

# Allahabad High Court Invalidates ₹114 Crore Transfer Fee Imposed by YEIDA on Gaursons Mega Projects



The Allahabad High Court has quashed a ₹114 crore transfer fee demanded by the Yamuna Expressway Industrial Development Authority (YEIDA) from Gaursons Mega Projects Pvt. Ltd., ruling that such levies are unenforceable without prior approval from the Uttar Pradesh government. The dispute concerned a commercial plot in Noida sub-leased through multiple parties under an original concession agreement that permitted sub-leasing without additional charges. The Court held that although YEIDA can frame regulations under the UP Industrial Area Development Act, 1976, these cannot be implemented without state sanction. The judgment, which invalidated the applicability of a 2017 YEIDA memorandum lacking such approval, may significantly impact similar real estate transactions and YEIDA's authority to impose transfer fees.

The Allahabad High Court has invalidated a ₹114 crore transfer fee demand levied by the Yamuna Expressway Industrial Development Authority (YEIDA) on Gaursons Mega Projects Pvt. Ltd., holding that such charges are impermissible in the absence of prior approval from the State Government.



The judgment, delivered on Friday by a Division Bench comprising Justices Anjani Kumar Mishra and Kshitij Shailendra, is likely to have far-reaching implications for a host of real estate transactions in the region that followed a similar structure.

The Court observed that although YEIDA is empowered to formulate regulations under Section 19 of the Uttar Pradesh Industrial Area Development Act, 1976, such regulations cannot be enforced without the express sanction of the State Government.

The dispute pertains to a commercial plot admeasuring 71,627 square metres in Noida's Sector 129, falling within the Jaypee Greens Wish Town project. The land was originally leased in 2008 by YEIDA (then known as the Taj Expressway Authority) to Jaypee Infratech Ltd. (JIL), pursuant to a broader concession agreement executed in 2003. That agreement had conferred development rights over 25 million square metres along the Yamuna Expressway corridor to Jaiprakash Associates Ltd. (JAL).



In August 2023, JIL sub-leased the land to JAL for a term of 90 years, following which JAL executed a further sub-lease in favour of Gaursons. When Gaursons subsequently sought a mandatory no-objection certificate (NOC) from YEIDA, the Authority demanded a transfer fee of ₹114 crore, citing an office memorandum dated 2017. This memorandum, discussed during YEIDA's 61st board meeting, provided for a 10% transfer charge on the total land value in cases involving builder townships and group housing developments spanning 25 to 250 acres. Despite board approval, no corresponding approval was ever sought or obtained from the State Government.

Gaursons challenged the fee demand, arguing that it contravened the original concession agreement, which expressly permitted sub-leasing without the imposition of additional financial liabilities. The company further contended that the UP Industrial Area Development Act did not authorize YEIDA to levy such fees absent duly framed and government-approved regulations.

The Court concurred, stating that the implementation of any regulation—particularly those involving monetary levies—requires prior approval from the State. “Section 19 empowers the Authority to make regulations not inconsistent with the provisions of the Act. However, for implementation, prior approval of the State Government is mandatory,” the bench observed.

In view of the absence of such approval, the Court held that the board resolution lacked enforceability. “For this reason alone, the resolution of the board meeting cannot be implemented, as it lacks approval of the State Government, in so far as the rate at which transfer fees is being charged/demanded,” the bench noted.

Although the Court did not strike down the 2017 memorandum itself, it categorically ruled that it is unenforceable in the absence of requisite state sanction. Accordingly, YEIDA was directed to process Gaursons’ NOC application without demanding any additional charges.

The ruling is expected to have significant ramifications for real estate developers acquiring land through sub-leases in the Yamuna Expressway region, where similar transfer charges have been levied. It also calls into question YEIDA’s authority to impose such fees without a valid statutory foundation.



**Office: 608, Iconic Tower-C, By Corenthum, Sector 62 NOIDA, Uttar Pradesh-201301**

**Website: [www.pglawoffice.co.in](http://www.pglawoffice.co.in)**

**Mobile : +91 9958123005 Email: [pranav@pglawoffice.co.in](mailto:pranav@pglawoffice.co.in)**