

**HARYANA URBAN DEVELOPMENT AUTHORITY, SEC-6, PANCHKULA**

NO.HUDA.CCF.ACCTT-I-2009/7092-7120

DATED: 17.3.09

To

1. All the Administrators,  
HUDA,(in the State).
2. All the Estate Officers,  
HUDA(In the State).

**Subject:- Revision in the rate of interest.**

Please refer to this office memo.no.2408-27 dated 23.1.06 vide which the decision of the Authority to reduce the possession interest on the balance amount of installments from 11% to 9% p.a and interest on delayed payment of installments from 14% to 12% p.a.(simple) w.e.f. 01.01.2006 was conveyed to you.

The Authority in its meeting 102<sup>nd</sup> meeting held on 24.2.2009 has approved to revise the rate of interest as follows:-

1. The rate of interest on the delayed payment of installment(s) has been increased from 12%(simple) to 15% p.a(simple).
2. The rate of interest after the offer of possession of plots have been increased from 9% p.a to 12% and the same will be incorporated in all the future allotments.

The new rates will come into force with effect from 1.4.2009.

**(S.C.Kansal )**

Chief Controller of Finance,  
for Chief Administrator, HUDA,  
Panchkula.

Endst. No.HUDA.Acctts.Acctt-I-2009/7121 -29

Dated: 17.3.09

A copy is forwarded to the following for information and necessary action:-

1. PS/CA for kind information of Chief Administrator,HUDA.
2. PS/Admn.for kind information of Administrator,HUDA,H.Q.
3. Chief Engineer,HUDA,Panchkula.
4. Chief Engineer-I,HUDA,Panchkula.
5. Addl.Chief Engineer,HUDA,Gurgaon
6. Chief Town Planner,HUDA,Panchkula.
7. Secretary,HUDA,Panchckula.
8. L.R.,(H.Q)HUDA,Panchkula.
9. Dy.ESA, HUDA, Panchkula.

**(S.C.Kansal )**

Chief Controller of Finance,  
for Chief Administrator, HUDA,  
Panchkula.

**HARYANA URBAN DEVELOPMENT AUTHORITY, PANCHKULA.**

No. HUDA-CCF-Acctt-I-2009/15695-717

Dated:5-5-2009

To

1. All the Administrators,  
HUDA (in the State).
2. All the Estate Officers,  
HUDA (in the State).

**Subject: Comprehensive policy in respect of interest on the delayed payment of enhancement of compensation pursuant to the orders of Hon'ble High Court in CWP No.15289 of 2007.**

Please refer to the subject cited above.

In this regard, it is intimated that the Hon'ble High Court in CWP No.15289 of 2007 in the case of M/s Nanda Goods Transport Company Panipat V/s HUDA and others have directed to frame a comprehensive policy to the effect of charging of interest on delayed payment of enhancement of compensation in order to avoid further litigation as HUDA is expected to apply the rate of interest uniformly to all the effected persons.

2. HUDA has been charging the interest on the delayed payment of enhancement of compensation as per the rates given below:-

Interest type	Rate of interest per annum (%age)	Compound/ simple interest	Period	
			From	To
Interest on delayed payment of enhanced compensation	7%	Compound	1.1.72	12.10.78
	10%	Compound	13.10.78	17.11.91
	15%	Compound	18.11.91	2.4.2000
	15%	Simple	3.4.2000	till date

3. In this regard, the following terms & conditions of the allotment letter are reiterated in respect of charging of enhancement of compensation:

“The price of plot is tentative to the extent that any enhancement in the cost of land awarded by the competent authority under the Land Acquisition Act shall also be payable proportionately as determined by the Authority. The additional price determined shall be paid within 30 days of its demand. ”

No rate of interest was mentioned in the allotment letter for the delayed payment of enhancement of compensation. Although the enhancement of compensation was recoverable within 30 days of its demand, but keeping in view the huge amount of enhancement of compensation recoverable from the allottees, facilities

were given to the allottees to make the payment in instalment as per instructions issued vide letter No. HUDA-Acctts-87/9660-73 dated 2.4.87 wherein it was clearly stipulated that on the un-paid amount of enhancement of compensation interest @ 15% p.a. will be chargeable. The copy of the instructions is enclosed at Annexure 'A'.

4. HUDA was charging interest on the delayed payment of enhancement of compensation as per the rates stated above. The Hon'ble High Court in the case of Sh.Gian Inder Sharma V/s HUDA in CWP No.16497 of 2001 decided that HUDA cannot charge compound interest on delayed payment of enhancement of compensation. Only simple interest can be charged. This judgement was delivered on 11.11.02. However, HUDA decided to charge simple rate of interest on the delayed payment of enhancement of compensation with effect from 3.4.2000 i.e. immediately after the announcement of the judgement by the Hon'ble High Court in the case of Smt. Kanta Devi Budhiraja V/s HUDA which was finalized by the Hon'ble Supreme Court of India 2.4.2000. Therefore, immediately after the finalization of the judgement by the various courts, HUDA changed its policy and decided to charge simple rate of interest with effect from 3.4.2000 on the delayed payment of enhancement of compensation.

5. In another Civil Appeal No.4436 of 2008 (arising out of special leave petition No.13644 of 2005) titled as HUDA V/s Raj Singh Rana, the question of charging of interest on the delayed payment of instalment was again challenged in the Hon'ble Apex Court of India. In this regard, attention is invited to this office letter No.HUDA-CCF-Acctt-1/2008/36457-78 dated 25.10.08 vide which the details of the case and charging of interest on the delayed payment of enhancement of compensation were conveyed.

In this case, the Hon'ble Supreme Court of India observed that the concept of levying of interest is applicable in almost all statutes involving financial deals and commercial transactions. Therefore, HUDA is entitled to charge interest on the balance dues of enhancement of compensation at a rate which is different from the rate of interest stipulated in the allotment letter. Under these circumstances, the Hon'ble Supreme Court of India allowed to charge simple interest on the basis of prevailing current rate of interest as defined under section-3 of the Interest Act, 1978. Therefore, charging of 15% p.a. rate of interest on the delayed payment of enhancement of compensation is as per the judgement of Hon'ble Supreme Court of India in the case of Sh.Raj Singh Rana V/s HUDA as the same rate of interest is provided in the Land Acquisition Act, 1894.

6. Attention is also invited to this office letter No.HUDA-Acctts-2007/5903 dated 4.9.07, wherein the orders of Hon'ble Supreme Court of India in SLP No.12084, 12085, 12087, 12167, 12169, 12170, 12168 of 2004 arising out of CWP No.2099, 10422, 6280 of 2003, 19098, 18344, 19099 of 2002 were conveyed to charge compound interest @ 10% p.a. although charging of compound interest was not provided in the allotment letter.

7. Attention is also invited to this office letter No.HUDA-Acctts-Acctt-1-2007/653-75 dated 8.1.08 vide which advice of Sh. Sanjiv Sharma. Advocate was circulated, wherein the learned Advocate has advised that HUDA can charge differential rate of interest i.e. normal rate of interest and penal rate of interest in respect of two kinds of allottees i.e. those who opt to pay in instalments and those who are defaulters. Therefore different rate of interest can be charged in respect of allottees who pay the amount in time and those who are defaulters. Authority has been revising the rate of interest from time to time, keeping in view the rate of interest prevailing in the financial markets in the interest of recovery of its dues. For defaulters the rate of interest charged upto 2.4.2000 was compound thereafter it was made simple from 3.4.2000.

8. Therefore, you are requested to charge the same rate of interest as intimated from time to time on the delayed payment of enhancement of compensation. You are also requested to bring the above said judgements to the notice of various courts and also indicate the quantum of delay in depositing the amount of enhancement of compensation so that Hon'ble Courts may appreciate the delays committed by the allottees in depositing the amount of enhancement of compensation and awarding the differential rate of interest to the defaulters than the normal rate of interest distinguishing between the allottees who pays enhanced compensation in time and those who are defaulters.

This has the approval of Chief Administrator,HUDA.

**(S.C.Kansal)**  
Chief Controller of Finance,  
for Chief Administrator, HUDA,  
Panchkula.

No. HUDA-Accts-87/9660-73 Dated: 2-4-87

To

All the Estate Officer,  
HUDA (in the State).

Recovery of enhanced compensation from the plot-holders.

For quite sometimes in the past, it has been observed that pace of recovery of enhanced compensation from the plot-holders has been slow partly because of the reason that the amount of enhanced compensation recoverable was sometimes heavy and plot-holders were experiencing great difficulty to pay the amount in lump-sum. Representations from various individuals/institutions were also received in this regard for recovering the amount of enhanced compensation in some suitable instalments. After due consideration of the matter, it has been decided to recover the enhanced compensation from the plot-holders in instalments as per details given below :-

- a) Where the enhancement is 10% of the original price of the plot. Payment in lump-sum within 30 days of the issue of demand notice.
- b) Where the enhancement is more than 10% but less than 30% of the price of the plot.
- i) First 10% within 30 days of the issue of demand notice.
  - ii) Second 10% or part thereof within 6 months of the issue of notice.
  - iii) Third 10% or part thereof within one year of the issue of notice.
- c) Where the enhancement is more than 30% but less than 60%.
- Payment may be made as follows:-
- i) First 12% within 30 days of the issue of notice.
  - ii) Second 12% within 6 months of the issue of notice.
  - iii) Third 12% within one year of the issue of notice.
  - iv) Fourth 12% within one & half year of the issue of notice.
  - v) Fifth 12% or part thereof within two years of the issue of notice.
- d) Where the enhancement is more than 60% of the original cost of the plot.
- Payment may be made as follows :-
- i) First 15% within 30 days of the issue of notice.
  - ii) Second 15% within 6 months of the issue of notice.
  - iii) Third 15% within one year of the issue of notice.

- iv) Fourth 15% within 1½ year of the issue of notice.
- v) Fifth 15% within two years of the issue of notice.
- vi) Sixth 15% within 2½ years of the issue of notice.
- vii) Seventh 15% within three years of the issue of notice.

Interest @ 15% per annum may be charged on the balance amount in view of the fact that HUDA is paying interest @ 15% enhanced compensation as per new Land Acquisition Act.

Accordingly, you are requested to effect the recovery of enhanced compensation in suitable instalments as per details set out above. These instructions may also be incorporated/attached in the recovery notices.

*Shamsul*  
Controller of Finance,  
for Chief Administrator, HUDA.

- i) All the Administrators, HUDA, for information & necessary action.
- ii) Secretary, MUDA, for information.
- iii) P.A./INEA.