

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT  
CHANDIGARH**

CWP-9181-2014

Date of decision:- 03.09.2015

M/s Banaras Beads Limited

...Petitioner

Versus

Haryana Urban Development Authority, Panchkula and others

...Respondents

**CORAM: HON'BLE MR. JUSTICE S.J. VAZIFDAR, ACTING CHIEF JUSTICE**  
**HON'BLE MR. JUSTICE TEJINDER SINGH DHINDSA**

Present: Mr. Rahul Garg, Advocate,  
and Mr. Ashwani Talwar, Advocate,  
for the petitioner.

Mr. Lokesh Sinhal, Advocate,  
for the respondents.

\* \* \* \*

**S.J. VAZIFDAR, A.C.J. (ORAL)**

The respondents held an auction in respect of certain plots of land in view of the then forthcoming Common Wealth Games in Delhi. The plots to be auctioned were meant for construction of hotels thereon. By an allotment letter dated 26.11.2007, the petitioner was allotted a plot for a total consideration of ₹ 16.05 crores. The petitioner paid the initial amount of 25% and thereafter paid the installments as per the schedule. There is no dispute in this regard. Clause 6 of the allotment letter states that the possession of the site was offered to the petitioner. Admittedly, however, in fact physical possession of the site was not handed over to the petitioner. There appears to have been some difficulty on the respondents' part in handing over the physical possession on account of demarcation not having been carried out. Whatever the reason, the fact is that the petitioner was not put in physical possession of the site.

2. Correspondences ensued between the parties in the course of which the petitioner repeatedly called upon the respondents to hand over the possession of the site. The petitioner on its part continued paying the installments as required under the allotment letter. Out of the total consideration of ₹ 16.05 crores, the petitioner paid an amount of about ₹ 13,49,98,031/-. However, ultimately when it was clear that possession was not going to be handed over or that the possession was being indefinitely delayed, the petitioner understandably and justifiably sought a refund of the amounts paid by it together with interest thereon.

3. The respondents repaid the amount, but after deducting certain amounts in purported exercise of powers under a policy which entitles the respondents while permitting surrender to deduct 10% of the total consideration towards interest and penalty. That, however, would only be in a case where the surrender is accepted to accommodate the allottee or where the allottee is at fault. The above facts establish that the allottee was not at fault in the present case.

4. The respondents have at least at this belated stage fairly agreed to refund the amount that was deducted. A cheque in the sum of ₹ 1,62,15,038/- was tendered in Court to the petitioner's counsel. The petitioner is at liberty to accept and encash the cheque without prejudice to its rights and contentions.

5. Therefore, the only question that remains is whether the petitioner is entitled to interest on the amounts that it has deposited.

Mr. Garg's submission on behalf of the petitioner that the respondents ought in the facts and circumstances of the case to pay interest is well founded. Mr. Garg submits that interest ought to be paid at the rate of 15% per annum.

6. However, our attention was invited to the policy of the Haryana Urban Development Authority dated 10.12.2007 which contains the following clause:-

*“(c) The original allottee will be paid simple interest @ 9% on the amount deposited by him after the expiry of 3 years of the original allotment if the possession of the plot is not offered within 3 years of the allotment and the future installments will be paid only after the possession of alternative plot is offered.”*

7. The initial moratorium of three years in the policy would not apply to the present case as the letter of allotment itself contemplated the possession being handed over together simultaneously with the letter of allotment. However, we have adopted the rate of interest mentioned therein. Considering the above facts, in our view, the petitioner is entitled to interest from the date on which the amounts have been deposited till the date of payment. The allotment letter imposes a rate of 9% towards interest on the installments availed of, if regularly paid. However, interest at the rate of 12% per annum is mentioned in respect of delayed payments.

8. In these circumstances, the writ petition is disposed of by directing the respondents to pay the petitioner interest at the rate of 9% per annum from the date on which the amounts were deposited by the petitioner with the respondents till payment and/or realization. The respondents shall calculate the interest and pay the same to the petitioners by 30.09.2015.

**(S.J. VAZIFDAR)**  
**ACTING CHIEF JUSTICE**

**(TEJINDER SINGH DHINDSA)**  
**JUDGE**

**03.09.2015**  
Amodh