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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

Date of decision : 23.07.2025

CR-289-2021 (O&M)

Government of India and another ...Petitioners

Versus

Bhajan Lal and others ...Respondents

CR-290-2021 (O&M)

Government of India and another ...Petitioners

Versus

Jaspal Singh and others ...Respondents

CR-716-2020 (O&M)

Union of India and another ...Petitioners

Versus

Avtar Singh and others ...Respondents

CR-19-2021 (O&M)

Project Director, National Highway Authority of IndiaPetitioner

Versus

Hazara Singh and another ...Respondents

CR-22-2021 (O&M)

Project Director, National Highway Authority of IndiaPetitioner

Versus

Ratno Devi (since deceased) and others ...Respondents



CR-892-2020 (O&M)

Government of India and another ...Petitioners

Versus

Mohinder Singh and others ...Respondents

CR-97-2021 (O&M)

Union of India and another ...Petitioners

Versus

Seema Kumari and another ...Respondents

CR-346-2021 (O&M)

Government of India and another ...Petitioners

Versus

Gurdeep Singh and others ...Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present : Mr. Puneet Sareen, Advocate for the petitioners in all cases.

Mr. Manoj Pundir, Advocate,
Mr. Puneet Munjal, Advocate and
Mr. Vinod Pundir, Advocate
for respondent No.1 in CR Nos.289, 290 & 97 of 2021.

Mr. Navjot Singh, Advocate and
Ms. Dhivya Jerath, Advocate
for respondent No.1 in CR No.346 of 2021.

Mr. Kiran Kumar, Advocate
for respondents No.2(a) to 2(d) in CR No.892 of 2020.

PANKAJ JAIN, J. (ORAL)

This is a bunch of eight petitions. All these petitions are being disposed off by a common order as they involve same question of law in the



backdrop of similar facts related to compulsory acquisition of land owned by respondents at the hands of petitioner/State.

2. The sole question involved in the present bunch of petitions is:

From which date the interest on compensation is payable to the land owner whose land has been acquired compulsorily invoking the provisions of National Highways Act, 1956 (hereinafter referred to as 'the 1956 Act')?

3. Counsel for the petitioner Highway Authority has relied upon judgment rendered by Division Bench of this Court in the case of '**M/s Golden Iron and Steel Forging vs. Union of India and others**', 2011(4) **RCR (Civil) 375** to submit that the land owners *vis-a-vis* acquisition proceedings under different statutes have to be dealt at par. He submits that it is on the said ground that Section 3J of the 1956 Act was struck down as ultra vires by Writ Court. He submits that once the parity between the acquisition proceedings under 1956 Act and that under the Land Acquisition Act, 1894 (hereinafter referred to as 'the 1894 Act') has been recognized by the Court, the interest shall accrue from the date of award as contemplated under Section 28 of the 1894 Act which provides for accrual of interest on compensation from the date the possession is taken. He further refers to Section 3H(1) to submit that since the authorities are entitled to take possession only after deposit of amount determined under Section 3G thus, the interest shall accrue from the date award is made, i.e. when the State



becomes entitled to enter into possession. He submits that any other interpretation would amount to creating classification amongst the land owners *vis-a-vis* different acquisition proceedings and will thus be in violation of Article 14 of the Constitution of India.

4. Per contra, counsel for the land owners refers to Section 3H(5) to submit that the interest @ 9% per annum has to be paid on the excess amount from the date of taking of possession under Section 3D till the date of actual deposit. Reliance is being placed upon ratio of law laid down in the case of **‘National Highway Authority of India, Project Implementation Unit vs. Champalal Najlya Pawara and others’, 2024(6) BCR 38** and **‘Special Land Acquisition Officer & Competent Authority (Formerly Manager Technical & Competent Authority for Land Acquisition) National Highway Authority of India vs. Sri Balappa Bharmappa Gasti’ – Civil Revision Petition No.100118 of 2018 decided on 19th of December, 2018.**

5. I have heard counsel for the parties and have carefully gone through records of the case.

6. Counsel for the petitioner has heavily relied upon judgment rendered by Division Bench of this Court in *M/s. Golden Iron and Steel Forging’s* case (supra).

7. In the said case, challenge was laid to the vires of Act No.16 of 1997 whereby 1956 Act was amended. One of the grounds of challenge was that though the Amending Act provides for acquisition of land by the Central



Government for the National Highway Authority, but the same does not provide for payment of statutory benefits namely solatium and interest as payable under the Land Acquisition Act. The plea raised was that since the purpose of acquisition is public under 1894 Act as also under 1956 Act, the State cannot differentiate between land owners whose land is acquired under the 1956 Act *qua* those whose land stands acquired under 1894 Act. It was contended that Section 3G of the Act violates the provisions of Article 14 of the Constitution of India and is thus *ultra vires*. Division Bench while striking down Section 39 of 1956 Act as *ultra vires* observed as under:

“61. Thus, the essential principles that emerge from a reading of the aforementioned precedents, are:-

- (a) the public purpose shall not determine the amount of compensation;
- (b) it is immaterial whether land is acquired under one statute or another;
- (c) different compensation cannot be granted to different land owners based upon a different public purpose;
- (d) where, however, a statute denies solatium and interest to a landowner, the said statutory provision must satisfy the tests of a reasonable classification based upon an intelligible differentia and must disclose a rational nexus with the object sought to be achieved.

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89. A faint submission, that Section 3J of the Act emphatically ousts the Land Acquisition Act or that the Land Acquisition Act is not applicable either by reference or by incorporation begs the



question in hand. The question is not whether the Land Acquisition Act is applicable by reference or by incorporation but whether the impugned enactment discloses a public purpose so distinct as to disclose a valid classification and satisfy the tests prescribed in respect thereof in the judgments of the Hon'ble Supreme Court, referred to herein before. A statute or a statutory provision which perpetuates discrimination amongst equals cannot shroud its inequality under provisions akin to Section 3J of the Act. Consequently, we are satisfied that Sections 3J and 3G of the Act are ultra vires of Article 14 of the Constitution of India in so far as they deny solatium and interest to landowners. However, this would not necessitate the striking down of the entire provisions of Section 3J and Section 3G of the Act. In this regard, a reference needs to be made to paragraphs 22 and 23 of the judgment of the Hon'ble Supreme Court in *State of Kerala and others v. T.M. Peter and another etc etc* (supra), wherein when faced with a similar situation, the Hon'ble Supreme Court held as follows :-

"22. The core question now arises. What is the effect even if we read a discriminatory design in Section 34 ? Is plastic surgery permissible or demolition of the section inevitable ? Assuming that there is an untenable discrimination in the matter of compensation does the whole of Section 34 have to be liquidated or several portions voided ? In our opinion, scuttling the section, the course the High Court has chosen, should be the last step. The Court uses its writ power with a constructive design, an affirmative slant and a sustaining bent. Even when by compulsions of inseverability, a destructive stroke becomes necessary the court minimises the injury by an intelligent containment. Law keeps alive and operation pulldown is de mode. Viewed from this perspective, so far as we are able to see, the only discriminatory factor as between Section 34 of the Act and Section 25 of the Land Acquisition Act vis-a-vis quantification of compensation is the non-payment of solatium in the former case because of the provision in



Section 34 (1) that Section 25 of the Land Acquisition Act shall have no application. Thus, to achieve the virtue of equality and to eliminate the vice of inequality what is needed is the obliteration of Section 25 of the Land Acquisition Act from Section 34 (1) of the Town Planning Act. The whole of Section 34 (1) does not need to be struck down. Once we excise the discriminatory and therefore void part in Section 34 (1) of the Act, equality is restored. The owner will then be entitled to the same compensation, including solatium, that he may be eligible for under the Land Acquisition Act. What is rendered void by Article 13 is only 'to the extent of the contravention' of Article 14. The lancet of the Court may remove the offending words and restore to constitutional health the rest of the provision.

23. We hold that exclusion of Section 25 of the Land Acquisition Act from Section 34 of the Act is unconstitutional but it is severable and we sever it. The necessary consequence is that Section 34 (1) will be read omitting the words 'and Section 25'. What follows then ? Section 32 obligates the State to act under the Land Acquisition Act but we have struck down that part which excludes Section 25 of the Land Acquisition Act and so, the 'modification' no longer covers Section 25. It continues to apply to the acquisition of property under the Town Planning Act. Section 34 (2) provides for compensation exactly like Section 25 (1) of the Land Acquisition Act and in the light of what we have just decided Section 25 (2) will also apply and "in addition to the market value of the land as above provided, the court shall in every case award a sum of fifteen per centum on such market value in consideration of the compulsory nature of the acquisition."

90. We, therefore, strike down Section 3J and Section 3G of the Act as arbitrary, irrational and violative of Article 14 of the Constitution, in so far as they deny payment of solatium and



interest and hold that landowners, who are compulsorily divested of their property under the impugned statute would henceforth be entitled to solatium and interest as envisaged by the provisions of Section 23 and Section 28 of the Land Acquisition Act.

91. As regards the other submissions as to the vires of the National Highways Act, the petitioners' contention that the Amending Act lays down a procedure for acquisition that is an unwarranted departure from the provisions of the Land Acquisition Act and is therefore, illegal and arbitrary, cannot be accepted. There is no rule of law that requires all statutes, providing for acquisition of land to follow the procedure, prescribed under the Land Acquisition Act. As long as the procedure prescribed for acquisition is just and fair and meets the requirements of the expression "authority of law" appearing in Article 300A of the Constitution, procedural provisions can not be held to be illegal or arbitrary merely because they prescribe a procedure different from the procedure prescribed under the Land Acquisition Act. Section 3C(2) of the Act, which confines consideration of objections to the "user" of the land is neither arbitrary nor illegal. Counsel for the petitioners have failed to assert the violation of any legal right that would be infringed by confining adjudication of objections to the "user" of the land. The use of the word "user" in Section 3C(2) of the Act, in our considered opinion, would not render the provision arbitrary, unjust or illegal.”

(emphasis supplied)

8. By the dint of enactment of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (hereinafter referred to as ‘the 2013 Act’), 1894 Act stands repealed by operation of Section 114 of 2013 Act. Under Section 16 of the 1894 Act, Collector has been empowered to take possession of the land acquired after



passing award under Section 11. It is the date of award on which the land absolutely vests in the Government free from all encumbrances.

9. Three Judges Bench of Supreme Court in the case of '**R.L. Jain (Deceased) by LRs vs. DDA**', (2004) 4 SCC 79 interpreted the provisions of 1894 Act, with regard to payment of interest holding that:

“The normal rule, therefore, is that if on account of acquisition of land a person is deprived of possession of his property he should be paid compensation immediately and if the same is not paid to him forthwith he would be entitled to interest thereon from the date of dispossession till the date of payment thereof. xxxx”

10. The said view was reiterated in the case of '**Special Land Acquisition Officer vs. Karigowda**', (2010) 5 SCC 708, to hold that:

“78. We are bound by the decision of the larger Bench, which had considered the case of Satinder Singh (supra), on which the reliance has even been placed by the claimants in the present appeal. The larger Bench after detailed discussion on the subject, rejected the claim for payment of interest claimed by the respondents in those cases, prior to the date of issuance of the Notification under Section 4 of the Act. As is evident from the above dictum of the Court, despite dispossession, the title continues to vest in the land owners and it is open for the land owners to take action in accordance with law. Once notification under Section 4 (1) of the Act has been issued and the acquisition proceedings culminated into an award in terms of Section 11, then alone the land vests in the State free of any encumbrance or restriction in terms of provisions of Section 16 of the Act.”



11. The 2013 Act is a departure from 1894 Act. While under 1894 Act, notification under Section 4 whereby the State declared the intent to acquire land, initiated the acquisition. Chapter II of the 2013 Act provides for determination of social impact and public purpose as a pre-requisite for initiating acquisition of land. Whenever, the appropriate Government intends to acquire land for public purpose, it is required to consult concerned Local Government(s) and to carry out the Social Impact Assessment study in consultation with them. The said consultation has to commence with the issuance of notification under Section 4(1) of 2013 Act. Chapter IV of 2013 Act deals with acquisition. Section 11(4) prohibits any person from making any transaction or cause any transaction of land specified in the preliminary notification or to create any encumbrances on such land from the date of publication of notification under Section 11(1). Corresponding to Section 6 of 1894 Act, is the provision of Section 19 of 2013 Act. It provides for notification of declaration that the land is being acquired for public purpose. Section 25 provides that the Collector shall make an award within a period of 12 months from the date of publication of the declaration under Section 19. The considerations for an award are under Section 26 of 2013 Act.

12. Section 30 of 2013 Act provides for award of solatium and interest. The same reads as under:

“30. Award of Solatium- (1) The Collector having determined the total compensation to be paid, shall, to Award of



arrive at the final award, impose a "Solatium" amount equivalent to one hundred per cent. of solatium. the compensation amount.

Explanation.-For the removal of doubts it is hereby declared that solatium amount shall be in addition to the compensation payable to any person whose land has been acquired.

(2) The Collector shall issue individual awards detailing the particulars of compensation payable and the details of payment of the compensation as specified in the First Schedule.

(3) In addition to the market value of the land provided under section 26, the Collector shall, in every case, award an amount calculated at the rate of twelve per cent. per annum on such market value for the period commencing on and from the date of the publication of the notification of the Social Impact Assessment study under sub-section (2) of section 4, in respect of such land, till the date of the award of the Collector or the date of taking possession of the land, whichever is earlier.”

13 Section 82 provides for power to enter and take possession and compensation on restoration. The same reads as under:

“82. Power to enter and take possession and compensation on restoration - (1) On payment of such compensation, or on executing such agreement, or on making a reference under section 64, the Collector may enter upon and take possession of the land, and use or permit the use thereof in accordance with the terms of the said notice.

(2) On the expiration of the term, the Collector shall make or tender to the persons interested compensation for the damage (if any) done to the land and not provided for by the agreement, and shall restore the land to the persons interested therein:

Provided that, if the land has become permanently unfit to be used for the purpose for which it was used immediately before the commencement of such term, and if the persons interested shall so require, the appropriate Government shall proceed under this



Act to acquire the land as if it was needed permanently for a public purpose.”

14. Combined reading of Section 30 and Section 82 of 2013 Act mandates that though the Collector has been empowered to take possession of the land only on payment of compensation after its determination under Section 26 yet payment of interest @ 12% per annum is payable for the period commencing from the date of the publication of the notification of the Social Impact Assessment study under Section 4(2) as per Section 30(3).

15. Under 1956 Act, the acquisition commences with notification under Section 3A(1) which is corresponding to Section 4 of 1894 Act and Section 11 of 2013 Act. The said is followed by the declaration issued under Section 3D. Section 3D(2) provides that on the publication of declaration under sub-section (1), the land shall vest absolutely in Central Government, free from all encumbrances. Section 3E provides that after the land stands vested in the Central Government under Section 3D(2) and the amount determined has been deposited with the competent authority by the Central Government, the competent authority by notice may ask the person, in possession, to surrender or deliver the possession within 60 days. Section 3F provides for right to enter into the land after the land vests in the Central Government. It is in this backdrop that Section 3H provides for deposit and payment of amount. The provision reads as under.



3H. Deposit and payment of amount.—(1) The amount determined under section 3G shall be deposited by the Central Government in such manner as may be laid down by rules made in this behalf by that Government, with the competent authority before taking possession of the land.

(2) As soon as may be after the amount has been deposited under sub-section (1), the competent authority shall on behalf of the Central Government pay the amount to the person or persons entitled thereto.

(3) Where several persons claim to be interested in the amount deposited under sub-section (1), the competent authority shall determine the persons who in its opinion are entitled to receive the amount payable to each of them.

(4) If any dispute arises as to the apportionment of the amount or any part thereof or to any person to whom the same or any part thereof is payable, the competent authority shall refer the dispute to the decision of the principal civil court of original jurisdiction within the limits of whose jurisdiction the land is situated.

(5) Where the amount determined under section 3G by the arbitrator is in excess of the amount determined by the competent authority, the arbitrator may award interest at nine per cent, per annum on such excess amount from the date of taking possession under section 3D till the date of the actual deposit thereof.

(6) Where the amount determined by the arbitrator is in excess of the amount determined by the competent authority, the excess amount together with interest, if any, awarded under sub-section (5) shall be deposited by the Central Government in such manner as may be laid down by rules made in this behalf by that Government, with the competent authority and the provisions of subsections (2) to (4) shall apply to such deposit.

16. Considering the scheme of the three Acts, this Court finds that the right to receive compensation, accrues on the date the land vests in the



State and gets right to seek possession from the owner. Article 31A of the Constitution of India provides that the acquisition of immoveable property has to be reciprocated by payment of compensation at the rate not less than the market value. Accordingly, the payment of compensation becomes due on the day the land vests in the Central Government. The legislature was quite conscious of the fact. It is for this reason that under Section 3H(5) the reference has been made to Section 3D *qua* provisioning of interest.

17. In view of discussion held hereinabove, this Court finds that the plea raised by counsel for the petitioner is devoid of any merit. The contention raised by counsel for the Government of India cannot be accepted for another reason.

18. Trite it is 'principle of equality' under Article 14 of the Constitution of India, cannot be applied negatively to deny benefit provided under legislation. 'Equality' comes to the rescue of the petitioner, who alleges discrimination. State cannot take refuge under the principle of equality to deny benefit provided under a piece of legislation enacted by Parliament.

19. In view of above, this Court finds that no fault can be found with the order passed by the Executing Court whereby the NHAI has been ordered to pay interest on the awarded compensation from the day the land vests in Central Government free from all encumbrances under Section 3D(2).



20. At this stage, counsel for the petitioner submits that the Court should declare that the ratio will be applicable prospectively and not to the payments already made.

21. Since, it is a matter arising out of execution proceedings relatable to a specific award, this Court does not deem it fit to issue any such declaration. Moreso when any such order shall lead to creating disparity amongst the landowners without there being any reasonable basis.

22. Resultantly, the instant revision petitions are disposed off.

23. Pending application(s), if any, shall also stand disposed off.

24. A copy of this order be kept on the files of other connected cases.

July 23, 2025

Dpr

**(Pankaj Jain)
Judge**

Whether speaking/reasoned : Yes

Whether reportable : Yes