

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

**1. Date of decision-18.11.2019
CWP-24188-2018(O&M)**

Hindustan Aeronautics Ltd. and another

...Petitioners

Vs.

State of Punjab and others

...Respondents

2. CWP-12369-2019(O&M)

Hindustan Aeronautics Ltd. and another

...Petitioners

Vs.

The State of Punjab and others

...Respondents

3. CWP-26229-2018(O&M)

Gati Group Gratuity Fund

...Petitioner

Vs.

State of Punjab and others

...Respondents

4. CWP-26991-2018(O&M)

Hindustan Aeronautics Ltd. and another

...Petitioners

Vs.

The State of Punjab and others

...Respondents

CORAM:- HON'BLE MR. JUSTICE JITENDRA CHAUHAN

Present: Mr. Anand Chhibbar, Sr. Advocate with
Mr. Rajat Khanna, Advocate for the petitioner(s)
in CWPs-24188-2018, 12369-2019 & 26991-2018.

Mr. Suneet Kumar, Advocate for the petitioner(s)
in CWP-26229-2018.

Mr. Vikas Mohan Gupta, Addl. A.G., Punjab.

Ms. Jasleen Kaur, Advocate for Mr. Vikas Chatrath, Advocate
for respondent No.3 in CWP-12369-2019.

Mr. Sudhir Kashyap, Advocate for
Mr. Gaurav Mohunta, Advocate
for respondent No.3 in CWP-24188-2019 & CWP-26991-2018
for respondent Nos.2 to 4 in CWP-26229-2018.

Mr. Nitin Thatai, Advocate
for respondent No.4 in CWP-24188-2018 and 26991-2018

JITENDRA CHAUHAN, J.

The above noted batch of four writ petitions is being disposed of by this single judgment as common questions of law and facts are involved therein. However, the facts are being derived from CWP No.24188 of 2018, for brevity.

The instant civil writ petition has been filed for directing respondent No.1 to discharge its obligation as a guarantor of the Bonds issued by respondent No.3 and forthwith pay the sum of ₹1,29,97,307/- being outstanding instalments of redemption and interest as on 31.08.2018.

Learned State counsel states that an amount of ₹18.75 crores has been released by the Finance Department. However, the same shall be credited in the account of respondent No.3-PSIDC after completing the remaining formalities.

Heard.

Such a stand on the part of the State is not acceptable, where the liabilities which are acknowledged and accepted by M/s Punjab State Industrial Development Corporation Ltd.-respondent No.3. One year is a sufficient period to make the payment. Further prayer for extension of time by the State, in view of the admitted liability, is totally unjustified and cannot be allowed.

Hon'ble the Supreme Court in Civil Appeal No. 6126 of 2008 titled as ***“State of U.P. vs. Hindustan Unilevers Ltd and ors”*** decided on 15.10.2008, has held as under:-

6. Such a contention is not tenable. The amount invested by first respondent belongs to the workmen of first respondent. The amount was invested in the bonds of the Federation in view of the express guarantee by the State Government that the same will be repaid with interest upto 15.5% p.a. The very purpose of the State Government guarantee is to ensure payment in case the Federation was not able to make payment. In the circumstances, the fact that the Federation is in financial difficulties cannot be ground for the State Government to say that it will not make payment of interest, even though it had guaranteed the repayment with interest. If such a contention is accepted, the very purpose of the guarantee will be defeated. We are indeed surprised that such a plea is put forward on behalf of the State of Uttar Pradesh.

Though replies in the connected petitions (on behalf of the remaining respondents) have not been filed but in view of the fact that the liabilities are acknowledged and accepted, no adjudication on merit is required in the matter. Sufficient period has already been availed by the

State to maintain the sanctity of the sovereign bond.

In fact, the State ought to have come forward in the very first instance. Such an unpleasant situation ought to have been averted and the non-filing of reply and not acting upon the undertaking made by the State is a cruel reflection on the financial health and the functioning of the State which may even discourage the entrepreneurs who would be willing to invest in the State of Punjab.

At this stage, learned counsel appearing on behalf of respondent No.3-M/s Punjab State Industrial Development Corporation Ltd. in CWP-24188-2019 further states that total amount of ₹18.75 crores cannot be entrusted to the petitioner alone, there are other claimants also and any amount received from the State would be distributed on *pro rata* basis which would be the notional arrangement. However, the Court has no concern with the arrangement between the Corporation and the State once the liability is admitted.

Consequently, the present petitions are disposed of and State is directed to pay the entire amount within four weeks from the date of receipt of certified copy of the judgment.

Photocopy of this order be placed on the other connected files.

18.11.2019

ps-I

(JITENDRA CHAUHAN)
JUDGE

Whether speaking/reasoned : Yes No

Whether Reportable : Yes No