a medical college admission dispute, primarily due to the advanced stage of the M.D. course, which began in August 1989. Despite acknowledging lapses in transfer rules and court delays, the court declines to grant specific directions for Dr. Jain's admission, considering his completion of a Radiology diploma and ineligibility for the M.D. course for three years. The court expresses reluctance due to potential prejudice to other candidates and the impracticality of directing the university to fill a past vacancy. Ultimately, the appeal is allowed, upholding the appellant's admission to the M.D. Radiology course 1989-91 without costs.
5. **Estoppels against statute:** Statutes are impervious to the estoppel doctrine. In summary, an individual who initially asserts a claim concerning the language of a statute may subsequently assert that the statutory provision in question differs from their initial claim. Those who depend on a representation made about legislation or law are free to confirm the correct legal position on the subject, even if the representation is false. As the saying goes, "ignorance of the law is no excuse"; hence, people cannot utilise estoppel as a defence to argue that anything was said about a statute that was not true. Estoppel does not supplant legislative requirements, nor can it prevent legislation from requiring a certain conduct. Moreover, the theory cannot be used to impede the government's ability to carry out its executive and legislative duties¹⁴.

EXPLORING THE TWO SCHEME AND THE ROLE OF PROMISSORY ESTOPPEL IN INDIAN LAW

This doctrine is widely applicable in the Indian administrative system, and it has been used in many scenarios where there is non-compliance from the government's side in implementing projects. This paper addresses two strategies.

1. **Agnipath scheme:** This scheme was announced by the government of India to recruit young youth in the armed forces for four years.

¹² *Doctrine of Estoppel*, Law Times Journal (Apr. 1, 2019), <https://lawtimesjournal.in/doctrine-of-estoppel/> (last visited on: 17.12.23)

¹³ *Dr. Ku. Nilofar Insaf v. State of Madhya Pradesh*, 1991 AIR SC 1872

¹⁴ Legal Service India, The Doctrine of Promissory Estoppel, available at: <https://www.legalserviceindia.com/article/1249-Promissory-Estoppel.html> (last visited on 05.02.24)

This scheme was introduced by recruiting candidates who had cleared the medical, physical, and written examinations of the previous recruiting process. These grievances were raised by various candidates represented by Prashant Bhushan, an Advocate argued that the government should first recruit those candidates via the previous recruiting process instead of the new scheme.

Further, he argued in the court that “Thereafter for more than one year, every three months they kept saying that appointment letters were going to be issued; however, they were postponed due to COVID-19, etc. in the meantime they did recruitment rallies for the same posts claiming it was for fast-track recruitments to address the demographic imbalance to recruit tribal people, etc.”. These individuals, he said, had been offered positions in the BSF and other paramilitary groups, but they had declined, having been informed that letters of induction to the Air Force would be sent. “They didn’t say the issue of letters being postponed due to Agnipath,” he subsequently raises the principle of promissory estoppel against the government.¹⁵

2. **State industrial policy & incentive schemes:** In a case, “*Union of India and Another v. M/s V.V.F. Limited and Another Etc.*”¹⁶, where the appeals stem from a Division Bench of the Gujarat High Court’s March 10, 2010, joint judgement and order. A devastating earthquake struck Gujarat’s Kutch area in 2001, destroying all of the district’s infrastructure and endangering the livelihoods of the locals. The Government of India announced an Incentive Scheme for developing new enterprises in the earthquake-affected area in an attempt to draw investment for the district’s restoration. An announcement about this project was made via a “Central Excise (Exemption) Notification.” The notification offered an exemption equal to the amount of excise tax paid in cash or through the “Personal Ledger Account (PLA)” on completed products for commodities cleared from a new Industrial Unit created in Kutch by July 31, 2003 (later extended to December 31, 2005).

The court ruled that the promise of promissory estoppel cannot apply to industrial policy(s) and any follow-up explanations or notifications that are given in the public interest about such industrial policies.

Significance in India: Promissory estoppel is a notion that carries great significance in India, especially in the fields of contract and administrative law. This legal concept functions as a vital mechanism for upholding commitments and statements, even in the absence of a written

¹⁵ Express News Service, *SC ruling on Agnipath scheme: What does promissory estoppel under contract law mean?* The Indian Express (Apr. 12, 2023), available at: <https://indianexpress.com/article/explained/explained-law/what-does-promissory-estoppel-mean-8552259/> (last visited on 28.9.23)

¹⁶ *Union of India v. M/s V.V.F. Ltd.*, AIR 2020 SC 2954

agreement. Based on the principles of fairness and equity, promissory estoppel prohibits a person from breaking a definite pledge if another party has fairly depended on it to their disadvantage. In the context of administrative law, the doctrine is frequently invoked against government entities, ensuring accountability and preventing arbitrary actions. In contractual matters, it provides a flexible approach, allowing courts to uphold promises that may not strictly adhere to formal contract requirements. Essentially, the doctrine of promissory estoppel in India acts as a safeguard against injustice, fostering a legal environment that prioritises the reasonable expectations of the parties involved, both in private contracts and interactions with public authorities.¹⁷

SUGGESTIONS

Being a welfare nation, the government is bound to fulfil all the promises it makes. However, there are various circumstances where this doctrine fails, and it becomes irrelevant to the government's ability to discharge its promises. The recent event of the COVID-19 pandemic shows how the governments cannot be stopped and are unable to fulfil their promises.

CONCLUSION

In conclusion, this thoroughly examines the doctrine of promissory estoppel in Indian law, emphasising its crucial role in balancing individual freedoms and state power within administrative law. The study explores its application against institutions, including government and educational entities, illustrating its impact and limitations through relevant cases. Addressing its inapplicability to statutes, the research paper clarifies its role in ensuring accountability and fairness in interactions with specific schemes, like the Agnipath scheme and state industrial policies. Ultimately, promissory estoppel's significance in India lies in its enforcement of promises, protection against unfair treatment, and contribution to a legal environment prioritising justice in contractual and administrative relationships.

¹⁷ Legal Vidhiya, *Doctrine of Promissory Estoppel*, (Dec. 22, 2023), available at: <https://legalvidhiya.com/doctrine-of-promissory-estoppel/> (last visited on 20.03.24)