

CASE NO.:
Appeal (civil) 520 of 2008

PETITIONER:
Ram Narayan Gupta

RESPONDENT:
State of M.P.

DATE OF JUDGMENT: 18/01/2008

BENCH:
ASHOK BHAN & AFTAB ALAM

JUDGMENT:
JUDGMENT

O R D E R

CIVIL APPEAL NO.520 OF 2008
[Arising out of S.L.P.(C)No.18158 of 2005]

Leave granted.

This appeal has been filed by the claimant-landholder.

Land Acquisition Officer (LAO) awarded compensation at the rate of Rs.3000/- per bigha. In addition, solatium @ 10% and interest @ 6% p.a. was also awarded by the LAO. On reference, the Reference Court determined the potential value of the land at the rate of Rs.1/- per sq.ft. and accordingly determined the value of the land at Rs.85,500/- . Out of the said amount, 40% of the amount, viz., Rs.34200/- was deducted towards development charges. Thus, an amount of Rs.51,300/- came to be awarded as compensation. However, the Reference Court, instead of granting solatium at the rate of 30% and statutory interest, maintained the solatium and interest granted by the LAO.

Appellant-claimant filed an appeal before the High Court in which he did not challenge the amount of compensation awarded. Only challenge was for enhancement of solatium and

C.A.No.520/08 (Contd.)
- 2 -

interest. Appellant claimed solatium at the rate of 30% and interest at the rate of 15% p.a. The High Court partly allowed the appeal and increased the solatium @ 30% but maintained the interest @ 6% p.a.

Claimant, being aggrieved, has filed this appeal for enhancement of interest.

Counsel for the appellant submitted that the courts have erred in granting interest at the rate of 6% p.a. There is no reason for not awarding interest at the rate provided under the Statute. That there was no discretion with the court to award interest at a rate lower than what was provided under the Statute.

We agree with the contention raised by the counsel for the appellant and accordingly modify the judgment of the High Court and direct that the appellant be paid statutory interest at the rate of 9% p.a. for the first year and thereafter at the rate of 15% p.a.

The appeal is allowed accordingly.