PROMISSORY ESTOPPEL AFTER ARTICLE 14: RETHINKING GOVERNMENTAL PROMISES IN INDIAN PUBLIC LAW

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ABSTRACT

Promissory estoppel entered Indian public law at a time when constitutional law lacked adequate tools for addressing unfair governmental conduct. Decisions such as Union of India v. Anglo Afghan Agencies and Motilal Padampat Sugar Mills Co. Ltd. v. State of Uttar Pradesh established that governmental promises capable of inducing reliance could, in appropriate circumstances, be enforced against the State. Since then, however, Indian public law has undergone significant constitutional transformation. Article 14 has evolved into a broad guarantee against arbitrariness, while the doctrine of legitimate expectation increasingly protects expectations created by public authorities. This article argues that these developments have substantially narrowed the space that promissory estoppel once occupied. Although the doctrine continues to play an important role in protecting reliance, its independent justification has become increasingly difficult to distinguish from broader constitutional principles governing fairness and governmental accountability. It is argued that the continued coexistence of promissory estoppel, Article 14 and legitimate expectation has created unnecessary doctrinal overlap, making greater conceptual clarity necessary in determining the legal framework applicable to governmental promises.

Keywords: Promissory Estoppel; Article 14; Legitimate Expectation; Governmental Promises; Administrative Law; Constitutional Law.

INTRODUCTION

The withdrawal of industrial incentives and tax concessions has renewed attention to the legal consequences of governmental promises. A business may invest substantial capital in reliance on a promised concession, only to find that concession later withdrawn. An individual who acts in accordance with a promise made by the authorities may later discover that the promise might not be upheld. The question then becomes whether the state should be permitted to resile from representations that have already shaped private conduct.

Indian Courts have traditionally answered this question through the doctrine of promissory estoppel. The doctrine prevents a promisor from acting inconsistently with a promise that has induced reliance. Where a person alters their position on the faith of a representation, equity may require that the promise be honored.[1]

When the doctrine first entered the Indian Public Law, constitutional law possessed relatively limited tools for addressing unfair governmental conduct. Today, Article 14 has evolved into a powerful guarantee against arbitrariness[2], while the doctrine of legitimate expectation protects expectations created by public authorities.[3] Both doctrines increasingly address concerns that once justified the expansion of promissory estoppel into public law.

This article thus argues that promissory estoppel emerged to fill a genuine gap in Indian Public Law. However, the constitutionalisation of fairness has substantially narrowed that gap. As Article 14 and legitimate expectation increasingly perform the same normative work once assigned to promissory estoppel, the doctrine's independent justification has become difficult to identify.

PROMISSORY ESTOPPEL'S PUBLIC LAW REVOLUTION

Promissory estoppel originated as an equitable doctrine concerned with reliance and fairness. Its classical rationale was straightforward: a person who induces another to act upon a promise should not ordinarily be permitted to withdraw that promise where doing so would produce injustice. The doctrine, therefore, developed as a mechanism for mitigating the rigidity of

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[1] *Union of India v. Anglo Afghan Agencies*, AIR 1968 SC 718; *Motilal Padampat Sugar Mills Co. Ltd. v. State of Uttar Pradesh*, (1979) 2 SCC 409.

[2] *E.P. Royappa v. State of Tamil Nadu*, (1974) 4 SCC 3; *Maneka Gandhi v. Union of India*, (1978) 1 SCC 24

[3] *Navjyoti Coop. Grp. Hous. Soc'y v. Union of India*, (1992) 4 SCC 477.

traditional rules of contracting.

In the case of *Union of India v. Anglo Afghan Agencies*[4], the Supreme Court refused to permit the government to avoid representations made under an export promotion scheme merely because the essentials of a contract under the Indian Contract Act, 1872, had not been satisfied. The judgment recognised a principle that would become increasingly important in Indian public law – governmental representations could not be treated as legally irrelevant simply because they did not fit within the conventional contractual categories.

The doctrine reached its fullest articulation in *Motilal Padampat Sugar Mills Co. Ltd. v. State of Uttar Pradesh*[5]. There, the State promised a sales tax exemption to encourage industrial development in the state, and relying upon that assurance, the company altered its position, secured financing, and established a manufacturing unit. When a government later attempted to withdraw the concession, the Supreme Court intervened.

Bhagwati J. described promissory estoppel not as a narrow rule of evidence or a technical branch of estoppel, but as a doctrine "evolved by equity in order to prevent injustice". The court rejected the notion that the government should enjoy immunity from principles that would bind ordinary parties and held that the State could be required to honour promises that had induced reliance.

Now, the question is whether it continues to perform that said function today.

ARTICLE 14 AND THE CONSTITUTIONALISATION OF FAIRNESS

The legal environment in which *Anglo Afghan Agencies* and *Motilal Padampat* operated has changed considerably. Through landmark decisions such as *E.P. Royappa v. State of Tamil Nadu*[6] and *Maneka Gandhi v. Union of India*[7], Article 14 was read beyond a guarantee of formal equality. The Supreme Court increasingly treated arbitrariness itself as constitutionally suspect. State action became reviewable not only because it discriminated against, but because it failed to satisfy standards of fairness, reasonableness, and non-arbitrariness.

Many disputes involving governmental promissory estoppel are, at their core, disputes about

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[4] *Union of India v. Anglo Afghan Agencies*, AIR 1968 SC 718.
[5] *Motilal Padampat Sugar Mills Co. Ltd. v. State of Uttar Pradesh*, (1979) 2 SCC 409.
[6] *E.P. Royappa v. State of Tamil Nadu*, (1974) 4 SCC 3.
[7] *Maneka Gandhi v. Union of India*, (1978) 1 SCC 248.

arbitrary state action. When a public authority encourages reliance through an official representation and subsequently withdraws that representation without adequate justification or compensation, the resulting grievance extends beyond private expectations. It concerns the manner in which public power has been exercised.

This creates a conceptual difficulty. If arbitrary departures from governmental representations can already be scrutinised under constitutional principles of fairness, the need for a separate equitable doctrine becomes less obvious. The rationale that once justified promissory estoppel increasingly overlaps with constitutional review.

LEGITIMATE EXPECTATIONS AND THE PROBLEM OF OVERLAP

The emergence of legitimate expectation further complicates matters. Rooted in administrative law, the doctrine developed as a mechanism for ensuring fairness in the exercise of public power by protecting expectations created through governmental representations, policies, or established practices. Unlike promissory estoppel, which is primarily concerned with reliance upon a promise, legitimate expectation does not ordinarily confer an enforceable right to the substantive fulfilment of a representation. Instead, it requires public authorities to act fairly when departing from expectations they have themselves created. Over time, Indian courts have increasingly invoked the doctrine to scrutinise arbitrary governmental departures from prior representations, thereby occupying much of the same normative space traditionally associated with promissory estoppel.

The overlap is perhaps most visible in *Motilal Padampat* itself. The Court relied on promissory estoppel because the appellant had altered its position in reliance on governmental assurance. Yet the same dispute could also be framed as one involving arbitrary state action under Article 14 or a frustrated legitimate expectation. The fact that a single dispute can be analysed through three distinct doctrines raises questions about the contemporary role of promissory estoppel. Both doctrines seek to restrain unfair departures from official representations and derive much of their force from ideas of fairness, consistency, and public trust. As a result, similar disputes may be resolved through different doctrinal frameworks without a clear explanation for preferring one over another.

This overlap raises an uncomfortable possibility: promissory estoppel may survive not because it performs a distinct function, but because it remains historically embedded in the law governing governmental promises. This uncertainty is not merely conceptual. Different doctrines impose different requirements and may lead to different remedies. Promissory estoppel generally requires reliance, whereas Article 14 does not. Legitimate expectation often secures procedural fairness rather than substantive enforcement. The choice of doctrine may therefore affect both the availability and scope of relief.

WHY HAS PROMISSORY ESTOPPEL NOT DISAPPEARED?

Despite this overlap, promissory estoppel has not disappeared. This doctrine remains fundamentally concerned with reliance. As *Motilal Padampat* emphasised, the doctrine is triggered when a promise induces a person to alter their position. The focus, therefore, remains on the relationship between the representation and the conduct it produces.

Article 14 does not require proof of reliance. Similarly, legitimate expectation often protects procedural fairness rather than guaranteeing the substantive fulfillment of a representation. In certain cases, promissory estoppel may, therefore provide a more direct route for enforcing governmental promises. However, these distinctions are narrower than they appear to be.

Modern Promissory Estoppel cases rarely involve a simple inquiry into reliance. Courts routinely consider statutory limitations, competing public interests, and broader constitutional considerations before enforcing governmental promises. Once we consider these factors in our analysis, the doctrine begins to resemble public law review rather than a conventional equitable dispute between the promisor and the promisee and other contractual obligations.

The language may remain that of reliance, but the reasoning oftentimes reflects constitutional concerns.

A DOCTRINE SEARCHING FOR A FUNCTION

Promissory estoppel entered public law because constitutional law lacked an adequate vocabulary for addressing governmental inconsistencies. Decisions such as *Anglo Afghan Agencies* and *Motilal Padampat* filled that void by requiring the State to honour the representations and promises that induced reliance and performance.

Today, Article 14 directly addresses arbitrary state action. Legitimate expectation protects the expectations that are generated by public authorities. As a result, promissory estoppel increasingly operates within a field already occupied by constitutional principles. This, however, does not mean that the doctrine is obsolete. It continues to provide a valuable language of reliance and governmental accountability. Yet, its contemporary role is becoming increasingly difficult to distinguish from the broader constitutional principles that now govern state action.

CONCLUSION

Promissory Estoppel enabled courts to hold governments accountable for assurances that induced reliance and provided an important safeguard against unfair governmental conduct.

The constitutional development of Article 14 and the emergence of legitimate expectation have equipped courts with alternative mechanisms for addressing many of the same concerns that originally justified promissory estoppel's expansion into the arena of public law.

The persistence of overlapping doctrines is not merely a matter of conceptual tidiness. Different doctrines impose different requirements, generate different remedies, and invite different forms of judicial scrutiny. When courts move between promissory estoppel, legitimate expectation, and Article 14 without explaining why a particular framework is being employed, the law governing governmental promises becomes less predictable.

Indian public law has largely settled the question of whether governmental promises deserve protection. The more pressing question is doctrinal. If Article 14 and legitimate expectation now perform much of the work once assigned to promissory estoppel, courts should be clearer about why they continue to invoke the doctrine. The future of governmental promises may depend less on preserving promissory estoppel as a distinct category and more on recognising that the values it protects have become constitutional values.