



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

161

**CWP No.9110 of 2026
Date of decision: 25.03.2026**

AADIL KAKKAR AND OTHERS**.... Petitioners**

Versus

STATE OF PUNJAB AND OTHERS**.... Respondents**

**CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL
HON'BLE MRS. JUSTICE RAMESH KUMARI**

Present : Mr. Inderpreet Singh, Advocate for the petitioners.

Mr. Siddharth Sandhu, A.A.G., Punjab.

Ms. Kavita Arora, Advocate for respondents No.3 & 4.

RAMESH KUMARI, J. (oral)

1. The instant writ petition has been filed by the petitioners under Articles 226/227 in the nature of certiorari, and mandamus seeking appropriate directions;

- a). to respondents for quashing Resolution No.65 dated 02.02.2024 (Annexure P-3) and the consequential cancellation/intimation letter dated 11.03.2024 (Annexure P-4)
- b). to restore petitioners allotment and accept the legitimate due/installments as per the Scheme brochure, after applying the safeguard of Clause 3 and 8 of the Scheme and to afford opportunity of hearing and to pass reasoned speaking order.

2. Learned counsel for the petitioners submitted that petitioners were allotted HIG/MIG flats after successful draw of lots under Self-Financing

**CWP No.9110 of 2026**

-2-

Scheme at Pakhowal Road, Ludhiana by respondents No.3 and 4. The construction of flats was to commence within six months of draw of lots and then flats are to be completed within three years from commencement. Under Clause 3 of mode of allotment of the Scheme (Annexure P-2), if successful applicant fails to make the due payment, the entire amount is liable to forfeiture, after issuance of three notices, each separated by ten days and thereafter, the flat may be offered to next applicant in the waiting list on full payment. Under Clause 8(2) of the Scheme (Annexure P-2) where the delay occurs in payment of installments, the allottee must pay over and above the normal interest, additional interest @ 3% per annum at the amount due for delay up to six months from the due date and @ 6% per annum on the amount due where delay exceeds six months. Only if the allottee fails to pay the installments, even within twelve months of its becoming due, the respondents No.3 and 4 are entitled to resume property and that too after giving appropriate opportunity of hearing. Respondents No.3 and 4 had not floated tenders when 25% of the price became due on 21.05.2023. The petitioners and other allottees failed to get loan from Bank because no civil construction commenced on the spot and the project remained on paper. This position was admitted by the then Chairman (respondent No.3) vide letter dated 31.05.2023 (Annexure P-5) addressed to Director, Local Govt. Punjab whereas, he sought extension of time for allottees to deposit of 1/4th amount and 75% installment amount recording therein that tenders had not been floated, work had not started and Banks were refusing loans. In spite of that respondents No.3 and 4 passed Resolution (Annexure P-3) dated 02.02.2004 to cancel the allotment of flats in

**CWP No.9110 of 2026**

-3-

favour of petitioners on the ground of non-payment of 1/4th price amount and forfeiture of earnest money. In terms of this Resolution, respondents No.3 and 4 issued letter (Annexure P-1) to petitioner No.9 to inform regarding cancellation of flat and forfeiture of earnest money, without any reference to prior notices, hearing or speaking order. Similar letters are issued to other petitioners. The said act of the respondents is in violation of conditions of the Scheme.

3. Learned State counsel who appeared on behalf of respondents No.1 and 2 on advance notice, submitted that because the petitioners/allottees themselves committed violation of contractual obligations by not depositing 25% of the sale price of flats, for this reason, the notices were rightly issued to the petitioners regarding cancellation of allotment and forfeiture of earnest money.

4. We have heard the rival submissions and with the able assistance of learned counsel for the petitioners and learned State counsel have gone through the documents.

5. Under Clause 3 of the Scheme the payment is to be made as under;-

“Twenty five percent (25%) (5% as application/earnest money + 20% at the time of allotment) of the sale price of such flats + 6% cess extra on total sale price, (after adjusting the amount already paid as earnest money), shall be payable within a period of forty five days from the date of allotment letter. However, the said amount may be deposited within a period of next thirty days subject to the payment of three percent as penalty of the said

**CWP No.9110 of 2026**

-4-

amount. If the said amount is not paid within the total period of seventy five days, the allotment shall deemed to be cancelled and the amount already deposited shall stand forfeited. The remaining amount of the flat (seventy five percent) shall be deposited in six equal half yearly installments with simple interest at the rate of 9.5% per annum to be completed in a period of three years from allotment. Allottee can make lumpsum payment of the balance 75% within 60 days from date of allotment in which case 5% discount on the balance principal amount i.e 75% amount shall be given. In case of lump sum payment towards total amount is made beyond this period of 60 days then this discount shall be given on principal amount apart from that include in next installment. (details will be mentioned in allotment letter) ”.

There are three notes appended to Clause 3 of the Scheme and note No.3 reads as “*successful applicants if any point of time fails to make due payment, the entire amount will be forfeited after giving three months notices in gap of ten days each. This flat will be offered to the applicants in the waiting list on full payment.*”

6. Under Clause 6, the scheduled/mode of payment is as under :

- 1. Within 45 days of allotment =25% of total cost minus the initial deposit i.e. amount of earnest money deposited with application plus 6% cess.*
- 2. The balance 75% amount will be recovered in 6 half yearly equated installments under Self Financing Scheme with simple interest rate of 9.5% p.a.*

**CWP No.9110 of 2026**

-5-

b. Any increase in the cost due to enhancement/escalation shall be payable alongwith last installment.

7. The Improvement Trust, Ludhiana is authorized to resume the property and cancel the allotment under Clause 8(2) of the Scheme which reads as follows:-

“If delay is caused in making the due payment of instalments, in addition to the normal rate of interest payable as per the allotment terms and conditions, additional interest at the rate of 3% as penalty shall have to be paid within six months after due date and if the delay is more than 6 months, then penalty @ 6% on the amount due is to be levied for the entire period of default. Where an allottee or transferee, as the case may be does not pay the instalment(s) within twelve months of it's becoming due, the Trust shall be entitled to resume the property. The Trust shall resume the property after giving an appropriate opportunity of hearing to the allottee.”

8. Undisputedly, the petitioners were issued allotment letters (allotment letter in favour of petitioner No.9 is Annexure P-1) on 06.04.2023. As per Clause 3(i) of allotment letter (Annexure P-1), allottee is required to deposit 25% of the total amount after adjusting 6% cess (after adjusting the amount deposited as earnest money), within 45 days of issuance of allotment letter. If allottee deposits the amount within next 30 days after 45 days, the allottee is liable to pay 25% amount along with 3% penalty. If 25% total amount is not

**CWP No.9110 of 2026**

-6-

deposited within 75 days (45+30), allotment would be considered cancelled and amount previously deposited was to be forfeited by the Trust without any notice.

9. In view of this Clause in the allotment letter (Annexure P-1) the maximum period within which the allottees/petitioners were required to deposited the 25% of the total cost of the flat was 75 days from 06.04.2023. In terms of this Clause, the respondents No.3 and 4 were entitled to cancel the allotment w.e.f. 19.06.2023. From 06.04.2023 till date, the petitioners had not approached respondents No.3 and 4 with request for extension of time for payment of 25% of the total cost minus earnest amount on the ground that they are unable to pay the amount because the Banks/financial institutions are reluctant to finance them for the reason that the construction has not commenced. The petitioners cannot take benefit of issuance of letter (Annexure P-5) by respondents No.3 and 4 to Director Local Govt. Department, Punjab because the said letter is dated 31.05.2023 and there was request for extension of one month from the last date for depositing the amount of HIG/MIG flats in the Scheme. There is nothing on record that the said request of respondents No.3 and 4 was acceded by the Director. Even if, the petitioners are given benefit of one month relaxation in deposit of 25% of the total amount excluding earnest amount, the said time lapsed on 19.07.2023 whereas, the letter (Annexure P-4) regarding cancellation of allotment and forfeiture of earnest amount is issued only on 11.03.2024. There is a clear stipulation in allotment letter that failure to deposit 25% of the amount within 45+30 days of issuance of allotment letter shall result in cancellation of

**CWP No.9110 of 2026**

-7-

allotment and forfeiture of previously deposited amount without any notice. The petitioners have not challenged the terms of allotment letter (Annexure P-1). Therefore, the petitioners cannot take the plea that Improvement Trust had cancelled the allotment and forfeited the earnest amount without hearing them. Therefore, the petitioners cannot take benefit of Clause 8(2) of the Scheme. The petitioners cannot wriggle out of contractual obligation as stipulated in allotment letter (Annexure P-1). Above all, the construction of flats is under “Self Financed Scheme” and failure to deposit the earnest amount by large number of allottees may result the abandonment of Scheme itself by the Improvement Trust. In the absence of generation of finance, the Improvement Trust cannot be expected to complete the Scheme by construction of flats for allottees.

10. In view of above discussion, there is no merit in the petition and the same is dismissed.

(SUVIR SEHGAL)
JUDGE

(RAMESH KUMARI)
JUDGE

25.03.2026*Jyoti - 77*

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