



**CWP-2258-2025 and
CWP-2289-2025**

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

(112 +115)

Date of Decision : 28.01.2025

1. CWP-2258-2025

Greater Mohali Area

...Petitioner

Versus

Permanent Lok Adalat and another

...Respondents

2. CWP-2289-2025

Greater Mohali Area

...Petitioner

Versus

Permanent Lok Adalat and another

...Respondents

CORAM: HON'BLE MR. JUSTICE KULDEEP TIWARI

Present: Mr. M.S. Longia, Advocate
for the petitioner(s).

KULDEEP TIWARI, J.(ORAL)

1. Both the instant petitions are amenable to be decided together, as the common issue has been raised by the learned counsel for the petitioner(s), in throwing a challenge to the respective award(s), passed by the Permanent Lok Adalat, concerned, therefore, both the instant petitions are taken up together for adjudication. For brevity, the facts from CWP-2258-2025, are being taken into consideration, to decide the legality of the impugned award(s).

2. Succinctly, the petitioner was proposed to build a total 4500 flats, and around 1400 applicants were held successful in the said draw of lots, and out of which, only 1075 applicants were found eligible. The petitioner fixed



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the numbering draw of apartments on 5/6.01.2016, and the allotment letters as well as offer of possession letter of the apartments were thereafter, issued to the successful applicants. The contesting respondent No.2 has applied for residential apartment, Type-III, in the Purab Premium Apartments, to be developed in Sector-88, SAS Nagar, Mohali. He remained successful in draw of lots held on 20.03.2012, and a Letter of Intent (LOI) was issued on 12.06.2012. The tentative price of the apartment was fixed at Rs.65,55,000/-. Admittedly, the respondent No.2 deposited an amount of Rs.55,73,935/-, during the stipulated time period. As per the terms of LOI, the possession of the apartment was required to be handed over by the petitioner, after completion of development work at the site, within a period of 36 months, from the date of issuance of Letter of Intent. In the instant case, admittedly, even after expiry of 36 months, the possession was not handed over to the respondent No.2, and therefore, he filed an application and has made a request for refund of the amount by invoking the Clause 3 (ii) of the Letter of Intent, on 25.01.2017. The petitioner, instead of refunding the amount with 8% compounded interest annually, cancelled the Letter of Intent and forfeited the 10% of the total sale consideration amount and also imposed service tax, vide order dated 06.07.2017. In fact, the petitioner by deducting Rs.8,17,732/-, from the total amount deposited by the respondent No.2, returned the remaining amount to respondent No.2. This caused grievance to the respondent No.2, and propelled him to file an application under Section 22-C of the Legal Services Authority Act, 1987, for settlement of the dispute, before the Permanent Lok Adalat, SAS Nagar, Mohali.

3. Upon notice, the petitioner filed objections and raised the objections regarding the maintainability of the proceedings before the



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Permanent Lok Adalat concerned. It was submitted that there is only delay of 12 months, which can be condoned. However, the respondent No.2, has failed to deposit the 95% of the total amount, therefore, the possession was not offered to him and since he has not deposited the 95% requisite total amount, therefore, he cannot invoke the Clause 3 (ii) of the Letter of Intent. It was further pleaded that since the respondent No.2, has failed to perform his part of the contract, by making the payment of installments on the scheduled dates, the petitioner has failed to deliver the possession of the flat within the stipulated period of 36 months, from the date of issuance of Letter of Intent.

4. The learned Permanent Lok Adalat concerned, after considering the pleadings, as well as material on record, finds merit in the application, so preferred by the respondent No.2, and passed the impugned award(s) on dated 04.11.2022, directing the petitioner to refund the forfeiture amount of Rs.7,97,477/- plus Rs.20,225/- as service tax, total amounting to Rs.8,17,732/- along with interest @ 8% compounded annually, till its realization. Further, directed that the 8% compounded interest, has to be paid from the date of the surrender of the flat by the respondent No.2. The petitioner was also burdened to pay compensation to the tune of Rs.50,000/-. Apart from that, Rs.15,000/-, was assessed as a litigation cost, to be paid by the petitioner.

5. The award (supra), has been challenged by filing the instant writ petition(s), cast under Articles 226/227 of the Constitution of India.

SUBMISSIONS BY LEARNED COUNSEL FOR THE PETITIONER(S)

6. Learned counsel for the petitioner(s), in an attempt to throw a challenge to the awards (supra), submitted that as per the Letter of Intent, the allottee is required to pay 95% of the total amount, for being eligible for offer of possession, and only 5% balance amount was required to be paid, at the



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time of offer of possession, whereas, in the present case, the respondent No.2, has consistently failed to pay the installments on time, which became due and on the date of submission of application for surrender, an amount of Rs.19,19,365/- was due towards the respondent No.2, therefore, he was not entitled for issuance of letter for possession. He further submits that the numbering draw of apartments was held on dated 5/6.01.2016, and allotment letter as well as offer of possession letter of apartments, has already been issued to the successful respondent No.2, in the month of June, 2016, and the project is complete, and furthermore, many families are happily residing therein. He also submits that a specific intimation was given to the respondent No.2, to come present and produce/prove the receipts of having deposited the complete due payment of 95%, and only the delay upto 12 months could be condoned, and only on account of non production of any deposit/receipts, the petitioner proceeded to cancel the Letter of Intent, therefore, there is no illegality in the decision taken by the petitioner.

7. No other argument was raised by the learned counsel for the petitioner.

ANALYSIS

8. This Court has considered the submissions, as made by the learned counsel for the petitioner and finds no merit for the reasons that Clause 3 (ii) of Letter of Intent entitles the allottee to withdraw from the scheme by moving an application to the Estate Officer, in case for any reasons, the authorities fail or unable to deliver the possession of the apartment, within a period of 36 months, and the authorities are under obligation to refund the entire amount deposited by the allottees, along with 8% interest compounded annually. Clause 3 (ii) of Letter of Intent is extracted



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hereinafter :-

“Possession of apartment shall be handed over after the completion of development works at site in a period of 36 months from the date of issuance of Letter of Intent. In case for any reason, the Authority fails or unable to deliver the possession of apartment within stipulated period, allottee shall have right to withdraw from the scheme by moving an application to the Estate Officer, in which case, the Authority shall refund the entire amount deposited by the applicant alongwith 8% interest compounded annually.”

9. The perusal of the Clause (supra), clearly speaks about the contract time period i.e. 36 months for completion of development work from the date of issuance of letter of intent, and in case, the authorities fail or unable to deliver the possession, the allottee has a right to withdraw from the scheme.

DECISION

10. In the instant case, there is no dispute that the period of 36 months was expired on dated 20.05.2015, and the respondent No.2, has not been given possession within the contractual time period. The respondent No.2, has made a request for refund on dated 25.01.2017, i.e. after 55 months, from the date of issuance of letter of intent, and only thereafter, the petitioner taking the plea of not depositing total 95% of the due amount, proceeded to pass the order of cancellation of letter of intent on 06.07.2017. Therefore, the act of the petitioner is clearly against the agreed terms and conditions of the contract. There is no requirement in the letter of intent to deposit 95% of the total amount, before resorting to Clause 3 (ii) of letter of intent. This Court has also examined the order passed by the learned Permanent Lok Adalat concerned, and finds no perversity or illegality, requiring any interference

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therein.

11. Consequently, both the instant petitions are **dismissed**.
12. Photocopy of this order be placed on the connected case file, as
numbered above.

(KULDEEP TIWARI)
JUDGE

January 28, 2025
Manpreet

Whether speaking/reasoned	:	Yes/No
Whether reportable	:	Yes/No