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ORDER SHEET

AGA/2/2024
IN THE HIGH COURT AT CALCUTTA
ORDINARY ORIGINAL CIVIL JURISDICTION
ORIGINAL SIDE

IN THE MATTER OF :
THE ADMINISTRATOR GENERAL OF WEST BENGAL

BEFORE:
The Hon'ble JUSTICE ARINDAM MUKHERJEE
Date: 22nd September, 2025.

Mr. Indranil Nandi, Mr. Sayak Konar,
Advocates for the petitioner.

Mr. Sayak Chakraborti, Mr. Wrickbrata Roy, Mr. Iswar Das,
S. Chatterjee, Mr. Nistar Molla, Mr. Farhan Haidar, Advocates for Shreepati
Apartments Private Limited.

Mr. Sayan Ganguly, Adv. for the State.

The Court: After hearing the parties and considering the materials on record, I find there are two pending issues; (i) The interest on the amount of security deposit of Rs.25 lakhs (ii) The enhancement of lease rent.

So far as the interest on the security deposit of Rs.25 lakhs is concerned, this issue cannot be decided at this stage as the security deposit becomes refundable as per the agreed terms after three years.

On behalf of the Administrator General it is submitted that the principal sum of Rs.25 lakhs depending upon the situation will be refunded to the lessee and the interest which will accrue on the said sum of Rs.25 lakhs for the three years shall be used and utilized by them.

On behalf of the lessee it is submitted that the security deposit is to be refunded after three years along with the accrued interest thereon as the Administrator General (lessor) is not entitled to the interest on the said sum.

In this regard this Court is of the view that the security deposit is being directed so that there is no breach of the agreed terms by the lessee for the first three years period. The refund of the security deposit, therefore, is depended on contingencies, that is to say the conduct of the lessee. If the breach of the terms is committed within the first three years period then the lessor should be entitled to forfeit the sum or a part thereof on considering the breach, if any, committed by the lessee. This issue, therefore, cannot be decided before expiry of three years from the date of the lease coming into operation.

As directed, the lessee has deposited the said sum of Rs.25 lakhs with the Registrar, Original Side of this Court on 8th September, 2025. For the time being the Registrar, Original Side shall deposit the said sum in the highest interest bearing fixed deposit with a nationalised bank for three years time period. The deposit will be made in such manner that the accrued interest will be paid on the expiry of three years from the date of such deposit.

After expiry of the three years from the date of lease it will be open to the lessee to apply for refund of the money. Similarly in case of any breach, the Administrator General (lessor) shall be entitled to apply before the Court for forfeiting the security deposit or a part thereof as the case may be. At that juncture the Court shall decide whether the accrued interest shall go to the Administrator General (lessor) or shall be refunded back to the lessee.

So far as the enhancement of lease rent is concerned, the Administrator General (lessor) proposes to increase the lease rent by 5% on the existing lease rent on expiry of each five years term. The lessee proposes to have the increase of 5% on expiry of every ten years period.

The Transfer of Property Act, 1882, in respect of a lease governed under the said Act does not provide for any statutory enhancement. It is open to the parties to decide on the enhancement at the time of entering into this issue. So far as West Bengal Premises Tenancy Act, 1997 (hereinafter referred to as 'the 1997 Act') is concerned, the fair rent in absence of any mechanism is the agreed rent between the parties as contained in Section 13 thereof. Section 18 of the 1997 Act provides for enhancement of fair rent by 5% of the existing rent on expiry of every five years. Taking the provisions of the 1997 Act so far as enhancement is concerned as a guideline this Court is of the view that the lease rent shall be increased by 5% on the existing lease deed on expiry of every five years. Let these two terms be incorporated in the lease rent and the lease deed shall be executed by 31st October, 2025. All other terms and conditions as contained in the draft lease deed shall remain the same.

Nothing further remains to be adjudicated in this application.

The application, therefore, stands disposed of.

(ARINDAM MUKHERJEE, J.)

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