

**SUPREME COURT OF INDIA**

State of Tamil Nadu & Anr.

Vs.

Saketh India Ltd.

C.A.No.3485 of 2011

(R.V.Raveendran and A.K.Patnaik,JJ.,)

20.04.2016

**ORDER**

SLP(Civil)No.32014 of 2010

1. Leave granted.

2. A quarrying lease was granted for ten years in favour of the respondent. Subsequently, the respondent submitted a representation to the appellant to refund the lease amount of ' 44.55 lakhs on the ground that the lease area was forest area and the forest department was in the process of declaring it as reserved forest. As the appellant did not refund the amount, the respondent filed a writ petition seeking refund of ' 44.55 lakhs with interest at 24% per annum. A learned single Judge, by order dated 13.11.2006, allowed the writ petition and directed refund of the lease amount. He did not, however, award an interest. Feeling aggrieved, the respondent filed a writ appeal. The appellate Bench granted interest at 18% per annum on the analogy of the provision for interest under Rule 3 6B. The said order is challenged by the State in this appeal by special leave.

3. It is stated by learned counsel for the appellant that the lease amount has already been refunded and the issue is only regarding interest. He submitted that there is no contract or statutory provision governing interest and in the circumstances, the directions for payment of any interest, in particular, at the rate of 18% per annum, was not warranted.

4. On the facts and circumstances, we are of the view that interests of justice would be served if the rate of interest is reduced from 18% per annum to 12% per annum. We allow the appeal in part, accordingly.