

IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.21723 of 2014

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1. Smt. Manju Singh W/O Sri Pramod Singh Advocate 3 R.C.-9, Bahadurpur Housing Colony, P.S. Agamkuan, District-Patna

.... Petitioner/s

Versus

1. Bihar State Housing Board, 6 Sardar Patel Marg, Patna-15, through its Chairman.
2. The Managing Director, Bihar State Housing Board, 6 Sardar Patel Marg, Patna-15.
3. The Manager Estate Cum Addl. Secretary, Bihar State Housing Board, 6, Sardar Patel Marg, Patna-15.
4. The Revenue Officer, Bihar State Housing; Board, 6, Sardar Patel Marg, Patna-15.
5. The Executive Engineer, Bihar State Housing Board, Patna Division-1, Lohia Nagar, Patna.

.... Respondent/s

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Appearance :

For the Petitioner/s : Mr. Shree Nandan Prasad Singh, Adv.

Dr.Meeta Mohini, Adv.

Smt. Renu Kumari, Adv.

For the Respondent/s : Ms. Sarita Bajaj, Adv.

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CORAM: HONOURABLE MR. JUSTICE JYOTI SARAN

C.A.V. JUDGMENT

Date: 10-02-2016

The petitioner has prayed for the following reliefs:

“(i) For issuance of a writ in the nature of mandamus. Commanding the Respondents to execute the deed of lease. (Registered) in favour of the petitioner.

(ii) For issuance of an appropriate writ/order/direction to quash the demand notice vide letter No. 2859 dated 22.04.2014 issued by the Respondent-Board, under the signature of Revenue Officer.

(iii) And further appropriate relief/reliefs to which the petitioner is found entitled on the facts and circumstance of the present case.”

The matter relates to registration of Plot No.3, R.C.9 situated in Bahadurpur Housing colony in the town and district of Patna.

Facts of the case briefly stated is that the Bihar State Housing Board (hereinafter referred to as ‘the Board’) issued an advertisement



in the year 1984 inviting applications from prospective bidders for settlement of residential-cum-commercial plots at Bahadurpur, Kankarbagh, Patna. The petitioner responded to the advertisement and after getting herself registered, deposited a sum of Rs. 10,000/- by way of security deposit on 27.9.1984. The bid took place and in which the petitioner was declared the highest bidder for the plot in question and vide letter bearing No.345 the Board informed the petitioner regarding the allotment at a cost of Rs. 1,35,000/-. A copy of the allotment letter is present at Annexure-3. As per Clause 3 of the allotment letter the petitioner was required to deposit 25% of the allotment cost i.e. Rs. 33,750/- and the balance of Rs. 1,01,250/- was to be deposited in 6 monthly instalments after grant of possession. It was further mentioned that the instalments would carry interest @ 14% per annum which would be Rs. 21,242/- and in case of any default, the rate of interest would be 18% per annum at Rs. 22,569/- . Clause 5 further mentioned that on the failure of the petitioner to deposit the entire amount or in default of 2 instalments, the allotment would be cancelled. As the petitioner had already deposited Rs. 10,000/- by way of security hence as per the allotment letter she made a further deposit of Rs. 23,750 on 12.10.1984 by way of bank draft. The petitioner was called upon to enter into an agreement which was duly executed on 12.12.1988, present at Annexure-5. The delivery of possession of the plot in question was given to the petitioner on



9.3.1989 and a certificate of delivery of possession is present at Annexure-6. The petitioner was directed to complete the construction within 2 years from the date of delivery of possession. Since the area remained undeveloped and waterlogged hence a request was made by the petitioner to the Executive Engineer of the respondent Board to develop the area so that it could put to proper use. The petitioner by the same letter dated 11.1.1996 also informed the Executive Engineer regarding the change in her address for future communication and sought information on the balance dues. On 16.12.1998 a letter was addressed to the petitioner by the Executive Engineer showing an outstanding of Rs. 1,35,414/-, a copy of such letter is present at Annexure-8. The petitioner in response to the demand notice, deposited a sum of Rs. 70,000/- on 2.2.1999, Rs. 50,000/- on 8.6.1999 and the balance of Rs. 15,414/- on 11.8.1999 as manifest from the receipts present at Annexure-9 series. The Executive Engineer informed the Estate Officer as regarding the final assessment in the case of the petitioner and reported the deposits made by her of Rs. 1,69,164/- vide letter bearing Memo No.4554 dated 28.10.1999 as contained in Annexure-10. The letter clearly mentions that a sum of Rs. 33,750/- had initially been deposited by the petitioner along with the agreement and the balance of Rs. 1,35,414/- was deposited in response to the demand dated 16.12.1998 vide Annexure-9 series. Despite the petitioner having completed her obligation, the Board did



not take any steps to execute a registered lease deed in terms of the agreement and thus the petitioner represented before the Managing Director on 30.5.2000. The matter remained in limbo and the request was renewed on 11.8.2012 vide Annexure-12, on 16.8.2012 vide Annexure 13 and on 27.8.2012 vide Annexure-14 but met with no response. It is after a lapse of more than 12 years since the petitioner made her deposit in response to the demand present at Annexure-8 that a fresh demand notice bearing letter No. 14/85/10218 dated 12.12.2013 was issued by the Revenue Officer of the respondent-Board raising a demand of Rs. 48,250,38.78 stated to be the amount outstanding against the petitioner as in December, 2013. The petitioner filed her objection before the Chairman, Pricing Committee, Bihar State Housing Board on 18.2.2014 explaining the entire circumstances, a copy of which is placed at Annexure-15. The petitioner also filed a petition before the Managing Director on 25.3.2014 reiterating the position. The Revenue Officer vide letter dated 22.4.2014 impugned at Annexure-17 has communicated the rejection of the objection set up by the petitioner to question the demand and has informed her that by causing delay the demand has enhanced to Rs. 51,21,108.02 until 30.4.2014 and which she is duty bound to deposit so that necessary steps for registration of the lease deed can be taken. The petitioner being aggrieved is before this Court.

Mr. Shree Nandan Prasad Singh, learned counsel has appeared for the petitioner while the respondent- Housing Board has been represented by Ms. Sarita Bajaj.

Reiterating the sequence of events it has been argued by Mr. Singh that there has been no delay on the part of the petitioner in depositing the instalments and no sooner the demand was raised by the respondent-Board vide Annexure- 8 on 16.12.1998 requiring the petitioner to deposit the outstanding of Rs. 1,35,414/- that the petitioner deposited the entire amount immediately in 3 instalments as confirmed by Annexure-9 series. It is argued that although the allotment of plot in question had been made by the Board in favour of the petitioner vide Annexure-3 for commercial-cum-residential use but since the area was completely undeveloped and waterlogged that the petitioner was engaged in series of correspondences with the respondent-Board to develop the area so that the plot could be put to use and although the possession of the plot was handed over to the petitioner on 9.3.1989 as manifest from Annexure-6 but the area was being used as a dump yard and could not be utilized for any purpose. The petitioner reminded the Executive Engineer about the condition of the plot vide her letter dated 11.1.1996 present at Annexure-7 whereby the petitioner also reminded the Executive Engineer to inform her about the balance outstanding so that she can take steps for making payment. It is following the letter of the petitioner on



11.1.1996 that the demand was raised by the Board through the Executive Engineer on 16.12.1998 and which has been deposited by the petitioner vide Annexure-9 series as admitted by the Executive Engineer vide his letter bearing Memo No.4554 dated 28.10.1999 and which is a reflection that it was a final assessment of the amount outstanding against the petitioner inclusive of principal and interest. It is argued by Mr. Singh that since after the deposit made by the petitioner as accepted by there respondent- Board vide Annexure-10 nothing moved thereafter prompting the petitioner to again get engaged into correspondences with the Managing Director for executing the registered deed as well as for developing the area in question as is confirmed vide Annexure-11 to 14 of the writ petition but such representation was responded to by the Board after 14 years of the deposit by raising a fresh revised demand of Rs. 48,250,38.78 vide letter bearing No.14/85/10218 dated 12.12.2013 of the Revenue Officer of the respondent-Board. He submits that whereas in view of the demand raised by the Board on 16.12.1998 vide Annexure-8, its payment made by the petitioner between February and August, 1999 vide Annexure-9 series and its confirmation by the Executive Engineer of the respondent-Board on 28.10.1999 vide Annexure-10 as being towards full and final settlement of the outstanding demand inclusive of principal and interest, the revised demand raised by the Revenue Officer vide his letter dated 12.12.2013 is wholly illegal and



unsustainable even otherwise that the petitioner in response to the demand raised by the Board on 16.12.1998 had deposited the amount finally on 11.8.1999, towards full and final settlement of the demand, if at all the petitioner is being subjected to payment of interest for the belated payment then at best it has to be calculated from the date of delivery of possession i.e. 9.3.1989 until the payments made by the petitioner i.e. 11.8.1999 and not beyond that because the petitioner had discharged her obligation. He further submits that even when the petitioner vide letter dated 11.1.1996 had intimated the Board regarding change of address yet the impugned demand was sent on the previous address as is reflected from Annexure-17 impugned herein. It is further mentioned that although Annexure-17 refers to the demand letters bearing No.11503 dated 13.12.1011 and letter bearing no.10218 dated 12.12.2013 but they have not been placed on record. The impugned demand had been questioned by Mr. Singh on grounds that upon satisfaction of the demand by the petitioner vide Annexure-9 series no outstanding remained against her and since it is the respondent themselves who had not taken any steps to bring about the development in the area which remained waterlogged and about which the petitioner kept them informed informing, the delay whatsoever cannot entail a penal interest on the petitioner.

The argument of Mr. Singh has been seriously contested by Ms. Bajaj appearing for the Board who submits that the petitioner cannot



take refuge under the demand letter dated 16.12.1998 for she was well aware of her obligation to make payment of the balance amount of Rs. 1,01,250/- by way of instalments in the manner provided under Clauses 3, 4 and 5 of the allotment order present at Annexure-3. She submits that the allotment order was followed by an agreement of hire purchase executed on 12.12.1988 followed by delivery of possession of 9.3.1989 and thus in view of Clauses 3 to 5 of the allotment order as well as Clauses 3 to 5 of the hire purchase agreement present at Annexures-3 and 5 respectively, the petitioner had to make payment of the balance outstanding in the manner provided therein without waiting for any demand. She submits that it is matter of record that except for deposit of Rs. 33,750/- by the petitioner, she did not make any further deposit despite the possession having been granted to her on 9.3.1989. She submits that whatever be the condition of the plot, is a separate issue altogether but in view of the binding clause of the allotment order as well as the agreement, the petitioner was duty bound to clear the outstanding dues. It is submitted that although a demand was raised under the signature of the Executive Engineer on 16.12.1998 and which has also been satisfied by the petitioner but that would not absolve her from the obligation created under the Clause of the agreement and since the amount was not correctly calculated, it led to a revise demand as found due on 12.12.2013 and has been updated by the impugned order dated 22.2.2014 present at Annexure-



17. Learned counsel with reference to paragraph 7 of the counter affidavit has submitted that in the circumstances existing no infirmity can be found in the demand raised by the Board. As regarding the manner of calculation of outstanding learned counsel has referred to the calculation chart present at paragraph 11 of the counter affidavit which according to learned counsel supports the impugned demand. It is the argument of learned counsel for the Board that in view of the obligation cast on the petitioner to clear her dues in the manner provided in the agreement, coupled with the stipulation present at Clause- 5 of the allotment order as well as the hire purchase agreement present at Annexures-3 and 5 respectively the petitioner had been made to understand that no separate notice in regard to the balance dues would require to be issued. It is the argument of Ms. Bajaj that the respondent-Board has taken a lenient view of the matter in not cancelling the allotment itself although as per Clause 5 of the allotment order as well as Clause 8 of the hire purchase agreement, the failure on the part of the petitioner to deposit the instalments had made the agreement liable to be cancelled and forfeiture of the amount deposited.

I have heard learned counsel for the parties and I have perused the records.

The uncontested position in the present case is that the petitioner was declared the highest bidder for the commercial-cum-



residential Plot No. 3/RC 9 situated in Bahadurpur Housing Colony, Kankarbagh in the town and district of Patna. The petitioner initially deposited Rs. 10,000/- as security followed by deposit of a sum of Rs. 23,750/- on 12.10.1984. An allotment order vide Annexure-3 was issued and Clauses 3 to 5 thereof while informing the petitioner of the balance outstanding of Rs. 1,01,250 required him to deposit the six monthly instalments inclusive of interest at the rate of 14% to the tune of Rs. 21,242/- and on failure to deposit timely instalment, the instalment amount would enhance to Rs. 22,509/- which was inclusive of interest calculated the rate of 18% . The instalments do not carry interest at compound rate and were payable after delivery of possession. The allotment order further provided that non payment of two instalments would entail cancellation.

The allotment order is followed by the hire purchase agreement present at Annexure-5 which was executed in between the petitioner and the Bihar State Housing Board on 12.12.1988. The terms and conditions of the allotment order stood translated in the agreement and for the purpose of this case I would reproduce paragraphs 3,4 and 8 of the agreement which are relevant for the purpose and reads as under.

“3. That the settlee has already deposited a sum of Rs. 33,750/-(Rupees Thirty three thousand seven hundred & fifty) only, being the 25% of the amount of total cost of the said plot of land in the account of the Board vide Board's cash receipt Rs. 10,000/- vide receipt No.099690, dated 27.9.84 & Rs. 23,750/- vide receipt No. 099767, dated

12.10.84 respectively as mentioned in the said allotment letter issued to the settlee.

4. That the settlee will pay to the Board without waiting for any demand the remaining 75% cost of the said plot of land with an interest @forteen percent (14%) per annum thereon chargeable from the date of delivery of possession in six equated half yearly instalment of Rs. 21,242/-(Rupees Twenty one thousand two hundred & fourty tow) only, to be paid within the 15th day of the following month of which the instalment become due.

8. That interest @ 14% (Fourteen per cent) per annum shall be charged on all dues, beginning from the date of the delivery of possession over the said plot. In case of first default in depositing any instalment interest shall be charged @ 18% (eighteen per cent) per annum of the amount due. But in case of default in depositing to consecutive instalments, the allotment shall stand cancelled, and all deposits, payments, etc. made shall stand forfeited.”

The possession of the plot in question was handed over to the petitioner on 9.3.1989 as manifest from Annexure-6. It is not in dispute that the petitioner did not make payment of the instalments as per the conditions of the hire purchase agreement but then no steps was taken by the Board to cancel the settlement for such lapse either. On 11.1.1996 the petitioner while informing the Board regarding change of address also enquired about balance outstanding against her for taking steps for payment of dues. The petitioner also complained of the poor condition of the plot which was waterlogged and was incapable of being put to either commercial or residential use. The Board immediately through the Executive Engineer responded and informed the petitioner regarding the balance outstanding against her to the tune of Rs. 1,35,414/- vide letter dated 16.12.1998 present at



Annexure-8 and which amount was deposited by the petitioner in 3 instalments dated 2.2.1999, 8.6.1999 and the balance on 11.8.1999. The discharge of obligation towards balance outstanding stands recognized under the communication of the Executive Engineer of the Board vide letter dated 28.10.1999 present at Annexure-10. Now thereafter neither the Board took any steps for getting the document registered nor did they raise any other demand or cancel the allotment and it is only when the petitioner started representing for the registration of the lease that she was faced with a demand of Rs. 48,250,38.78 stated to be the balance outstanding against her until December, 2013 vide letter No. 14/85/10218 dated 12.12.2013. The petitioner protested before the Pricing Committee vide Annexure-15 and her claim has been rejected, as communicated by the Revenue Officer vide letter dated 22.4.2014 enhancing the demand to 51,21,108.02 as on 30.4.2014.

The issue which would fall for consideration is whether even when there is an admitted lapse on the part of the petitioner to deposit the instalments in tune with the terms of the Letter of Allotment and the Hire Purchase agreement present at Annexures-3 and 5 respectively, that the Board did not invoke the penal clause to cancel the allotment rather on enquiry made by the petitioner regarding the balance outstanding, informed her that a balance of Rs. 1,35,414/- awaited payment which amount was immediately deposited by the

petitioner, can she be held responsible for delayed payment and saddled with interest at a compound rate on the amount which remains pending primarily due to miscalculation by the board.

Although the Board has given an exhaustive calculation at paragraph 11 of the counter affidavit to justify the demand but in my opinion the calculation is not correct. A plain reading of the calculation would show that the respondents have added the interest accrued in a year to the principal amount at the end of the year meaning thereby, the respondent Board has charged compound interest on the balance outstanding which is not the terms of agreement entered in between the parties. There is no stipulation present either in the allotment letter or in the Hire Purchase agreement entered in between the parties stipulating payment of interest at compound rate rather it is specifically provided at paragraph 4 of the Allotment Letter and paragraphs 4 and 8 of the Hire Purchase agreement present at Annexures-3 and 5 respectively that the interest payable was at the rate of 14% per annum on timely deposit of instalment and on default the interest rate would enhance to 18% per annum on the amount due. Although it is argued by Ms. Sarita Bajaj learned counsel for the Board that the conditions stipulate that interest would be chargeable on the amount due which would mean that the interest accrued on the principal amount in a year, on default of payments, would become a part of the principal for calculation of



the next interest due but in my opinion, in absence of any agreement in between the parties for payment of interest at a compound rate or with quarterly/six monthly or annual rest, no such condition can be imposed. A condition that interest at the rate of 14% per annum would be chargeable on the due cannot make the interest component a part of the principal amount for calculation of the interest due in the next cycle. In my considered opinion, in absence of any specific stipulation either in the allotment order or in the hire purchase agreement regarding charge of compound rate all that the condition would mean is that the balance outstanding of Rs. 1,01,250/- would be repayable in instalments carrying 14% interest per annum on timely deposits failing which the equal monthly instalments would carry an inclusive interest of 18% per annum. Now where the instalments itself does not carry a compound rate of interest and the consequences of default also merely enhances the rate but not the nature and character thereof, the conditions present at paragraph 4 of the allotment order and paragraphs 4 and 8 of the hire purchase agreement cannot be interpreted to mean that the interest component accrued in a year would become a part of the principal amount for calculation of the interest in the next year, thus changing the nature of the interest from simple to a compound rate.

A similar issue fell for consideration in a case reported in **2014(3) PLJR 362 (Shri Bal Manohar Jalan Vs. State Bank of**

India) and paragraphs 32 to 36 of the judgment would be relevant for the purpose and would squarely cover the issue at hand which runs as follows:

“32. The finding of the Debt Recovery Tribunal is converse to the legal position and the correct position is that in absence of any stipulation in the award of interest it shall always mean a simple rate of interest until it is qualified to mean compound interest. The award of interest pendente lite i.e. after the institution of the suit is essentially governed by Section 34 of the Code as held by the Supreme Court in the judgment rendered in the case of **Central Bank of India versus Ravindra** (supra) and this Court would do no better but to reproduce paragraph 55 (8) of the said judgment :-

“(8) Award of interest pendente lite and post-decree is discretionary with the court as it is essentially governed by Section 34 CPC dehors the contract between the parties. In a given case if the court finds that in the principal sum adjudged on the date of the suit the component of interest is disproportionate with the component of the principal sum actually advanced the court may exercise its discretion in awarding interest pendente lite and post-decree interest at a lower rate or may even decline awarding such interest. The discretion shall be exercised fairly, judiciously and for reasons and not in an arbitrary or fanciful manner.”

33. Thus pendente lite interest or future interest i.e. from the date of decree until realization has to be lower than the pre litigation interest or the contractual rate of interest. The decree passed in the money suit also merely awards interest on the debt due amount of Rs. 1,48,667.89 @ 14 % per annum with effect from 22.05.1986 to 16.02.1989 and until the realization of the dues. Conspicuously the interest so awarded is not accompanied with the words quarterly rests or six monthly rests or annual rests or the like as can be found in the judgment in context with the pre litigation interest i.e. until filing of the suit on 22.05.1986. The Interest Act, 1978 while conferring powers on the Court to allow interest independently provides for award of interest upon interest. Thus in absence of any stipulation in the order of a Court awarding interest by specifying it to be at a compound rate, it would always mean that the interest has been awarded at a simple rate.



34. A similar issue had come up for consideration before the Jharkhand High Court in a matter concerning the State of Bihar and a Bench of Jharkhand High Court upon consideration of the statutory provisions was pleased to hold that where the decree was silent regarding the payment of compound interest, it would be deemed that the Court had refused compound interest. The judgment of the Jharkhand High Court is since reported in AIR 2004 Jharkhand 29 (**State of Bihar versus Mijaz International**). The very judgment relied upon by the learned counsel appearing on behalf of the Bank rendered in the case of **Punjab National Bank versus Chajju Ram** (supra) also fortifies this position. In the said case also the trial Court had decreed the suit with interest @ 16 ½ % per annum from the date of filing of the suit till the date of recovery as in the present case. The suit was filed on 26.08.1988, the judgment was passed on 16.02.1994 and an execution application was filed on 21.12.1994 for recovery of the amount of Rs. 12,91,398/- i.e. the principal amount of Rs. 6,16,250/- plus interest thereon @ 16 ½ % p.a as per the decree. It is but obvious that the recovery amount was calculated by applying simple rate of interest otherwise the amount would have been much higher.

35. The finding of the Tribunal at paragraph 13 of the impugned order disallowing the contentions of the petitioner by holding that where the Court intends to award simple rate it has to be specifically mentioned as such failing which it would mean that the interest would compound each year and would become principal thereafter for further calculation of interest, is upon complete misappreciation of the legal position and difficult to be upheld. The Tribunal while holding as such has completely misdirected itself.

36. The legal position is otherwise and the reason is simple. A compound rate of interest leads to capitalization of an interest amount and casts extra burden on the borrower and thus requires to be spelt out in such manner by the Court concerned while awarding interest. Where the Court concerned is silent and awards interest at a particular rate per annum without making any further specifications as to its calculation, it shall be deemed that the Court has awarded interest at a simple rate.”

The legal position being such, it is to be seen as to what would have been the correct balance outstanding against the petitioner as on



16.12.1998 when the Board vide Annexure-7 informed her that Rs. 1,35,414/- was outstanding in her name. It is not in dispute that the balance outstanding against the petitioner as on the date of allotment i.e. 9.3.1989 was Rs.1,01,250/-. It is also not in dispute that the petitioner has defaulted in payment of the instalments as per the stipulation present in condition No.4 of the allotment order as well as Condition No.4 of the Hire Purchase agreement thus subjecting herself to a penal rate of interest at the rate of 18% per annum on the amount due i.e. Rs. 1,01,250/- which comes to Rs. 18,225/- per annum. The possession was handed over to the petitioner on 9.3.1989, vide Annexure-6. The intimation regarding the balance outstanding on query was communicated to the petitioner vide Annexure-8 on 16.12.1998 and the petitioner started making payment of the balance so informed and made the entire payments in 3 instalments until August 1999. Meaning thereby, there has been delay of 10 years and 5 months by the petitioner in making payment of the balance outstanding. A calculation of interest at the rate of 18% on Rs. 1,01,250/- for 10 years would be: $18,225 \times 10 = \text{Rs. } 1,82,250/-$ and the balance 5 months if calculated on annual basis would come to Rs. 18,225/-. Meaning thereby the interest component with effect from 9.3.1989 until the payments made by the petitioner in August 1999 would come to Rs. $1,82,250 + 18,225 = \text{Rs. } 2,00,475$ and not Rs. 5,40,913/- as calculated by the respondent- Board in paragraph 11

which apparently is at a compound rate. That the petitioner has in response to the demand present at Annexure-8 made a deposit of Rs. 1,35,414/-, the actual balance of interest on the said date remained at Rs. 65,061/- apart from the principal outstanding of Rs. 101250/- which in total comes to Rs.1,66,311/-

That the authorities of the respondent Board themselves were silent to inform the petitioner regarding the actual balance outstanding right after August 1999 until 12.12.2013 when they first chose to inform the petitioner of a balance of Rs. 48,250,38.78 as in December, 2013, the lapse entirely is attributable to the Board and certainly not on the petitioner. Whatever demand that was raised by the Board vide Annexure-8 stood satisfied by the petitioner vide Annexure-9 series. The reason attributed by the Board to saddle the petitioner with such heavy interest inter alia on grounds that she was aware of the rate of interest and the amount required to be deposited, in fact goes against the board themselves for it is only when the petitioner enquired about the balance outstanding in 1996 vide Annexure-7 that the Board informed her about the amount due which admittedly was satisfied by the petitioner and it is 14 years thereafter that the board realised that the calculation was not correct. The petitioner certainly cannot be penalized for this late realization and the fault lies with the Board. Had the Board informed the petitioner in 1999 itself regarding the correct balance outstanding and the petitioner would have avoided its



payment certainly then the responsibility would have shifted on the petitioner but in the present case even if there was a default on the part of the petitioner to deposit timely instalments and for which the petitioner is liable for payment of interest @ 18% per annum on the amount due until she cleared the dues as per the demand raised vide Annexure-9 but thereafter, certainly the petitioner cannot be said to have made any lapse and even if there was an error in calculation, the fault lies with the Board. Be it the lapse or ignorance of the petitioner on the calculation or the lapse by the Board to inform her correctly about the balance dues, certainly it cannot act prejudice to the petitioner.

In the circumstances discussed, the demand raised by the respondent Board through the Revenue Officer vide letter dated 22.4.2014 is upon complete misreading of the conditions stipulated in the Allotment order as well as the Hire Purchase agreement and the calculation of interest by the Board at a compound rate is de hors the condition stipulated therein.

For the reasons so mentioned, the demand impugned at Annexure-17 cannot be upheld and is set aside. Since it is wholly by reason of miscalculation of the balance outstanding by the Board as per the terms of the agreement that a balance of Rs. 1,66,311/- is yet found payable by the petitioner on the date she made her deposit in response to the demand raised on 16.12.1998 hence to balance the

equities I would direct the petitioner to make payment of the said amount within 3 months from today together with 7% simple interest calculated from August 1999 until the date of payment. No sooner is the deposit made by the petitioner that the respondent Managing Director of the Board would take appropriate steps for execution and registration of the lease deed in favour of the petitioner.

The writ petition is allowed.

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(Jyoti Saran, J.)