



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

(205)

RSA No. 1248 of 1996 (O&M)

Reserved on : 11.05.2026

Pronounced on : 20.05.2026

Uploaded on : 20.05.2026

Food Corporation of India and others

...Appellants

Versus

Gurvinder Singh Dhillon and others

...Respondents

CORAM: HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL

Present: Mr. Ashish Verma, Advocate
for the appellants.

Mr. K.S. Sidhu, Senior Advocate with
Mr. Praagbir S. Dhindsa, Advocate and
Mr. Kartik Bansal, Advocate
for respondent No. 1.

Amarinder Singh Grewal, J. (Oral)

1. The defendants are the appellants before this Court challenging the judgment and decree dated 04.08.1994 passed by the learned trial Court decreeing the suit for mandatory injunction, filed by the respondents-plaintiffs and the judgment dated 06.02.1996 passed by the learned 1st Appellate Court vide which the appeal preferred by them against the aforesaid judgment and decree passed by the learned trial Court, has also been dismissed.

2. For the sake of convenience, the parties shall be referred to in terms of their status before the trial Court.



3. Briefly stated, the facts of the case are that appellants-defendants are tenants under the respondents-plaintiffs in the Godown-cum-cold storage situated within the revenue estate of Village Dhaliwal Dona, Tehsil and District Kapurthala, since November, 1978. The defendants guaranteed godowns were constructed and completed within the stipulated period as per the requirement of the defendants and the terms of the agreement executed between the defendants and the then co-owners in June, 1978. The possession of the godowns worth the capacity 5,000 M.T. was delivered to the defendants after completion on 18.11.1978, while the possession of the other godowns of the capacity of 5,000 M.T. was delivered to the defendants on 24.11.1978. Since then the defendants are in continuous possession of the said godowns but the rate of rent has been varying from time to time. There was some misunderstanding between the parties regarding the release of the rent qua the godowns in question. The plaintiffs and their predecessor-in-interest have been making representation to the higher authorities regarding the release of the rent and ultimately, defendant No. 3 ordered to release of rent at the rate of 36 paise per sq. feet for first five years and after the completion of the said five years, the contract for lease was renewed for one more year at the rate of 33 paise per sq. feet. The plaintiffs and their predecessors-in-interest again made representation to the defendants for increase of the rent qua the godowns in dispute. The matter was discussed with many Senior Officers of the defendants including defendant No. 2, and defendant No. 2 after meeting and discussing the matter with the co-owners ordered that the rent be released to them at the rate of 57.50 paise per sq. feet. It was further ordered that the arrears on



account of 20% cut made be restored. This fact was intimated by defendant No. 2 vide his letter dated 06.04.1987 and was communicated to the then co-owners vide sanction order dated 05.05.1987 by defendant No. 4 confirming the rate of rent at the said rate and granting the sanction as per terms and conditions of the agreement dated 22.04.1987. After completing all the formalities in the matter, the payment was released to the then co-owners at the above said rate by depositing the amount in the name of M/S Inderbir and others in the current account No.3278 maintained with State Bank of Patiala, Kapurthala. The settled rate of 57. 50 paise continued up to 17.11.1988, from which date, the defendant No. 2 ordered for enhancement of the rate of rent to 67 paise per sq, feet, which was communicated to the plaintiff No.1 on behalf of defendant No. 4 vide registered letter dated 21.10. 1987. Accordingly sanction order was issued by defendant no. 1 vide letter No.20/21-5-1988 as per terms and conditions of the agreement dated 6.5.1988. After that, the defendants have been making regular payment of the rent payable to the Plaintiffs in their bank account continuously from 18.11.1987 onwards. However, the plaintiffs were astonished to learn that the rent qua the months of November, December, 1990 and a part of rent for the month of January, 1991 has not been deposited by the defendants in their bank account. On inquiry, the plaintiffs were told orally that the said payment, has not been made and has been with-held allegedly on account of the excess payment released towards the payment of rent in the year 1987 for the period 17.11.1984 to 13.5.1985 amounting to Rs. 48,828-80p and further a sum of Rs. 28,876-60p has been with-held on account of alleged interest over the said amount for the period 5.5.87 to 31.12.1990. The defendants



have allegedly based their claim on the basis of letter dated 9.9.1987 issued on behalf of defendant no.2 wherein the rate of rent for the period 17. 11. 1984 to 13.5.85 has been fixed arbitrarily and malafidely at the rate of 45 per sq. feet instead of 57.50p per sq. feet as earlier agreed. The alleged directions fixing the rate of rent for the said period vide letter dated 9.9.87 are illegal, arbitrary and malafide having been made at the back of the plaintiffs without their knowledge. It has been averred that the plaintiffs are not bound by the terms mentioned in the letter dated 9.9.87. The defendants are alleged to be estopped by their act and conduct to claim deduction of the amount allegedly paid in excess in the year 1987, which is otherwise also barred by time. It has been pleaded that defendants are liable to release the settled payment immediately and the plaintiffs are entitled to receive interest towards the said amount at the rate of 18% per annum. Plaintiff No.1 visited the office of defendant no.4 requesting its officials to release the payment but they have refused to do so, Hence the present suit.

4. Upon notice, the defendants appeared and filed their written statement contesting the suit, raising various preliminary objections. On merits, it has been averred that defendants are tenants of the godowns in question under M/s Inderbir Singh and others and not under the plaintiffs and that defendants have got nothing to do with the cold storage. It has further been admitted that rate of rent has been varying from time to time. It has been averred that the landlord M/s Inderbir Singh and others have received rent for the first five years at the rate of 36 paise per sq. Feet and for the next year at the rate of 33 paise per sq. Feet. M/s Inderbir Singh and others had representation to the defendants for further increase in the rent of the



godowns in question and that a provisional agreement dated 22.04.1987 was executed between the parties subject to the final decision of Regional/Zonal Office of defendant No. 1. Subsequently, the rent of the godowns in question was revised as per agreement by the Zonal Office, New Delhi of defendant No. 1 vide letter dated 9.9.1987 fixing the rate of rent. It is further averred that the payment of the godowns was to be released at the rate of 45 paise for the period 17.11.1984 to 13.05.1985 as per letter dated 9.9.1987 and letter dated 14.10.1987 but payment was wrongly released at the rate of 57.5p per sq. Feet per month by the District Office, Jalandhar of defendant No. 1 as per order dated 5.5.1987 and, therefore, this over payment was recovered by defendant No. 4 when the mistake came to its notice. As the landlord has used the amount and has drawn benefit out of its, under the law and equity, the defendant have deducted the following amounts :-

Principal amount = at the rate of 12.5 paise per sq. Feet from 17.11.1984 to
13.05.1985

Interest at the rate of 18% per annum.

5. It was pleaded that the landlord has been duly informed and is fully aware about this fact. As per terms of the agreement, the rate of rent was to be finally fixed by defendant No. 2 and he has fixed the rate of rent. It has been pleaded that as the landlord has made use of the excess amount and defendants were deprived from their right to use the amount, the defendants are entitled to interest at the rate of 18% per month. It was pleaded that defendants have never withheld the amount of rent without cause and, therefore, they are not liable to pay interest. In the end, prayer for dismissal of the suit was made.



6. Replication was not filed.

7. On the basis of the pleadings of the parties, the following issues were framed:

1. Whether the defendants are tenants under the plaintiffs? If so at what rate? OPP.
2. Whether the plaintiffs are entitled to the arrears of rent amounting to Rs. 48828-80 and Rs. 28,876-60 paise from the defendants? OPP.
3. Whether the plaintiffs are entitled to the mandatory injunction prayed for? OPP.
4. Whether the suit is not maintainable in the present form? OPD.
5. Whether the suit is bad for mis-joinder and non-joinder of necessary parties? OPD.
6. Whether the suit is barred u/s 41 of the specific Relief Act? OPD.
- 6-A) Whether the suit is proper valued for the purpose of court fee and jurisdiction? OPP.
7. Relief.

8. The parties led evidence in support of their respective pleadings. After hearing learned counsel for the parties and on appreciation of the evidence on record, the learned Sub Judge Ist Class, Kapurthala decreed the suit of the plaintiffs vide judgment and decree dated 04.08.1994 by giving issue-wise findings. Aggrieved against the said judgment, the defendants preferred an appeal before the learned Additional District Judge, Kapurthala, who, vide judgment and decree dated 06.02.1996, dismissed the appeal.

9. Still feeling dissatisfied, the defendants have knocked the door of this Court by way of filing a regular second appeal.



10. Learned counsel for the appellants-defendants contended that the respondents-plaintiffs were not entitled to the relief granted by the Courts below, as the rate of rent for the godowns in question had been finally revised by the competent authority, namely the Zonal Office, New Delhi, in terms of the agreement executed between the parties. It was argued that for the period from 17.11.1984 to 13.05.1985, the rent had been finally fixed at the rate of 45 paise per sq. ft. per month vide letter dated 09.09.1987 and, therefore, the payment made at the rate of 57.5 paise per sq. ft. for the said period was an inadvertent and erroneous release by the District Office. Learned counsel submitted that since excess payment had been made due to a mistake, the appellants were legally entitled to recover the excess amount along with interest from the respondents-plaintiffs. It was further argued that the fixation of rent by the Zonal Office was binding upon the parties under the terms of the agreement and, therefore, the deductions made by the appellants from the subsequent rent payable to the respondents were lawful and justified. Consequently, it was prayed that the judgments and decrees passed by the Courts below be set aside and the suit filed by the plaintiffs be dismissed.

11. *Per contra*, learned senior counsel for the respondents-plaintiffs supported the judgments and decrees passed by both the Courts below and argued that the appellants had no authority to unilaterally reduce the rate of rent and recover the amount already paid. It was contended that the rate of rent at 57.5 paise per sq. ft. had already been sanctioned and payment had been released pursuant to the decision of the competent authorities, which



had been acted upon by the parties. Learned counsel further submitted that the subsequent letter dated 09.09.1987 reducing the rent for the period from 17.11.1984 to 13.05.1985 had never been communicated to the owners of the godowns and no notice or opportunity of hearing had been afforded before effecting deductions. It was argued that any unilateral modification of the terms relating to payment of rent, without consent of the respondents and without following due process, was arbitrary, illegal, and contrary to settled principles of contract and natural justice. Therefore, it was submitted that the findings recorded by the learned trial Court as affirmed by the learned First Appellate Court called for no interference in the present appeal.

12. I have heard learned counsel for both the parties and perused the paper-book with their able assistance.

13. It is the admitted fact that the defendants had hired a godown-cum-cold storage from the plaintiffs since November, 1978. It is further an admitted position on record that the rate of rent of the godowns in question was revised by the Zonal Office, New Delhi of the appellant vide letter dated 09.09.1987 in accordance with the terms of the agreement. The revised rates of rent applicable for different periods are as under:

Sr. No.	Rate of Rent	Applicable Period
1.	45 paise per sq. ft. per month	17.11.1984 to 13.05.1985
2.	57.5 paise per sq. ft. per month	14.05.1985 to 17.11.1987
3.	67 paise per sq. ft. per month	From 18.11.1987 for a further period of 3+2 (5) years

14. It is the case of the appellants that the rate of rent for the period from 17.11.1984 to 13.05.1985 had been fixed at 45 paise per square foot per



month. However, according to the appellants, due to an inadvertent error, the payment of rent for the aforesaid period was wrongly released at the rate of 57.5 paise per square foot per month instead of 45 paise per square foot per month.

15. The disputed issue in the present case pertains only to the payment of rent for the period from 17.11.1984 to 13.05.1985, as the remaining payment of rent has not been disputed by learned counsel for the parties before this Court. It is not in dispute that the appellants had initially been paying rent at the rate of 57.50 paise per square foot and that the said amount had been released to the owners of the godowns pursuant to the sanction order issued by the competent authority. The controversy subsequently arose when the appellants sought to recover an amount allegedly paid in excess on the basis of letter dated 09.09.1987 (Ex.D3), whereby the rate of rent for the aforesaid period was revised to 45 paise per square foot.

16. To substantiate their stand, the appellants examined Mohinder Dass, Assistant Grade-I, as DW-1, who produced the relevant record concerning fixation of rent of the godowns. Though the said witness stated in his examination-in-chief that the rate of rent for the period in question had been fixed at 45 paise per square foot per month, his testimony during cross-examination assumes significance. The witness categorically admitted that a copy of letter Ex.D3 had never been sent to M/s Inderbir Singh and others, who were the owners of the godowns at the relevant time. He further admitted that no prior notice had been issued before making deductions from the amount payable to the owners.



17. The principal question requiring consideration before this Court is whether the appellants were legally justified in unilaterally reducing the rate of rent and consequently recovering the alleged excess payment without prior notice or consent of the respondents. It is a settled principle of law that an agreement derives its binding force from the mutual consent of the parties to its terms and conditions. Once the parties have agreed upon the terms of a contract, neither party can unilaterally alter or modify such terms without informing the other party and obtaining its consent. Any unilateral alteration affecting the rights and obligations of the parties, without mutual consent, cannot ordinarily be sustained in law. In the present case, the revised rate of rent was fixed by the Zonal Manager, apparently in exercise of the internal administrative powers of the appellant-FCI. However, the said fixation was not based upon any consent of the respondents-plaintiffs. Moreover, the revised rates approved by the Zonal Office were admittedly not communicated to the plaintiffs at the relevant time for their consideration or further action. Such unilateral determination of rent, without notice to or consent of the affected party, appears to be arbitrary in nature. Therefore, the stand taken by the appellants in the present Regular Second Appeal cannot be sustained in the eyes of law.

18. Further, a perusal of Clause 1 of the agreement clearly establishes that the rate of rent had initially been fixed at 57.5 paise per square foot with effect from 18.11.1984, subject to the final decision of the Zonal Office. However, vide letter dated 09.09.1987, the said rates were revised without the knowledge or consent of the plaintiffs, who were the owners of the godowns. Therefore, the unilateral revision of rent by the Zonal Office



cannot be presumed to be legally binding upon the plaintiffs. The aforesaid admission goes to the root of the controversy. Once the appellants themselves admitted that no communication regarding revision of rent had ever been conveyed to the owners of the godowns, the very foundation of their action becomes doubtful. The principles of fairness and natural justice require that before taking any action adversely affecting the rights of a party, adequate notice and opportunity must be afforded to such party. In the present case, admittedly, no such opportunity was granted.

19. It further appears from the record that the amount at the rate of 57.50 paise per square foot had already been sanctioned and released pursuant to the decision taken by the competent authorities. Thereafter, the respondents had arranged their affairs on the basis of such fixation and had accepted payment accordingly. Once the appellants had themselves acted upon the said rate and released payment, they could not subsequently alter the same to the prejudice of the respondents without following due procedure and without establishing any fraud, misrepresentation, or concealment attributable to the respondents.

20. It is also pertinent to note that Ex.D3 does not indicate that the respondents or their predecessors-in-interest had consented to the reduction of rent from 57.50 paise to 45 paise per square foot. A contractual term concerning payment of rent cannot ordinarily be modified unilaterally by one party alone, particularly when such modification adversely affects the rights already accrued to the other side. No material has been placed on record by the appellants to show that the respondents accepted or acquiesced in such reduction. The learned trial Court, after appreciating both oral and documen-



tary evidence, recorded a categorical finding that no consent of the respondents had been obtained before reduction of the rent and that no notice had been issued to them prior to effecting deductions. The said findings were thereafter affirmed by the learned First Appellate Court.

21. In view of the judgments passed by the Hon'ble Supreme Court in *Pankajakshi (Dead) through Legal Representatives and others Vs. Chandrika and others (2016) 6 SCC 157*, *Randhir Kaur Vs. Prithvi Pal Singh and others (2019) 17 SCC 71* and *Gurbachan Singh (dead) through LRs Vs. Gurcharan Singh (dead) through LRs and others (2023) SCC Online SC 875*, questions of law are not required to be framed in second appeal before the Punjab and Haryana High Court whose jurisdiction is circumscribed by provisions of Section 41 of the Punjab Courts Act, 1918.

22. Accordingly, the present Regular Second Appeal, being devoid of merit, is dismissed.

23. Since the main appeal stands dismissed, the miscellaneous application(s), if any, stand disposed of accordingly.

May 20, 2026
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(AMARINDER SINGH GREWAL)
JUDGE

Whether speaking/reasoned : Yes

Whether reportable : No