



123 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

RSA-541-2022 (O&M)
Date of decision : 28.04.2025

Kashmir Chand alias KashmirAppellant

Versus

Rajesh Kumar and another ...Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present : Mr. Ashok Kumar Khunger, Advocate
for the appellant.

PANKAJ JAIN, J. (ORAL)

1. Counsel for the appellant submits that the matter already stands compromised between the parties and submits that in view thereof, he be allowed to withdraw the present appeal.
2. Allowed to do so.
3. Counsel for the appellant further submits that the appellant has affixed Court Fee of Rs.7,900/-. The same be ordered to be refunded.
4. The issue regarding refund of Court Fee in terms of Section 89 CPC in the event of settlement of dispute outside the Court, came up for consideration before Supreme Court in the case of '**High Court of Judicature at Madras Represented by its Registrar General vs. M.C. Subramaniam and others**', (2021) 3 SCC 560. Supreme Court observed as under:



“23. We find ourselves in agreement with the approach taken by the High Courts in the decisions stated supra. The purpose of Section 69-A is to reward parties who have chosen to withdraw their litigations in favour of more conciliatory dispute settlement mechanisms, thus saving the time and resources of the Court, by enabling them to claim refund of the court fees deposited by them. Such refund of court fee, though it may not be connected to the substance of the dispute between the parties, is certainly an ancillary economic incentive for pushing them towards exploring alternative methods of dispute settlement. As the Karnataka High Court has rightly observed in Kamalamma (supra), parties who have agreed to settle their disputes without requiring judicial intervention under section 89, CPC are even more deserving of this benefit. This is because by choosing to resolve their claims themselves, they have saved the State of the logistical hassle of arranging for a third-party institution to settle the dispute. Though arbitration and mediation are certainly salutary dispute resolution mechanisms, we also find that the importance of private amicable negotiation between the parties cannot be understated. In our view, there is no justifiable reason why Section 69-A should only incentivize the methods of out-of-court settlement stated in section 89, CPC and afford step-brotherly treatment to other methods availed of by the parties.

24. Admittedly, there may be situations wherein the parties have after the course of a long-drawn trial, or multiple frivolous litigations, approached the Court seeking refund of court fees in the guise of having settled their disputes. In such cases, the Court may, having regard to the previous conduct of the parties and the principles of equity, refuse to grant relief under the relevant rules pertaining to court fees. However, we do not find the present case as being of such nature.

25. Thus, even though a strict construction of the terms of section 89, CPC and 69-A of the 1955 Act may not encompass such private negotiations and settlements between the parties, we emphasize that the participants in such settlements will be entitled



to the same benefits as those who have been referred to explore alternate dispute settlement methods under section 89, CPC. Indeed, we find it puzzling that the Petitioner should be so vehemently opposed to granting such benefit. Though the Registry/State Government will be losing a one-time court fee in the short term, they will be saved the expense and opportunity cost of managing an endless cycle of litigation in the long term. It is therefore in their own interest to allow the Respondent No. 1's claim.

26. Thus, in our view, the High Court was correct in holding that section 89 of the CPC and Section 69-A of the 1955 Act be interpreted liberally. In view of this broad purposive construction, we affirm the High Court's conclusion, and hold that section 89 of CPC shall cover, and the benefit of Section 69-A of the 1955 Act shall also extend to, all methods of out-of-court dispute settlement between parties that the Court subsequently finds to have been legally arrived at. This would, thus, cover the present controversy, wherein a private settlement was arrived at, and a memo to withdraw the appeal was filed before the High Court. In such a case as well, the appellant, i.e., Respondent No. 1 herein would be entitled to refund of court fee.”

5. In view of the aforesaid observations made by Supreme Court, the Court Fee affixed on appeal, is ordered to be refunded.
6. Ordered accordingly.
7. Pending application(s), if any, shall also stand disposed off.

April 28, 2025

Dpr

**(Pankaj Jain)
Judge**

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No