

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

Civil Writ Petition No. 5119 of 2015 (O&M)

Date of decision : 21.07.2015

Ganesh Construction Company

.....Petitioner

Versus

State of Punjab and others

....Respondents

**CORAM:- HON'BLE MR. JUSTICE HEMANT GUPTA
HON'BLE MRS. JUSTICE LISA GILL**

Present: Mr. Samrath Sagar, Advocate
for the petitioner.

Mr. Vinod S. Bhardwaj, Addl. AG, Punjab.

Mr. V.K. Kataria, Advocate
for respondent No. 3.

HEMANT GUPTA, J.

This order shall dispose of CWP Nos. 5119 (Ganesh Construction Company versus State of Punjab and others), 5121 (Welkin India Incorporate versus State of Punjab and others), 5141 (M/s Macro India versus State of Punjab and others), 5155 (Amar Construction Company versus State of Punjab and others) of 2015 raising identical questions of law and facts.

The petitioner has sought a writ of mandamus for directing the respondent-Corporation to release the amount of security deposits qua 10 works allotted to it for the years 2006 to

2010 as mentioned in para 5 of Civil Writ Petition No. 5141 of 2015.

The petitioner points out that Municipal Corporation invited tenders qua improving the conditions of certain critical roads joining Moga with other places for which the petitioner submitted its bid and the offer was accepted. 10 works were allotted and completed but the security amount in respect of 10 works amounting to ₹14,73,019/-was not released. On the other hand, the said amount was deposited by the Municipal Council now Municipal Corporation in a Fixed Deposit.

It is also pointed out that on a complaint, the matter was referred to Vigilance for inquiry and the Vigilance vide report dated 28.10.2011 (Annexure P-8) found no illegality in the execution of contract except that the discrepancy were found in 3 works for which recovery was suggested and made by the petitioner.

Mr. Kataria, learned counsel appearing for the Municipal Corporation refers to Annexure P-11 dated 02.09.2011 seeking guidelines for release of the security deposits from the Deputy Commissioner in view of the fact that the contractor has executed the work and that the payment is over delayed. Similar letter was addressed to Senior Superintendent of Police, Vigilance Bureau, Ferozepur.

The argument of Mr. Kataria that since there was no guideline received from the Deputy Commissioner or Senior Superintendent of Police, the payments were not released to the petitioner.

During the course of hearing of the present writ petition, the security amount has since been released. The matter is for consideration of claim of the petitioner for interest on delayed payment of the security amount.

After hearing learned counsel for the parties, we find that there is absolutely no justification of not releasing the security amount after submission of the inquiry report by the Vigilance in the month of October, 2011. The Municipal Corporation has to take its own decision after receipt of the Vigilance report as to whether the payment is required to be made or not. Once the Municipal Corporation has found that the work stands completed, then there is no reason of not making the payment of the security amount for years together.

Consequently, we find that the late payment of the security amount entitles the petitioner to interest on the said amount. Consequently, we direct the respondent - Municipal Corporation to pay Simple Interest at the rate of 10% from 01.01.2012 after allowing reasonable period of release of payment to the Municipal Corporation till the date of payment.

Consequently, the writ petitions are allowed.

(Hemant Gupta)
Judge

(Lisa Gill)
Judge

July 21, 2015
rts