

Punjab National Bank Vs Haryana State Industrial and Infrastructure Development Corporation Limited

Court: High Court Of Punjab And Haryana At Chandigarh

Date of Decision: April 29, 2014

Acts Referred: Constitution of India, 1950 " Article 226

Citation: (2014) 176 PLR 671

Hon'ble Judges: Sanjay Kishan Kaul, C.J; Arun Palli, J

Bench: Division Bench

Advocate: N.K. Mankotia, Advocate for the Appellant; Kamal Sehgal, Advocate for the Respondent

Judgement

Sanjay Kishan Kaul, C.J.

Learned counsel for the respondents accepts notice. At the request of learned counsel for the parties, the petition is taken up for hearing.

2. Haryana State Industrial and Infrastructure Development Corporation, respondent No. 1 (for short "the Corporation), on an application filed by

one Shri Rajnish Behl as Sole Proprietor of M/s. Parth Industries, allotted Plot No. 460, Phase-III, Udyog Vihar, Gurgaon, to him for setting up of

a project of Sheet Metal and Wire Formed Components, on 5.8.1992. In terms of the allotment letter, the project was required to be completed

within a period of two years. In terms of this agreement, the allottee was required to complete the erection and installation of machinery within the

said period of two years from the date of transfer of the plot, failing which, the Corporation could resume the plot. This agreement to sell,

subsequently, gave rise to a transfer deed being executed on 12.1.1993, which was duly registered.

3. It may be noted that learned counsel appearing for the respondents has not been able to establish from a perusal of either the agreement or the

transfer deed that there was any restriction on sale or transfer of the property in question. Thus, absolute title was conferred on Shri Behl and even

the clause qua right of resumption was neither included in this deed of transfer nor was the earlier agreement dated 18.8.1992 (signed by Shri Behl

on 9.9.1992) made a part of the transfer deed, specifying that the clauses contained therein would be binding between the parties. We are saying

so as something turns on this. The transfer deed was a final registered document, which was a composite document and would, thus, govern the

rights and obligations of the parties.

4. It appears that some construction was made on the plot. Not only that, the transferee obtained a No Objection Certificate for mortgage of the

property in favour of the Haryana Financial Corporation on 22.1.1993, but it appears that no such mortgage was created. The Excise and

Taxation Officer, Gurgaon, served on the Corporation, an attachment order dated 18.11.1998 for a sum of Rs. 3,28,994-00 towards Excise

Duty.

5. It is the stand of the respondents that one Mrs. Anita Karer approached the Branch Office of the Corporation in Gurgaon, on 12.6.2000, for

transfer of the plot in her favour, claiming that she had purchased the property vide a registered sale deed dated 31.1.1996 and also enclosing

Form 34-A issued by the Income Tax authorities. Vide another letter dated 10.12.2000, she informed that she was in the process of transferring

this property to Shri Bijay Madan, Proprietor, M/s. M & M Industries, in pursuance to an agreement to sell dated 27.7.2000, executed by her.

The Corporation, vide its letter dated 12.2.2001, advised Shri Behl to submit a No Objection Certificate from the Excise and Taxation Officer,

Gurgaon, and to clear the maintenance charges of Rs. 17,552-00, calculated up to 31.3.2000. Respondents, in their affidavit, have admitted that,

on site inspection, M/s. M & M Industries was found operating. A show cause notice is stated to have been issued to Shri Behl on 25.2.2003 for

non implementation of the project and unauthorised multiple transfers, to which no reply was received from him, but Mrs. Anita Karer, vide letter

dated 3.3.2003, requested for the transfer of the plot in her favour and, thereafter, in favour of M/s. M & M Industries. It appears that, in the

meantime, Shri Behl had left India. There was some intra-departmental processing, which went on. A representative of M/s. M & M Industries

was called on 22.5.2007. In the meantime, the dues from the Excise and Taxation Department had risen to Rs. 20,99,282/-, as per a letter dated

30.9.2010. It is only on 9.3.2011 that the respondents sought to resume the property, marking copies to both Mrs. Anita Karer and M/s. M & M

Industries. This order is predicated on the terms and conditions of the agreement, alleging unauthorised sale. There is no mention of the subsequent

relevant document, being the deed of transfer. It also refers to the amount due to the Excise and Taxation Department.

6. On the endeavour of the respondents to take possession of the premises, it was found that the possession of the property had already been

taken over by the petitioner, Punjab National Bank. It is averred in sub para (xvi) of Para-1 of the Preliminary Objections of the written statement

filed by the respondents that the Punjab National Bank, Recovery Management Branch, vide its letter dated 18.8.2011, intimated that the

possession of the Unit was taken over by the Bank on 24.9.2010 against the outstanding amount of Rs. 13.73 crores due from M/s. Skan Gables

and Wires Private Limited, a company promoted by Shri Bijay Madan, and the property being the security for the said loan. The possession was

result of the proceedings taken under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

(for short the Act"). The Corporation, in turn, vide its letters dated 25.10.2011 and 4.11.2011, is stated to have forwarded the resumption order

to the Bank.

7. The result of the aforesaid exchange is that while the petitioner, a Nationalised Bank, is seeking a right to deal with the mortgaged property

under the Act, the respondents are seeking to rely on the resumption order as also the factum of there being outstanding dues to the Excise

Department. The petitioner-Bank has, thus, filed the present writ petition under Article 226 of the Constitution of India seeking quashing of the

resumption order dated 9.3.2011.

8. We have perused the pleadings and heard learned counsel for the parties.

9. Insofar as right of the Corporation to deal with the property is concerned, it flows from the agreement dated 18.8.1992. However, the

resumption could only take place on account of failure to complete the erection and installation of machinery and commence production. The very

imposition of Excise Duty shows that the production did commence. There is no power of resumption if any transfer is made or mortgage created.

In fact, the deed of transfer is worded in such a manner that it does not reserve any right to the Corporation for the transferee to obtain prior

permission for any subsequent transfer or to obtain prior permission for mortgage. The stand of the learned counsel for the respondents is that

Clause 14 of the agreement dated 18.8.1992 requires prior permission but the same is in respect of change in the project or constitution. It does

not talk about any transfer to a third party but uses the word "right". Learned counsel for the respondents submits that this word should be read as

transfer", thus, stating that there was some mistake in drafting of the format.

10. In our opinion, this is not possible as these are standard format documents of the Corporation. If the Corporation has not drawn the document

correctly, then, it cannot abrogate to itself a right which it has not reserved. Be that as it may, it is worth noting that the petitioner despite the

aforesaid position, had actually intimated to the Corporation, vide a letter dated 26.11.2008, about the equitable mortgage created in its favour,

requesting the Corporation to mark a charge against the petitioner. M/s. M & M Industries had also sent a letter on 5.1.2009 followed by a

reminder on 15.1.2009. It is only on 25.10.2011 that, for the first time, the Corporation informed the petitioner of the resumption of the plot.

11. The petitioner-Bank has dues outstanding from the borrower and the property in question is a security for the same, by reason of creation of

equitable mortgage by deposit of title documents. The mortgage was created much prior to the alleged order of resumption. The intimation of the

mortgage was also given to the Corporation. All this happened three years prior to the alleged order of resumption. Public money is involved of the

petitioner-Bank, which is a Nationalised Bank. The action taken by the petitioner-Bank is in pursuance to rights conferred under the Act. In these

circumstances, we are of the view that there is no basis for the resumption order at all, as the deed of transfer does not abrogate any such right to

the Corporation and whatever rights were otherwise under the agreement, were also qua construction of the property in question and to

commence production. The full price consideration already stands paid to the Corporation prior to the execution of the deed of transfer.

12. We may note that the petitioner-Bank had already volunteered, on the first date of hearing on 30.1.2014, that the dues payable by the original

allottee to the Excise Department or any maintenance charges of the Corporation would be cleared by it.

13. We, thus, allow this writ petition and quash the impugned order of resumption dated 9.3.2011. The petitioner, as mortgagee, is entitled to deal

with the property in question subject to the condition that the payment of the dues of the Excise Department as well as any maintenance charges of

the Corporation will be made over to them, which will be the first charge on the sale consideration. The Corporation may inform of the up to date

arrears of maintenance charges, if any, up to 30.6.2014, within 15 days. The petition is allowed in the above terms, leaving the parties to bear their

own costs.