



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

CWP-25409-2015

Date of decision: 08.09.2025

**M/s Shree Samjhainath Designer
Industries through its partner**

...Petitioner

Vs.

**Haryana State Industrial and
Infrastructure Development
Corporation Ltd. and others**

...Respondents

**CORAM: HON'BLE MR. JUSTICE ANUPINDER SINGH GREWAL
HON'BLE MR. JUSTICE DEEPAK MANCHANDA**

Present: Mr. S.K.Jain, Advocate
for the petitioner (through video conferencing).

Mr. Deepak Balyan, Advocate and
Mr. Vicky Chauhan, Advocate
for the respondent-HSIIDC.

DEEPAK MANCHANDA, J.

This petition has been filed seeking modification of the order dated 21.05.2014 (Annexure P-8) passed by the respondent No.5, whereby the amount of Rs.46,39,974/- was recovered from the petitioner as interest on delayed payment of installments, and granting 8% simple interest instead of 15% (half-yearly basis) on the refunded amount, along with deduction of Rs.10,32,661/- on account of TDS.

2. The facts emerging from the pleadings of this case are that in 2008, the respondent-corporation launched a scheme under the Estate Management Procedure, 2005, and the State Government Industrial Policy,

2005, for establishing industrial projects in the Industrial Estate, IMT, Manesar, District Gurgaon. The petitioner applied for an industrial plot measuring 4050 sqm at Rs.9,000/- per sqm, which was allotted to the petitioner in October 2008. Initially, 35% of the total cost of the plot, approximately Rs. 1,27,57,500/-, was deposited by the petitioner, while the remaining 65% was to be paid in five equal yearly installments, including principal and interest, from the date of the offer of possession, as per the schedule of payment in the letter of allotment dated 16.10.2008 (Annexure P-1). It is pleaded that despite depositing the full amount, the respondents No.3 to 5 failed to deliver possession of the plot to the petitioner. A representation dated 30.09.2011 seeking delivery of possession was submitted, along with subsequent representations dated 12.10.2011, 19.01.2012, and reminders dated 08.02.2012 and 10.03.2012 (Annexure P- 4) (colly). Subsequently, a representation dated 18.04.2012, requesting possession and waiving interest on installments due to lack of basic amenities such as road facilities, sewerage, electricity, and water was submitted. Instead of considering this request, a show-cause notice dated 30.05.2012 (Annexure P-5) for non- payment of dues was served on the petitioner. Later, a representation dated 07.11.2012 (Annexure P-6) was submitted, requesting either to make refund of the amount paid with interest or, alternatively, the allotment of a smaller plot of 2300 sqm for setting up an automatic computerized Saree Embroidery Unit. The request for a smaller plot instead of plot No. 412 was rejected by respondents No. 3 to 5 without any opportunity of hearing, vide a letter/order dated 21.05.2014 (Annexure P-8) and ordered the refund of the amount deposited by the petitioner with simple interest at 8% per annum. As a result, the respondents No.3 to 5 refunded

Rs. 4,41,31,470/-, which was accepted by the petitioner under protest. The petitioner also filed a consumer complaint before the State Consumer Disputes Redressal Commission, Haryana, which was withdrawn with liberty to seek remedy before the appropriate court of law, by order dated 26.03.2015 (Annexure P- 11). Aggrieved by the order dated 21.05.2014 (Annexure P- 8), whereby the amount paid by the petitioner as the cost of the plot was refunded, the same has been challenged through this writ petition.

3. The learned counsel for the petitioner argues that since respondents No.3 to 5 failed to deliver possession of the plot in question and did not provide necessary infrastructure facilities such as roads, water supply, electricity, and sewerage, hence their actions have breached the terms of the agreement dated 16.08.2010, the same constitutes a breach of contract by the respondents No.3 to 5. He submits that the unfairness of their actions is apparent because they received 15% interest (half-yearly) on delayed installments and charged Rs.46,39,974/- as interest on delayed payments. This amount was wrongly deducted from the total outstanding of Rs 3,94,77,500/-, which was refunded after the wrongful deduction. Conversely, the respondents only paid simple interest @ 8% on the amount deposited for the plot from the date of receipt until 27.01.2014, at the time of refund, which is entirely unjust, unfair, and unreasonable, especially since possession of the allotted plot was never delivered to the petitioner, even after many years.

4. Learned counsel for the respondents, while referring to the reply dated 10.08.2016, submits that the petitioner was required to take possession of the plot, submit building plans, start construction, and implement the project within a period of four years, i.e. by 15.10.2012, as per the agreed terms and

conditions of the contract. However, since the petitioner did not comply with the terms and conditions of the agreement/contract, show-cause notice(s) dated 21.02.2011 and 13.05.2011 were issued to the petitioner for non-construction of the plot and non-implementation of the project. He further submits that subsequently, the petitioner was given an opportunity for a personal hearing before the Estate Management Committee (EMC) in its meetings on 12.08.2011 and 15.11.2011, during which the EMC recommended that the petitioner be asked to clear his outstanding dues and implement the project. He also submits that, according to the field office report, the offer of possession was revised with effect from 17.10.2012, resulting in a change in the implementation period, extending it to 16.10.2015, along with the payment plan. Despite repeated reminders to make the payment and take physical possession after clearing the default, the petitioner firm never appeared and finally requested surrender of the plot on the grounds of lack of infrastructure facilities and a refund of the amount deposited towards the cost of the plot. He has argued that, accordingly the petitioner's request for a refund of the entire deposited amount by the Estate Management Committee (EMC) was accepted after deductions as per the applicable policy (EMP-2011, adopted by the petitioner firm on 12.12.2011). Thereafter, vide letter dated 01.12.2013, petitioner made a request for the refund of all their payments or an adjustment of the entire payments towards the plot's cost, against a smaller plot of 2300 sq.mt. in Sector 53, Kundli, to set up an industrial project with an investment of Rs.7.25 crore, along with a new timeline. He again submits that this offer was examined by the respondents No.3 to 5 and placed before the Higher Level Plot Allotment Committee (HLPAC) at it's meeting on 27.01.2014, where after

considering the petitioner's request, the committee decided to refund the deposited amount along with simple interest at 8% per annum, after deducting the interest payable by the petitioner due to delays in paying installments as per the original schedule mentioned in the Regular Letter of Allotment (RLA) vide Annexure R-3. He further states that, as per the decision of the HLPAC, the respondent corporation refunded Rs. 4,41,31,470/- vide cheque No.935187 dated 20.05.2014, which the petitioner duly accepted. It is further argued that the demand for interest and deduction of Rs.46,39,974/- on account of interest charged for late payments, along with Rs.10,32,661/- for TDS, are based on the terms and conditions of the allotment letter, which are contractual in nature. Therefore, the refund of Rs. 4,41,31,470/- after deducting interest on delayed installments is justified.

5. Heard.

6. Through this writ petition, the petitioner has raised an issue regarding the deduction of Rs.46,39,974/- as interest on the delayed payment of installments and the subsequent refund of the remaining amount with simple interest at 8% per annum on the amount deposited towards the cost of the plot. After reviewing the available material, it appears that the respondents have taken a specific stance, arguing that the petitioner's delay in making the installment payments justified the deduction. Even, as per the relevant clause of the allotment letter, it is specifically mentioned that in case of default in payment of installments, penal interest at 14% per annum will be applicable for the period of default on the defaulted amount. It is also noted that if the default continues beyond the period allowed by HSIIDC after the default has occurred, the plot or shed becomes liable for resumption. The said terms and conditions

contained in the allotment letter are reproduced below:-

“2. AND WHEREAS this allotment, among other terms and conditions, is contained in Appendix A, is subject to the following conditions precedent to be fulfilled by you within the stipulated period:-

You are advised to carefully go through the contents of the RLA, as well as the terms & conditions stipulated in the Appendix-A. You shall be required to submit the Letter of Acceptance, in Appendix-B, appended to the printed agreement format enclosed with the RLA, duly signed (each and every page), in token of having accepted the allotment of above noted plot/shed, including the terms & conditions contained hereunder and as stipulated in Appendix-A;

(ii) Alongwith the letter of acceptance, in Appendix-B, you shall also be required to furnish a bank draft/banker's cheque of the value in the sum of Rs. 88,57,500 in favour of Haryana State Industrial and Infrastructure Development Corporation (HSIIDC), Panchkula drawn on a bank at Panchkula, towards 25% of the tentative price of the aforesaid plot/shed, so as to make it 35% thereof, after including Rs. 39,00,000/-towards 10% earnest money, already paid by you at the time of submission of application. The amount towards 25% of the tentative price shall be payable by you within a period of 30 days from the date of issuance of RLA, further extendable by 30 days with interest thereon @14% p.a. for the extended period. Alternatively, you can pay total balance cost of plot in lumpsum, within a period of 60 days from the date of issuance of RLA, without any Interest:

(iii) In the event you fail to submit the Letter of Acceptance, together with payment towards 25% price to make up 35% of the tentative price of the aforesaid plot/shed, within 30 days from the date of issuance of RLA or with interest thereon @ 14% p.a. within further extendable period of 30 days or there is failure on your part to pay the total balance payment of the tentative price, in lumpsum without interest, within a period of 60 days from the date of issuance of RLA, please note that in such eventualities, this allotment shall automatically laps after the expiry of above stipulated period of 60 days; and that the amount deposited by you, as earnest money, will be refunded without any interest through account payee cheque, drawn on our Bank at Panchkula.

(iv) Apart from fulfilling the conditions precedent as specified at 2(i) & 2(ii) above, you shall also be required to execute an Agreement, in writing, with HSIIDC, at Panchkula, incorporating therein the terms & conditions, as contained in Appendix-A, on the printed agreement, attached with the RLA, as per Instruction given therewith, within a period of 60 days from the date of issuance of RLA. This period of 60 days allowed for execution of the agreement will, however, be extendable further by HSIIDC at its sole discretion, but in case, after fulfilling any of the conditions precedent as specified at 2(1) & 2(8) above, you fail to execute the agreement within the extended period, the allotment shall become liable to be cancelled and the principal amount received towards the tentative price shall be refundable to you without any interest, after forfeiting 10% of the total tentative price of the aforesaid plot/shed. Any amount paid to HSIIDC on account of interest and/or penal interest, as the case may be, shall be non-refundable.

(v) After the acceptance of the allotment of aforesaid plot/shed, in case you do not opt to pay the balance amount of 65% of the tentative price of aforesaid plot shed, in lumpsum, within 60 days of the date of issuance of the RLA, in that eventuality, the remaining 65% tentative price of aforesaid plot/shed shall be payable by you in five equal half yearly installments with interest 11% p.a. on the balance outstanding, as per following schedule of

payment of installments:

Plot Size 4050 Sq Mtrs
Cost of Plot 9000 per sq mtr
Total plot cost Rs. 36450000
35% Plot cost Rs.12757500
Date of allotment 16 Oct-08

Schedule of payment of balance 65% of plot cost (amount in Rs.)

Particulars	1st installment	2nd installment	3rd installment	4th installment	5th installment
Date of installment	16-Apr-09	16-Oct-09	16-Apr-10	16-Oct-10	16-Apr-11
Principal	4738500	4738500	4738500	4738500	4738500
Interest	1299517	1045326	779710	522663	259903
Total	6038017	5783826	5518210	5261163	4998403

Please Note that no separate notice for payment of installments due as per the above schedule will issued by the HSIIDC.

(vi) Default in payment of installments shall, however, entail penal interest @14% p.a. for the defaulted period in respect of defaulted amount. In case you continue to be in default beyond the time allowed by HSIIDC after the default having been committed, the plot/shed shall become liable for resumption.

(vii) Although possession of the aforesaid plot/shed has been offered, it is, however, made clear that physical possession of the same shall be delivered to you only after you have executed an agreement, in writing, as stipulated therein-above. Any delay on your part to execute the agreement and to takeover the possession of the plot/shed shall not exempt your liability to pay the interest on the outstanding amount towards the price as well as qua the non-implementation of the project within the stipulated period. Thus, after executing the aforesaid agreement, you may immediately contact our filed office at IMT, Manesar to take the physical possession of the plot/shed through a letter of possession, in writing, from the concerned filed office.”

7. Learned counsel for the respondents No.3 to 5 has also referred to Clause 1 of Sub Clause (b) of the agreement, i.e., Appendix ‘A’, and the same has been reiterated in the allotment letter accepted by the petitioner and respondents No.3 to 5. The same reads as follows:-

“(b) That if the allottee defaults in making payment towards any of the installment(s) on the due dates(s), the allottee shall be liable to pay penal interest @14% on the defaulted amount from the due date of the installments till the date of payment; and that in case the allottee perpetuates such default(s) in making the payment of installments beyond the time allowed by HSIIDC after the default having been committed, aforesaid plot/shed shall be liable to be resumed.”

8. Further learned counsel for the respondents No.3 to 5 has also referred to the Annexure R-3, the minutes of the meeting of HLPAC held on

27.01.2014, which are reproduced as under:-

“Item No.9.2

Plot No. 412, Sector 7, Phase-IV, IMT Manesar M/s Shree Samjhainatah Designer Industries-Request for allotment of plot of smaller size and change of category from prestigious to general.

(i) Sh. Kailash Bansal, representative of the applicant firm, appeared before the Committee and informed that they were allotted Plot No. 412, Sector 7, Phase-IV, IMT Manesar, measuring one acre, under prestigious projects category on 16.10.2008, for setting up of a project of mfg. of computerized saree embroidery with an investment of Rs. 39.84 crore. He informed that despite expiry of more than five years, the infrastructure facilities had not been provided in the area. In view of the changed scenario, now they were not in a position to implement the original project. He requested that either they may be allotted a smaller plot of about 2300 sq. mtr. in I.E. Kundli for setting up of the project with investment of Rs. 7.25 crore or refund the aggregate amount of payments deposited by them from time to time along with interest.

(ii) The Committee, after considering the relevant details/ information as mentioned in agenda notes and also submissions made by the allottee, observed that although the allottee had submitted an unconditional undertaking to accept the allotment of the plot and to take physical possession of the plot without completion of basic infrastructure facilities in the area, but keeping in view that a substantial period of more than 5 years had already elapsed since allotment and the basic infrastructure facilities were incomplete in the area, the Corporation may consider to refund the payments deposited by the allottee along with simple interest @ 8% p.a. However, the interest payable by the allottee due to delay in making the payments of installments to the Corporation on the due dates as per original schedule mentioned in the RLA shall be deducted from the total amount payable by the Corporation to the allottee.”

9. It has been explicitly mentioned above that the petitioner was not in a position to implement the original project despite the passage of five years, rather requested either a smaller plot of about 2300 sq.m for the industrial estate in Kundli to set up the project or a refund of the total payments made by them, along with interest. Accordingly, the Committee, after considering the petitioner's request, ordered that the petitioner/allottee be refunded the amount paid by them with simple interest at 8% per annum. It was also clarified that any interest payable by the allottee due to delays in paying installments to the Corporation on the scheduled dates specified in the RLA shall be deducted from the total amount payable by the Corporation to the allottee.

10. Since the prayer for a refund of the amount was made by the petitioner and accepted by the respondent-corporation, and since it is in accordance with the agreed terms and conditions of the allotment and the agreement executed between the parties, we are of the considered view that the amount deducted by the respondent through the impugned order dated 21.05.2014 (Annexure P-8) is justifiable and is consistent with the terms and conditions of the allotment letter. The impugned letter explicitly states that the Committee considered the petitioner's request for a refund of the deposited amount, along with interest at 8% per annum.

11. We find no ambiguity in the deduction of the amount due to the delayed interest recovered on the overdue installments and refund of the amount with 8% interest on the deposited amount for the plot, which is also in line with settled principles of law as well as the terms and conditions of the allotment letter.

12. Given the above discussion, we do not find any merit in the present writ petition and the same is hereby dismissed.

13. All pending miscellaneous application(s) shall also stand disposed of.

(DEEPAK MANCHANDA)
JUDGE

(ANUPINDER SINGH GREWAL)
JUDGE

08.09.2025

vanita

Whether speaking/reasoned:
Whether Reportable:

Yes
Yes

No
No