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Realty Developer Moves to Sue GMADA Over Service Failures

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A real estate firm is taking legal action against the Greater Mohali Area Development Authority (GMADA), planning to file a Rs 250 crore recovery suit for alleged failure to provide external development services, despite payments made in full. The dispute has raised wider concerns about transparency, accountability, and regulatory consistency within the region’s property development sector.

Chandigarh Royale City Promoters Private Limited claims it paid Rs 32.76 crore between 2019 and 2020 to GMADA. These payments covered External Development Charges (EDC), license fees, and related levies for a residential project spanning 77.87 acres in Karala village, Dera Bassi. According to the firm, GMADA initially demanded Rs 25.54 crore when the project was approved, yet despite the promoter paying more than that amount over time, the authority later increased its demand to Rs 40.04 crore.

The developer asserts that GMADA failed to deliver essential infrastructure in return for these charges, citing a lack of completed electrical work, untreated sewage water issues, and reliance on groundwater for drinking, which they say GMADA has informally permitted. According to the company, these shortcomings affect over 500 families currently residing in the colony.

The situation escalated after GMADA's Chief Accounts Officer claimed the promoter had not paid Rs 12.36 crore in pending EDC and other fees, prompting police to register a cheating case at Phase-8 police station. The developer has pushed back, calling this an act of pressure to enforce payment without fulfilling service obligations.

In a statement, the company accused GMADA of "arm-twisting," alleging that post-dated cheques submitted with the condition that they not be encashed until development obligations were met were still presented by the authority, resulting in the cheques bouncing. The dispute is currently pending in the Punjab and Haryana High Court.

The promoters argue that GMADA has acknowledged in court that no work has been carried out to justify the EDC collected. "If the development authority has done no work, how can we still be liable for more payments?" the developer stated.

This case highlights the importance of clear public-private coordination in urban planning, particularly when developers are required to pre-fund infrastructure that should, in theory, be delivered in parallel with project execution. It also raises questions about how state agencies manage and communicate escalating costs tied to approvals.

As the matter unfolds in court, it presses the urgent need for better policy consistency and a more business-friendly environment, particularly in regions like Punjab that are seeking to attract private investment and housing development.