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IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 30.06.2021

CORAM

THE HONOURABLE MR. JUSTICE M.GOVINDARAJ

W.P.No.20127 of 2008

&

M.P.No.2 of 2008

I.N.T.U.C

Chennai Fort & Dock Workers Congress

Food Corporation of Indian Branch (Port Wing)

rep by its Secretary M.Vasudevan

No.87/45, Royapettah high road

Chennai-600 014

... Petitioner

Vs.

1. The General Manager (TNR),  
Food Corporation of India  
Chennai-6
2. The Executive Director  
Food Corporation of India  
Chennai-6
3. The Senior Regional Manager  
Food Corporation of India(RO)  
Chennai-6

... Respondents

PRAYER: The Writ Petition has been filed under Article 226 of the Constitution of India praying to issue a Writ of Certiorarified mandamus to call for the records relating to the 3<sup>rd</sup> respondent's proceedings No.IR/14(12)/2002 dated 07.08.2002, to quash the same and consequently direct the respondents to refund the excess payment of the 2% penal interest and reimbursement charges of documentations on the basis of the Circular bearing No.15.5/78-EP dated 21.07.77 as communicated in RTI Act 2005, proceedings No.EP-34(4)/87-Vol.V-II dated 09.07.2008 forthwith with admissible interest to the aggrieved members of the petitioner union enclosed in the typed set and to pass order.

For Petitioner : Mr.L.Chandrakumar

For Respondents : Mr.S.Vijayakumar

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## O R D E R

This writ petition is directed against an order imposing 2% penal interest for the House Building Advance advanced to the members of petitioner's association.

2. However, it is seen that each individual has entered into a contract with the respondents corporation by virtue of an mortgage deed, wherein there is a clause that in default 2% penal interest will be charged.

3. Learned counsel for the respondents would submit that they are doing it as a welfare measure by borrowing from State of Bank of India. When the State Bank Of India imposes the penal interest it has to be inturn directed to the loanee. Therefore, the petitioner's are liable to abide by the contractual terms of the mortgage.

4. Learned counsel for the petitioner would also submit that there is such a term in the mortgage deed. However, when it is given as a welfare measure, the respondents shall consider the waiver of penal interest.

5. In the considered opinion of this Court, when there is privity of contract, the contractual term bind the parties to the contract. Therefore, the Court cannot interfere with the matter under Article 226 of the Constitution of India.

Accordingly, the writ petition is dismissed. There shall be no order as to costs. Connected miscellaneous petition is closed.

Sd/-

Assistant Registrar(CS VIII)

//True Copy//

Sub Assistant Registrar

kpr

To

1.The General Manager(TNR),  
Food Corporation of India  
Chennai-6

2.The Executive Director  
Food Corporation of India  
Chennai-6



3.The Senior Regional Manager  
Food Corporation of India(RO)  
Chennai-6

+1cc to Mr.L.Chandrakumar, Advocate, S.R.No.30075  
+1cc to Mr.S.Vijayakumar, Advocate, S.R.No.30174

W.P.No.20127 of 2008  
&  
M.P.No.2 of 2008

SS (CO)  
BE (30/07/2021)