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

201

**CWP-13830-1997 (O&M).
Date of Decision: 28.10.2024.**

M/S SUSHILA PRODUCTION ENGINEERS

... Petitioner(s)

Versus

CHANDIGARH ADMINISTRATION AND OTHERS

... Respondent(s)

CORAM: HON'BLE MR. JUSTICE VINOD S. BHARDWAJ.

Present: Mr. Aalok Jagga, Advocate,
for the petitioner.

Ms. Nandita Aggarwal, Advocate, for
Mr. Sumeet Jain, Advocate,
for the respondents/Chandigarh Administration.

VINOD S. BHARDWAJ, J. (ORAL)

Prayer in the instant writ petition is for restraining the respondents No.2 and 3 from proceeding against the petitioner and under the Punjab Land Revenue Act and to charge interest on the amount advanced at the normal rate of interest.

2 Learned counsel for the petitioner contends that the respondent No.2-the District Industries Centre, Union Territory, Chandigarh had floated a scheme under which the Industrial entrepreneurs were offered

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loans for the construction of factory building. Applications were invited from the entrepreneurs after publishing the Scheme in the newspaper. A Board was also constituted for the shortlisting and selecting the eligible candidates for grant of loan and for making recommendations. The petitioner was selected by the Board and was recommended for the grant of loan of Rs.30,000/-. As per the prescribed procedure, a mortgage deed was to be executed by the company in favour of the President of India, through the Secretary Home and Industries cum Director of Industries, Chandigarh. Despite sanction of a loan to the tune of Rs.30,000/- the respondent No.2, being the Principal Operating Agency, on behalf of the respondent No.1-State, released only the first installment of Rs.10,000/- which was duly invested by the petitioner for construction of the factory premises albeit with some delay.

3 The petitioner, however, completed the construction despite non-release of the balance installment of Rs.20,000/- by arranging finances from his own sources. Repeated requests were, however, made for release of the remaining installments but for undisclosed reasons, the same was not disbursed and rather the respondents demanded back the already released installment of Rs.10,000/- along with interest. A notice dated 09.06.1982 under Section 27; notice dated 21.04.1987 under Section 24 and final notice dated 14.07.1987 under Section 24 of the Punjab State Aid to Industries Act, 1935, were issued raising a demand of Rs. 10,000/- along with interest @ 10³/₄% per annum. The above said interest was being demanded on a higher side despite the petitioner being informed that the rate of interest

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applicable would be 9% per annum only. Hence, the petitioner was being strangled to pay a higher interest contrary to the terms and conditions of the Scheme notwithstanding that the petitioner was not released the balance installments of the sanctioned loan and only the interest component was fixed @ 1.06 Lakh approximately. Hence, the present writ petition was filed.

4 Learned counsel for the respondents contends that the factual aspect as regards sanction of the loan amount of Rs. 30,000/ under the Scheme is not disputed however, the loan amount was deposited in one bank account from which the installments were to be released in stages after satisfaction. The first installment of Rs. 10,000 was released on 05.10.1978 which was required to be utilised by the petitioner within a period of two months and the next installment was to be released only on furnishing of the utilization certificate and the bills for the purchase of the material by the petitioner. He, however, neither furnished the utilization certificate nor produced the bills of the material purchased for the said amount despite repeated directions and reminders by the respondents, hence, the above said notice, on the prescribed proforma provided under the Punjab State Aid to Industries Act, 1935, was served upon the petitioner whereby he was required to pay the interest @ 10% on the entire amount of the loan which remained unutilised because of the fault on the part of the petitioner.

5 Learned counsel for the petitioner argues that the writ petition had been instituted in the year 1997 and that an interim order was passed on 17.09.1997 to the effect that if the petitioner deposits the amount of

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Rs.30,000/- within one week, he would not be arrested. It is contended that the said amount of Rs.30,000/- was duly deposited by the petitioner in the State Bank of India on 24.09.1997 which such fact was also noticed by a Division Bench of this Court in the order dated 15.10.1997. The matter has remained pending since then.

6 It is evident from a perusal of the undisputed facts that only a sum of Rs.10,000/- was released in favour of the petitioner on 05.10.1978 and that the balance amount was not released to him but the interest was being demanded on recall of the entire aid along with interest on the total amount since the amount had already been put in a joint account and could not be put to any other use by the respondents. The actual disbursement was thus only of Rs.10,000/- and the balance amount was never utilised by the petitioner. A sum of Rs.30,000/- was later deposited by the petitioner in the State Bank of India on 24.09.1997 which such fact is evident in the order dated 15.10.1997.

7 The matter is quite old and only a small amount was involved and that even in the said amount, the substantial component is only towards the interest on the unreleased amount. This Court further notices that as per the notices issued by the respondents, the loanee was required to pay a sum to Rs.10,000/- along with interest @ 10%% per annum from 05.09.1978 till the date of final payment as per the communication of July 1983. The amount of Rs. 1,06,924/- Rs.8000/- as outstanding amount has been conveyed vide communication dated 20.08.1997 (Annexure P-6) is largely in relation to calculation of interest on the disbursed amount for the said

