

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

209

**CWP No.9471 of 2019
Date of Decision:11.07.2022**

M/s Satya Paul Contractor

-Petitioner

Vs

State of Punjab and others

-Respondents

CORAM: HON'BLE MR. JUSTICE RAJ MOHAN SINGH

Present: Mr. R.K. Girdhar, Advocate, for the petitioner.

Mr.C.L.Pawar, Sr.DAG, Punjab.

Ms. Deepika Bansal, Advocate for
Mr.Sumit Jain, Advocate for respondent
Nos.3 and 5.

RAJ MOHAN SINGH, J. (ORAL)

This petition has been preferred for the issuance of a writ in the nature of mandamus, directing the respondents to pay interest on the delayed payment.

Petitioner is a Government contractor and has executed various works allotted to the petitioner. Work assignments were executed on 15.12.2016. Payments of some of the running bills were also released to the petitioner, but no payments were made in respect of remaining bills. When payments were not made, petitioner filed CWP No. 21164 of 2017 in the High Court, which was disposed of with the directions to the respondents to take final decision on the

representation of the petitioner and in case the amount is found due, the same be released to the petitioner. Owing to non-compliance of the aforesaid order, petitioner filed a contempt petition. The said contempt petition was disposed of vide order dated 06.12.2017 with a direction to the respondents to comply with the order within six weeks. Thereafter, payments were released with huge delay.

Petitioner got issued a legal notice dated 28.03.2018 in the context of seeking interest. When the interest was not paid on the delayed payment, petitioner filed CWP No.22027 of 2018, which was disposed of on 12.11.2018 with a direction to the respondents to consider the claim of interest on delayed payment in the light of ratio of judgment in **Food Corporation of India vs. SEIL Ltd. (2008) 3 SCC 440** within a period of six months. Thereafter, claim of the petitioner for interest on the delayed payment was rejected vide order dated 28.12.2018 that is why the present writ petition came to be filed.

In the written statement filed by the respondents, para No.5 reads as under:-

“That the petitioner has executed the works allotted to him and for the said work the petitioner has been paid by the respondent department. It is true that there is a delay in making the payments to the petitioner but the said delay has been occurred due to the procedure exist for making the said payments.

It is relevant to mention here that there as per the agreement condition No.39 of GCC titled "Payments" it has been mentioned in condition 39.1 that SRRDA through nodal PIU in the District shall pay the contractor the amounts which the engineer has certified and the employer has recommended, and shall pay it within 15 days of the date of each certificate. It is also pertinent to mention here that as per the said agreement condition that the payments for the work of up-gradation will be certified as per work done, but no payment will be certified against the interest as nothing is mentioned in this regard in the agreement. The relevant conditions of the agreements can be shown at the time of arguments."

Perusal of the stand taken by the respondents would show that the delay has occasioned due to procedural aspect. Respondents have contested the interest component on the premise that the petitioner has alternative remedy and the issue is arising out of contractual obligation and the writ is not maintainable.

Learned counsel for the petitioner has given tabulated information in para No.4 of the petition vis-a-vis the date of submission of final bills and the date of payments with delayed period. The bills, date of payment, delay in making the payment and interest on the delayed payment can be perused from the pleadings of para No.4 of the writ petition.

The issue of maintainability of writ petition in the

matter of contractual obligation is no more *res integra* in view of ratio laid down in **ABL International Ltd. vs. Export Credit Guarantee Corpn.of India Ltd. (2004) 3 SCC 553.** It is a settled principle of law that the contractual disputes involving public law element are amenable to writ jurisdiction. Even if agreement is silent with regard to interest component or there is a condition to the contrary, interest is payable on the delayed payment, in view of the decision taken by this Court in **CWP No.29726 of 2019 titled M/s Dharminder Kumar, Engineer and Contractors Vs. State of Punjab and others and Civil Appeal No.2610 of 2019 titled M/s Surya Constructions Vs. State of Uttar Pradesh and others** decided by the Hon'ble Apex Court on 08.03.2019.

For the reasons recorded herein above, petitioner is held entitled for the interest on delayed payment @ 6% per annum on the date of accrual till final payment of the principle amount. Respondent No.5 is directed to calculate the interest from the due date till the date of making payment on the principle amount. On making calculation, respondent No.4 shall pay the amount in order to discharge its obligation towards payment of interest.

The needful in the context of paying interest be done within a period of two months from the date of receipt of certified

copy of this order.

Petition stands disposed of accordingly.

11.07.2022
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(RAJ MOHAN SINGH)
JUDGE

1. Whether speaking/reasoned : Yes/No

2. Whether reportable : Yes/No