2026 LiveLaw (SC) 751

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
R. MAHADEVAN; J., MANMOHAN; J.
CIVIL APPEAL NO. 3454 OF 2019; JULY 31, 2026
TEHRI HYDRO DEVELOPMENT CORPORATION LTD. *versus* **S.P. SINGH & ORS.**

Court Fees Act, 1870 — Section 8 — Land Acquisition Act, 1894 — Sections 23(1-A), 23(2), 26, 28, and 54 — Appeal Challenging Statutory Benefits — Liability to Pay *Ad Valorem* Court Fee - An appeal preferred under Section 54 of the Land Acquisition Act, 1894, before the High Court, challenging solely the grant of statutory benefits such as the additional amount under Section 23(1-A), solatium under Section 23(2), and statutory interest under Section 28 attracts *ad valorem* court fee under Section 8 of the Court Fees Act, 1870, computed on the difference between the amount awarded and the amount sought to be avoided - Statutory additions under Sections 23(1-A), 23(2), and statutory interest under Section 28 do not constitute collateral or independent claims; they form an intrinsic, integral, and inseparable component of the composite "compensation" awarded under the decree of the Reference Court - An appeal seeking the deletion or reduction of any such statutory component is in substance an appeal seeking modification of the decretal compensation - payment of a fixed court fee is legally impermissible. *[Relied on Indore Development Authority v. Tarak Singh and others, (1995) Supp (3) SCC 25; Sunder v. Union of India, (2001) 7 SCC 211; Narain Das Jain v. Agra Nagar Mahapalika, (1991) 4 SCC 212; Gurpreet Singh v. Union of India, (2006) 8 SCC 457; Paras 17-26]*

For Appellant(s): Ms. Ameyavikrama Thanvi, AOR;

For Respondent(s): Mr. Vivek Sharma, AOR

J U D G M E N T

R. MAHADEVAN, J.

1. The present Civil Appeal arises from the judgment and order dated 25.10.2017 passed by the High Court of Uttarakhand at Nainital[1] in First Appeal No. 33 of 2009, whereby the High Court directed the appellant to pay *ad valorem* court fee on the decreetal amount of Rs. 2,34,03,602.05 within two weeks.

2. The aforesaid first appeal was preferred by the appellant challenging the judgment dated 24.11.2008 passed by the District Judge, Dehradun[2] in L.A. Case No. 125 of 2003. By the said judgment, the Reference Court partly allowed the reference and held that the respondents are entitled to the statutory benefits under the Land Acquisition Act, 1894[3] i.e., the additional amount at the rate of 12% per annum on the compensation agreed from the date of notification till the date of the award or taking possession, whichever was earlier, solatium at the rate of 30% on the compensation, and statutory interest at the rate of 9% per annum for the first year and thereafter at the rate of 15% per annum from the date of taking possession till the date of payment. The Reference Court further directed that interest be calculated only up to the date of payment made by the Special Land Acquisition Officer and after giving credit for such payment, the further interest be computed.

[1] Hereinafter referred to as "the High Court"
[2] Hereinafter referred to as "Reference Court"
[3] In short, "Act"

3. The brief facts of the case are that the State Government issued a notification dated 07.03.1992 under Section 4 of the Act for acquisition of land situated at Banjarawala Mafi, Dehradun, for rehabilitation of the Tehri Dam oustees. Possession of the acquired land was taken on 29.01.1996 and the Special Land Acquisition Officer passed the award on 03.12.1997. Dissatisfied with the award, the respondents sought a reference under Section 18 of the Act contending that although the acquired land measured 31.18 acres, compensation had been awarded only for 29.43 acres, besides claiming the statutory benefits under the Act.

3.1. By judgment dated 24.11.2008, the Reference Court rejected the claim for enhancement of compensation in respect of the remaining 1.75 acres of land but granted the statutory benefits, namely, the additional amount at the rate of 12% per annum on the agreed compensation, solatium at the rate of 30%, and statutory interest at the prescribed rates. Aggrieved only by the grant of these statutory benefits, the appellant preferred First Appeal No. 33 of 2009 before the High Court under Section 54 of the Act. The appeal was valued at Rs. 2,34,03,602.05. However, the appellant paid a fixed court fee of Rs. 10/- on the footing that the appeal did not involve any challenge to the determination of compensation.

3.2. By order dated 20.05.2009, the High Court directed the Stamp Reporter to examine the sufficiency of the court fee paid. In his report dated 21.05.2009, the Stamp Reporter opined that since the appeal questioned only the grant of statutory benefits, namely, the additional amount, solatium and statutory interest, no *ad valorem* court fee was payable and the fixed court fee paid was sufficient. However, by order dated 25.07.2017, the High Court expressed a prima facie view that the court fee paid was insufficient and called upon the appellant to file objections. The appellant reiterated that the appeal was confined exclusively to the grant of statutory benefits and did not challenge the determination or enhancement of compensation, and therefore, only a fixed court fee was payable. Rejecting the said plea, the High Court, by the impugned judgment dated 25.10.2017, directed the appellant to pay *ad valorem* court fee on the decreetal amount of Rs. 2,34,03,602.05 being the amount under challenge in the appeal, within two weeks.

3.3. Aggrieved by the impugned judgment and order directing payment of *ad valorem* court fee, the appellant has preferred the present appeal.

4. Learned counsel for the appellant submitted that the impugned judgment of the High Court proceeds on an erroneous understanding of the nature of the proceedings before the Reference Court as well as the scope of Section 8 of the Court Fees Act, 1870. The submissions of the learned counsel are two-fold.

4.1. Firstly, it was contended that the grant of solatium and other statutory benefits under the Act does not amount to a determination or enhancement of compensation by the Reference Court. The expression “determination of compensation” necessarily contemplates an adjudicatory exercise involving assessment of market value after evaluation of relevant evidence and factors prescribed under Section 23(1) of the Act. Solatium under Section 23(2), the additional amount under Section 23(1-A) and statutory interest under Sections 28 and 34 are statutory incidents of compulsory acquisition. Once the market value is determined, these benefits follow automatically in accordance with the percentages prescribed by the statute. The Reference Court does not undertake any independent exercise to assess or quantify the amount of solatium; it merely gives effect to a statutory mandate.

4.2. In support of the aforesaid proposition, reliance was placed on the decision in ***State of Gujarat v. Gujarat Revenue Tribunal & others***[4], wherein this Court explained the distinction between market value and solatium while dealing with the concept of compensation. Reliance was also placed on ***Union of India v. Shri Ram Mehar and others***[5], wherein this Court held that market value, like solatium, is only one component of compensation. Further reliance was placed on the Constitution Bench decision in ***Sunder v. Union of India***[6], which recognized that solatium is a statutory component payable as a consequence of compulsory acquisition.

4.3. It was submitted that in the present case, the Collector, while making the reference, had specifically recorded that although the compensation had been settled through negotiation, the agreement did not exclude payment of statutory benefits. The grievance before the Reference Court was that the Special Land Acquisition Officer had failed to extend these statutory benefits. The Reference Court neither reassessed the market value nor examined the adequacy or inadequacy of the compensation already agreed between the parties. It merely interpreted the terms of the agreement and held that the respondents were entitled to the statutory benefits, specifying only the statutory percentage prescribed by the Act. Thus, there was no enhancement or fresh determination of compensation.

4.4. Secondly, learned counsel submitted that Section 8 of the Court Fees Act, 1870, is attracted only where an appeal challenges an enhancement or renewed determination of compensation. It has no application where the dispute concerns only the entitlement of landowners to statutory benefits. The High Court, by the impugned judgment, erroneously assumed that the appeal challenged the quantum of compensation awarded by the Reference Court and consequently directed payment of *ad valorem* court fee on the amount in dispute.

4.5. It was submitted that such an approach overlooks the true nature of the controversy. The market value of the acquired land had been settled by mutual agreement and was never in dispute. The Reference Court had not reassessed evidence, enhanced the market value, or awarded any additional compensation under Section 26 of the Act. It merely declared the respondents' entitlement to statutory benefits flowing from the statute. The appeal before the High Court was confined to the legal question whether, in the facts of the case, the respondents were entitled to statutory benefits such as the additional amount, solatium, and statutory interest. Neither the compensation agreed between the parties nor its quantification was questioned. Therefore, there was no "enhanced compensation" attracting Section 8 of the Court Fees Act.

4.6. Learned counsel further submitted that the reliance placed by the High Court in ***Indore Development Authority v. Tarak Singh and others***[7], is misplaced. That decision dealt with a case where the Reference Court had enhanced the compensation payable for the acquired land and therefore, Section 8 of the Court Fees Act was rightly held applicable. The said decision has no application to the present case, where there has been no enhancement of market value or compensation and the dispute is confined to the entitlement to statutory benefits.

4.7. It was also submitted that although there is no direct pronouncement of this Court on the issue, persuasive guidance is available from the Full Bench decision of the Andhra

---

[4] (1977) 1 SCC 46
[5] (1973) 1 SCC 109
[6] (2001) 7 SCC 211
[7] (1995) Supp (3) SCC 25

Pradesh High Court in ***Kesireddi Appala Swamy v. Special Tahsildar, Land Acquisition Officer, Central Railway, Vijayawada***[8]. Interpreting Section 48 of the Andhra Pradesh Court Fees and Suits Valuation Act, 1956 which is substantially similar to Section 8 of the Court Fees Act, the Full Bench held that *ad valorem* court fee is not payable where the dispute relates only to statutory benefits such as solatium. Similar reasoning was adopted by the Madras High Court in ***Moulvi Abun Naser Khuthubuddin Syed Shah Mohammed Rakher Khadiri v. the Special Tahsildar***[9], while interpreting Section 51 of the Tamil Nadu Court Fees and Suits Valuation Act, 1955.

4.8. In conclusion, learned counsel submitted that statutory benefits such as solatium, additional amount, and statutory interest are only components of compensation mandated by the statute and not the result of any judicial determination of compensation by the Reference Court. Since there was neither any enhancement of compensation nor any award under Section 26 increasing the market value of the acquired land, the appeal before the High Court could not be treated as one against enhanced compensation. Accordingly, Section 8 of the Court Fees Act had no application, and the High Court erred in directing payment of *ad valorem* court fee as a condition for entertaining the appeal.

5. Learned senior counsel appearing for the respondents submitted that the respondents – landowners sought a reference under Section 18 of the Act claiming enhancement of compensation together with all statutory benefits, including the additional amount under Section 23(1-A), solatium under Section 23(2), and statutory interest in accordance with the provisions of the Act. By judgment dated 24.11.2008, the Reference Court partly allowed the reference and enhanced the compensation payable to the respondents. Aggrieved thereby, the appellant preferred an appeal under Section 54 of the Act before the High Court. However, instead of paying *ad valorem* court fee, the appellant paid only a fixed court fee of Rs. 10/-. Therefore, by the impugned judgment dated 25.10.2017, the High Court, following the decision of this Court in ***Indore Development Authority*** (supra) and the judgment of the High Court of Uttarakhand at Nainital in First Appeal No. 113 of 2013 dated 13.09.2017 [***Power Grid Corporation of India Ltd v. Gurbachan Singh and others***], which was subsequently affirmed by this Court in SLP (C) Nos. 16753 – 16754 of 2018 dated 04.09.2018, held that an appeal under Section 54 challenging the award of the Reference Court necessarily attracts *ad valorem* court fee under Section 8 of the Court Fees Act.

5.1. It was further submitted that the controversy stands concluded by the judgment of this Court in ***Indore Development Authority*** (supra). In that case also, the acquiring authority challenged the award passed on a reference under Section 18 after paying only fixed court fee. Rejecting the contention, this Court held that the Reference Court functions as a civil court while determining compensation under the Act; by virtue of Section 26(2), its award is deemed to be a decree within the meaning of Section 2(2) of the Code of Civil Procedure; an appeal under Section 54 is, in substance, an appeal seeking to avoid or reduce the decree determining compensation; and consequently, Section 8 of the Court Fees Act mandates payment of *ad valorem* court fee on the amount sought to be reduced.

5.2. Learned senior counsel submitted that Section 8 of the Madhya Pradesh Court Fees Act, which fell for consideration in ***Indore Development Authority*** (supra) is *pari materia* with Section 8 of the Court Fees Act applicable in the present case. Therefore, the ratio laid down therein squarely governs the present appeal and is binding on this Court.

---

[8] AIR 1970 AP 139

[9] AIR 1986 Mad 229

5.3. It was further submitted that the appellant's attempt to distinguish statutory benefits from compensation is contrary to the authoritative pronouncement of the Constitution Bench of this Court in ***Sunder*** (supra). In that case, while considering whether interest is payable on solatium, this Court undertook an exhaustive analysis of Sections 23, 26, 28 and 34 of the Act and held that the expression "every award under this Part" occurring in Section 26 encompasses all components awarded under Section 23; the amounts payable under Sections 23(1), 23(1-A) and 23(2) together constitute the compensation awarded by the Court; these statutory components cannot be segregated from the award for the purpose of determining the nature of compensation; and solatium forms an integral part of compensation. Reliance was also placed on the approval accorded by the Constitution Bench to the decision of the Punjab and Haryana High Court in ***State of Haryana v. Kailashwati***[10], wherein it was held that solatium under Section 23(2) constitutes an inseparable part of compensation and consequently, interest under Section 28 is payable on the aggregate compensation, including solatium.

5.4. It was therefore submitted that the appellant's argument that the additional amount under Section 23(1-A), solatium under Section 23(2), and statutory interest under Section 28 are independent statutory benefits, distinct from compensation is directly contrary to the law declared by the Constitution Bench in ***Sunder*** (supra) and cannot be accepted.

5.5. In view of the binding decisions of this Court in ***Indore Development Authority*** and ***Sunder*** (supra), the High Court rightly held that the appellant, while challenging the award of the Reference Court under Section 54 of the Act, was liable to pay *ad valorem* court fee under Section 8 of the Court Fees Act. Therefore, the impugned judgment calls for no interference.

5.6. Accordingly, it was submitted that the appeal is devoid of merit and deserves to be dismissed.

6. We have heard the learned counsel appearing for both sides and perused the material placed on record.

7. On 12.02.2018, when the matter was taken up, this Court passed the following order:

"Issue notice.

The difference of amount of Court fees be deposited before the High Court within three weeks from today, subject to aforesaid deposit, there shall be stay of operation of the impugned judgment. The amount, so deposited be kept in a fixed deposit account until further orders."

8. The facts giving rise to the present appeal are not in dispute. The lands belonging to the respondents were acquired under the Land Acquisition Act, 1894; possession was taken and an award was passed by the Land Acquisition Officer. Upon a reference made under Section 18 of the Act, the Reference Court granted the statutory benefits contemplated under Sections 23(1-A), 23(2) and 28 of the Act. Aggrieved thereby, the appellant preferred an appeal under Section 54 of the Act before the High Court. Significantly, the appellant did not dispute the determination of the market value of the acquired land, but confined its challenge only to the statutory benefits awarded by the Reference Court. While filing the appeal, the appellant paid only a fixed court fee of Rs.10/instead of *ad valorem* court fee on the amount sought to be excluded from the award.

---

[10] AIR 1980 P&H 117

9. The short but important question that arises for consideration is whether an appeal under Section 54 of the Act challenging only the statutory benefits awarded under Sections 23(1-A), 23(2) and 28 of the Act, attracts *ad valorem* court fee under Section 8 of the Court Fees Act, or whether payment of a fixed court fee would suffice.

10. The answer to the aforesaid question lies in a conjoint reading of the relevant provisions of the Court Fees Act, 1870 and the Land Acquisition Act, 1894, which are as follows:

Court Fees Act, 1870

8. ***Fee on memorandum of appeal against order relating to compensation.*** *The amount of fee payable under this Act on a memorandum of appeal against an order relating to compensation under any Act for the time being in force for the acquisition of land for public purposes, shall be computed according to the difference between the amount awarded and the amount claimed by the appellant.*

Land Acquisition Act 1894

23. Matters to be considered in determining compensation

In determining the amount of compensation to be awarded for land acquired under this Act, the Court shall take into consideration

Firstly, the market-value of the land at the date of the publication of the [notification under Section 4, sub-section (1)]

Secondly, the damage sustained by the person interested, by reason of the taking of any standing crops or trees which may be on the land at the time of the Collector's taking possession thereof

Thirdly, the damage (if any) sustained by the person interested, at the time of the Collector's taking possession of the land, by reason of severing such land from his other land;

Fourthly, the damage (if any) sustained by the person interested, at the time of the Collector's taking possession of the land, by reason of the acquisition injuriously affecting his other property, movable or immovable, in any other manner, or his earnings;

Fifthly, if, in consequence of the acquisition of the land by the Collector, the person interested is compelled to change his residence or place of business, the reasonable expenses (if any) incidental to such change

Sixthly, the damage (if any) bona fide resulting from diminution of the profits of the land between the time of the publication of the declaration under Section 6 and the time of the Collector’s taking possession of the land.

(1-A) In addition to the market-value of the land, as above provided, the Curt shall in every case award an amount calculated at the rate of twelve per centum per annum of such market value for the period commencing on and from the date of the publication of the notification under Section 4, sub-section (1), in respect of such land to the date of the award of the Collector or the date of taking possession of the land, whichever is earlier.

Explanation – In computing the period referred to in this sub-section, any period or periods during which the proceedings for the acquisition of the land were held up on account of any stay or injunction by the order of any court shall be excluded.

(2) In addition to the market value of the land, as above provided, the Court shall in every case award a sum of thirty per centum on such market-value, in consideration of the compulsory nature of the acquisition.

26. Form of awards

(1) Section 26 renumbered as sub-section (1) thereof and sub-section (2) addedby Act 19 of 1921, Section 2. Every award under this part shall be in writing signed by the Judge, and shall

specify the amount awarded under clause first of sub-section (1) of section 23, and also the amounts (if any). Respectively awarded under each of the other clauses of the same sub-section, together with the grounds of awarding each of the said amounts.

(2) Every such award shall be deemed to be a decree and the statement of thegrounds of every such award a judgment within the meaning of section 2, clause (2), and section 2, clause (9), respectively of the Code of Civil Procedure, 1908 (5 of 1908). Section 26 renumbered as sub-section (1) thereof and sub-section (1) thereof and sub-section (2) added by Act 19 of 1921, Section 2.

***28. Collector may be directed to pay interest on excess compensation** If the sum which, in the opinion of the Court, the Collector ought to have awarded as compensation is in excess of the sum which the Collector did award as compensation, the award of the Court may direct that the Collector shall pay interest on such excess at the rate of [nine per centum] per annum from the date on which he took possession of the land to the date of payment of such excess into Court.*

Provided that the award of the Court may also direct that where such excess or any part thereof is paid into Court after the date of expiry of a period of one year from the date on which possession is taken, interest at the rate of' fifteen per centum per annum, shall be payable from the date of expiry of the said period of one year on the amount of such excess or part thereof which has not been paid into Court before the date of such expiry.

54. Appeals in proceedings before Court.

Subject to the provisions of the Code of Civil Procedure, 1908 (5 of 1908) applicable to appeals from original decrees, and notwithstanding anything to the contrary in any enactment for the time being in force, an appeal shall only lie in any proceedings under this Act to the High Court from the award, or from any part of the award of the Court and from any decree of the High Court passed on such appeal as aforesaid an appeal shall lie to the Supreme Court subject to the provisions contained in section 110 of the Code of Civil Procedure, 1908, and in Order XLV thereof.

11. The Court Fees Act, 1870 is a fiscal statute enacted to regulate the levy of fees on proceedings instituted before courts. Its object is twofold: first, to secure revenue connected with the administration of justice, and secondly, to regulate recourse to civil proceedings through a prescribed fee structure. Being a fiscal enactment, its provisions are required to be construed strictly. Section 8 thereof is a special provision governing the computation of court fee payable on a memorandum of appeal against an order relating to compensation under any law providing for compulsory acquisition of land. It expressly mandates that the court fee shall be computed according to the difference between the amount awarded and the amount claimed by the appellant. The provision makes no distinction between the various constituents of compensation, nor does it carve out any exception where the appeal is confined to one or more statutory components thereof.

12. Equally, the scheme of the Land Acquisition Act, 1894 does not permit any such distinction. Section 23 provides a complete code for determination of compensation. While clause first of sub-section (1) requires determination of the market value of the acquired land, sub-sections (1-A) and (2) mandate payment of the additional amount and solatium respectively. Section 28 further authorises payment of statutory interest on the excess compensation determined by the Court. These statutory additions are neither optional nor collateral; they are mandatory incidents of compensation flowing directly from the statute. Consequently, the award passed by the Reference Court comprises one composite determination of compensation under the Act.

13. This statutory position has consistently received authoritative recognition from this Court. In ***Narain Das Jain v. Agra Nagar Mahapalika***[11], this Court explained that solatium is not a collateral sum but an intrinsic component of compensation awarded for compulsory acquisition of property. The following paragraphs are pertinent:

*"**6.** Section 23(2) of Land Acquisition Act, as it then was, provided that in addition to the market value of the land, as provided in sub-section (1) of Section 23, the court shall in every case award a sum of rupees fifteen per centum on such market value in consideration of the compulsory nature of acquisition. Solatium, as the word goes, is "money comfort", quantified by the statute, and given as a conciliatory measure for the compulsory acquisition of the land of the citizen, by a welfare State such as ours. The concern for such a citizen was voiced by the Law Commission of India in its Report submitted in 1957 on the Need for Reform in the Land Acquisition by observing as follows: "We are not also in favour of omitting Section 23(2) so as to exclude solatium of 15 per cent for the compulsory nature of the acquisition. It is not enough for a person to get the market value of the land as compensation in order to place himself in a position similar to that which he could have occupied had there been no acquisition; he may have to spend a considerable further amount for putting himself in the same position as before..... As pointed out by Fitzgerald the community has no right to enrich itself by deliberately taking away the property of any of its members in such circumstances without providing adequate compensation for it. This principle has been in force in India ever since the Act of 1870. The Select Committee which examined the Bill of 1883 did not think it necessary to omit the provision but on the other hand transferred it to Section 23."*

***7.** The importance of the award of solatium cannot be undermined by any procedural blockades. It follows automatically the market value of the land acquired, as a shadow would to a man. It springs up spontaneously as a part of the statutory growth on the determination and emergence of market value of the land acquired. It follows as a matter of course without any impediment. That it falls to be awarded by the court "in every case" leaves no discretion with the court in not awarding it in some cases and awarding in others. Since the award of solatium is in consideration of the compulsory nature of acquisition, it is a hanging mandate for the court to award and supply the omission at any stage where the court gets occasion to amend or rectify. This is the spirit of the provision, wherever made.*

…

***11.** Before parting with the judgment, we need to clarify that solatium in the scheme of Section 23(2) of the Land Acquisition Act is part of the compensation and Sections 28 and 34 of the said Act provided payment of interest on the amount of compensation. This Court recently in Periyar and Pareekanni Rubbers Ltd v. State of Kerala, AIR 1990 SC 2192 has ruled that compensation is recompense or reparation to the loss caused to the owner of the land and that payment of interest on solatium is to recompensate the owner of the land the loss of user of the land from the date of taking possession till date of payment into court. Therein the land owner was held entitled to interest on solatium. Attention, however, may be invited to Dr. Shamlal Narula v. Commissioner of Income-tax Punjab, [1964] 7 SCR 668. The quality of the sum paid as interest was held somewhat different. It was ruled therein that the statutory interest paid under the Act is interest paid for the delayed payment of compensation amount and in no event can that be described as compensation for owner's right to retain possession, for he has no right to retain possession after possession was taken under Sections 16 and 17 of the Act. The quality of the receipt of interest can be left by us here, whether it be a recompense for the loss of user of land or is a sum paid for the delayed payment of compensation. Solatium being part of compensation must fetch statutory interest from the date of dispossession of the land owner till date of payment*."

The above observations leave no manner of doubt that solatium is an inseparable component of compensation and not an independent statutory claim.

---

[11] (1991) 4 SCC 212

14. Similar recognition of the indivisible character of compensation is also found in ***Shree Vijay Cotton & Oil Mills Ltd v. State of Gujarat*[12] *and Periyar & Pareekanni Rubbers Ltd v. State of Kerala*[13]**.

15. The Constitution Bench in ***Sunder*** (supra), placed the matter beyond any pale of controversy by holding that the expression "compensation" under the Land Acquisition Act includes not merely the market value determined under Section 23(1), but also the additional amount payable under Section 23(1-A), solatium under Section 23(2), together with the statutory interest payable thereon. The Constitution Bench expressly rejected any attempt to compartmentalize these statutory components for different legal purposes. The relevant paragraphs are usefully extracted below:

*"**14.** Question of payment of interest would arise only when the compensation is not paid or deposited on or before the date of taking possession of the land. It is inequitable that the person who is deprived of the possession of the land on account of acquisition proceedings is not given the amount which law demands to be paid to him; any delay thereafter would only be to his detriment. There must be a provision to buffet such iniquity. It is for the purpose of affording relief to the person who is entitled to such compensation when the payment of his money is delayed that the provision is made in Section 34 of the Act. That section is extracted below:*

"34. Payment of interest.—When the amount of such compensation is not paid or deposited on or before taking possession of the land, the Collector shall pay the amount awarded with interest thereon at the rate of nine per centum per annum from the time of so taking possession until it shall have been so paid or deposited:

Provided that if such compensation or any part thereof is not paid or deposited within a period of one year from the date on which possession is taken, interest at the rate of fifteen per centum per annum shall be payable from the date of expiry of the said period of one year on the amount of compensation or part thereof which has not been paid or deposited before the date of such expiry."

15. *When the court is of the opinion that the Collector should have awarded alarger sum as compensation the court has to direct the Collector to pay interest on such excess amount. The rate of interest is on a par with the rate indicated in Section 34. This is so provided in Section 28 of the Act which is extracted below: "28. If the sum which, in the opinion of the court, the Collector ought to have awarded as compensation is in excess of the sum which the Collector did award as compensation, the award of the court may direct that the Collector shall pay interest on such excess at the rate of nine per centum per annum from the date on which he took possession of the land to the date of payment of such excess into court.*

Provided that the award of the court may also direct that where such excess or any part thereof is paid into court after the date of expiry of a period of one year from the date on which possession is taken, interest at the rate of fifteen per centum per annum shall be payable from the date of expiry of the said period of one year on the amount of such excess or part thereof which has not been paid into court before the date of such expiry."

16. *Thus interest has to accrue as per Section 34 and Section 28 of the Act onthe compensation awarded, whether it is as per the award initially passed by the Collector or by the court later. What is meant by "the compensation" awarded? Both sides cited different definitions for the word "compensation" as contained in different lexicographics. In Words and Phrases (Permanent Edn.) different connotations of the word "compensation" have been delineated. One of them relates to the law of eminent domain, where compensation means recompense in value, a quid pro quo, and must be in money. Another is relating to the property taken for public use. Then it is the fair market value at the time of taking it. From the constitutional perspective the*

[12] (1991) 1 SCC 262

[13] (1991) 4 SCC 195

word "compensation" for the property taken was understood as the just equivalent of the value of the property. But when compensation is regarded as a statutory obligation the aforecited definitions need not detract the courts in fathoming the real import of it. The exercise can be done with the aid of the provisions in the statutes. So what the court, in the context of land acquisition, has to decide is how the Act has designed the compensation vis-à-vis the liability to pay interest. In this context we have to read Section 23 of the Act. …..

23. *In deciding the question as to what amount would bear interest under Section 34 of the Act, a peep into Section 31(1) of the Act would be advantageous. That sub-section says:*

"31. (1) On making an award under Section 11, the Collector shall tender payment of the compensation awarded by him to the persons interested entitled thereto according to the award, and shall pay it to them unless prevented by some one or more of the contingencies mentioned in the next sub-section."

The remaining sub-sections in that provision only deal with the contingencies in which the Collector has to deposit the amount instead of paying it to the party concerned. It is the legal obligation of the Collector to pay "the compensation awarded by him" to the party entitled thereto. We make it clear that the compensation awarded would include not only the total sum arrived at as per sub-section (1) of Section 23 but the remaining sub-sections thereof as well. It is thus clear from Section 34 that the expression "awarded amount" would mean the amount of compensation worked out in accordance with the provisions contained in Section 23, including all the sub-sections thereof.

24. *The proviso to Section 34 of the Act makes the position further clear. Theproviso says that "if such compensation" is not paid within one year from the date of taking possession of the land, interest shall stand escalated to 15% per annum from the date of expiry of the said period of one year "on the amount of compensation or part thereof which has not been paid or deposited before the date of such expiry". It is inconceivable that the solatium amount would attract only the escalated rate of interest from the expiry of one year and that there would be no interest on solatium during the preceding period. What the legislature intended was to make the aggregate amount under Section 23 of the Act to reach the hands of the person as and when the award is passed, at any rate as soon as he is deprived of the possession of his land. Any delay in making payment of the said sum should enable the party to have interest on the said sum until he receives the payment. Splitting up the compensation into different components for the purpose of payment of interest under Section 34 was not in the contemplation of the legislature when that section was framed or enacted.…*

26. *We think it useful to quote the reasoning advanced by Chief Justice S.S. Sandhawalia of the Division Bench of the Punjab and Haryana High Court in State of Haryana v. Kailashwati [AIR 1980 P&H 117 : (1980) 82 Punj LR 122] : (SCC p. 119, para 10)*

"Once it is held as it inevitably must be that the solatium provided for under Section 23(2) of the Act forms an integral and statutory part of the compensation awarded to a landowner, then from the plain terms of Section 28 of the Act, it would be evident that the interest is payable on the compensation awarded and not merely on the market value of the land. Indeed the language of Section 28 does not even remotely refer to market value alone and in terms talks of compensation or the sum equivalent thereto. The interest awardable under Section 28 therefore would include within its ambit both the market value and the statutory solatium. It would be thus evident that the provisions of Section 28 in terms warrant and authorise the grant of interest on solatium as well.""

16. The same principle was reiterated in ***Gurpreet Singh v. Union of India[14],*** wherein, this Court observed that once compensation is determined, the decree represents one composite award of compensation comprising the market value together with all statutory additions. The following paragraphs are apposite:

---

[14] (2006) 8 SCC 457

*"**54.** One other question also was sought to be raised and answered by this Bench though not referred to it. Considering that the question arises in various cases pending in courts all over the country, we permitted the counsel to address us on that question. That question is whether in the light of the decision in Sunder [(2001) 7 SCC 211 : 2001 Supp (3) SCR 176], the awardee/decreeholder would be entitled to claim interest on solatium in execution though it is not specifically granted by the decree. It is well settled that an execution court cannot go behind the decree. If, therefore, the claim for interest on solatium had been made and the same has been negatived either expressly or by necessary implication by the judgment or decree of the Reference Court or of the appellate court, the execution court will have necessarily to reject the claim for interest on solatium based on Sunder [(2001) 7 SCC 211 : 2001 Supp (3) SCR 176] on the ground that the execution court cannot go behind the decree. But if the award of the Reference Court or that of the appellate court does not specifically refer to the question of interest on solatium or in cases where claim had not been made and rejected either expressly or impliedly by the Reference Court or the appellate court, and merely interest on compensation is awarded, then it would be open to the execution court to apply the ratio of Sunder [(2001) 7 SCC 211 : 2001 Supp (3) SCR 176] and say that the compensation awarded includes solatium and in such an event interest on the amount could be directed to be deposited in execution. Otherwise, not. We also clarify that such interest on solatium can be claimed only in pending executions and not in closed executions and the execution court will be entitled to permit its recovery from the date of the judgment in Sunder [(2001) 7 SCC 211 : 2001 Supp (3) SCR 176] (19-92001) and not for any prior period. We also clarify that this will not entail any reappropriation or fresh appropriation by the decree-holder. This we have indicated by way of clarification also in exercise of our power under Articles 141 and 142 of the Constitution of India with a view to avoid multiplicity of litigation on this question."*

17. Once this legal position is accepted, the consequence under the Court Fees Act necessarily follows. As already stated above, Section 26 of the Act declares that every award of the Reference Court shall be deemed to be a decree within the meaning of Section 2(2) of the Code of Civil Procedure. Consequently, an appeal under Section 54 is nothing but an appeal against such decree. Since the decree itself comprises market value together with all statutory components forming part of compensation, an appellant who seeks reduction or exclusion of any one of those quantified components necessarily seeks modification of the decree itself. The character of the appeal cannot vary merely because the appellant chooses to challenge only one constituent of the decretal amount.

18. The controversy is, in our considered opinion, concluded by the judgment of this Court in ***Indore Development Authority*** (supra). This Court unequivocally held that the award passed by the Reference Court is a decree and that an appeal under Section 54 challenging such decree attracts Section 8 of the Court Fees Act. The Court further held that where the acquiring authority seeks to avoid the enhanced compensation awarded by the Reference Court, it is liable to pay *ad valorem* court fee computed on the amount sought to be avoided. The principle laid down therein is not confined to appeals questioning enhancement of market value alone. The underlying rationale is that the appeal is directed against the decree awarding compensation. Since statutory benefits themselves form an inseparable part of the compensation awarded under the decree, an appeal seeking deletion or reduction of those statutory benefits equally seeks reduction of the decretal compensation. The relevant paragraphs are profitably quoted as under:

*"**8.** It is true that the appellant is not the claimant. But when the appellant seeks to avoid the decree, which is made by the reference Court, it must be construed that the appellant is seeking to avoid the amount of higher compensation determined by the reference Court, as claimed by the land owners. Therefore, the appellant is required to pay the Court fee on the memorandum of appeal to the extent on which the appellant seeks to avoid the higher compensation awarded by the reference Court under the Central Act. When its legality is challenged by filing the appeal*

under s.54, the difference of the amount for which appeal is filed, ad valorem court fee under s.8 is required to be paid. Article 11 of Schedule II has no application, since it is expressly covered by s.8 of the M.P. Court fee Act.

9. *The decision of this Court in Diwan Bros. vs. Central Bank of India, Bombay., 1976 (Suppl.) SCR 664, relied on by Shri V.R. Reddy has no application to the facts in this case. Therein, the Special Tribunal was constituted and an application was to be made to the Tribunal for determination of the disputes. In view of the specific language, this Court held that the criteria prescribed under sub-section (2) of s.2 of the CPC has not been satisfied. Therefore, the order is not a decree and the application is not a plaint as required by CPC. Therefore, it was held that fixed court fee was required to be paid on memorandum of appeal. But, as stated earlier, since the Act has treated the Court under the Central Act as an established civil court of original jurisdiction and conferred the power and jurisdiction to determine conclusively the objection regarding the measurement or compensation or title to receive the compensation between the contesting parties, it is a Civil Court under the CPC and the award of the Civil Court is deemed under s.26(2) to be a decree within the meaning of sub-section (2) of s.2 of CPC.*

10. *So, the appellants are required to pay ad valorem court fee. The appellantsare granted two months' time from today for payment of the deficit court fee. The appeals are accordingly disposed of. No costs."*

The ratio of ***Indore Development Authority*** (supra), therefore, squarely governs the present controversy and leaves no room for application of the fixed court fee prescribed elsewhere.

19. Pertinently, SLP (C) Nos. 16753 – 16754 of 2018 [***Power Grid Corporation of India Ltd v. Gurbachan Singh and others***] preferred against the judgment and order dated 14.02.2018 passed by the High Court of Uttarakhand at Nainital in First Appeal Nos. 109 of 2013 and 113 of 2013, were dismissed by this Court on 04.09.2018. Though dismissal of the Special Leave Petitions does not amount to a declaration of law under Article 141 of the Constitution, it nevertheless lends support to the view taken by the High Court in directing payment of *ad valorem* court fee.

20. It is true that certain earlier decisions of the High Courts, including ***Moulvi Abun Naser Khuthubuddin Syed Shah Mohammed Rakher Khadiri*** (supra) and the Full Bench decision of the Andhra Pradesh High Court in ***Kesireddy Appala Swamy*** (supra), referred to by the learned counsel for the appellant, had proceeded on the premise that statutory benefits were independent of compensation and therefore did not attract *ad valorem* court fee. However, those decisions were rendered prior to the authoritative pronouncements of this Court in ***Indore Development Authority, Sunder and Gurpreet Singh***. In view of the law subsequently declared by this Court, the distinction sought to be drawn between market value and statutory benefits can no longer be treated as laying down good law.

21. There is yet another aspect of the matter. As noticed earlier, the Court Fees Act is a fiscal statute enacted to secure public revenue. It is well settled that there can be no estoppel against a statute. An erroneous acceptance of deficient court fee by the Registry or even by the Court cannot confer any vested right upon the litigant nor dispense with compliance with the statutory mandate. Whenever deficiency is noticed, the Court is fully empowered to require payment of the deficit court fee. At the same time, before any adverse consequence follows, the appellant must be afforded a reasonable opportunity to make good the deficiency. This principle has recently been reiterated by this Court in ***Vinod Infra Developers Ltd. v. Mahaveer Lunia***[15] ***and Manjula v. D.A. Srinivas***[16]***,***

---

[15] 2025 SCC OnLine SC 1208

[16] 2026 SCC OnLine SC 831

wherein it has been held that rejection of proceedings on the ground of deficit court fee can follow only after an opportunity has been granted to rectify the defect.

22. It is also significant that no material has been placed before this Court to indicate that the State of Uttarakhand has enacted any amendment to Section 8 of the Court Fees Act excluding statutory benefits from computation of court fee or prescribing payment of a fixed court fee in appeals under Section 54 of the Act. On the contrary, the State continues to be governed by the unamended provisions of the Court Fees Act. The legislative practice in certain other States, such as Maharashtra and Haryana, where specific statutory amendments have been introduced either excluding statutory benefits or prescribing a fixed court fee, only reinforces the conclusion that any such exemption must flow from an express legislative provision. In the absence of any such amendment applicable to the State of Uttarakhand, the plain language of Section 8 must receive full effect. The Court cannot read into the statute an exemption which the legislature has consciously chosen not to provide. To hold otherwise would amount to supplying a *casus omissus*, which is impermissible in the interpretation of a fiscal statute.

23. Applying these settled principles to the facts of the present case, it is evident that the appellant sought deletion of the additional amount under Section 23(1-A), solatium under Section 23(2) and statutory interest under Section 28. Each of these amounts forms an integral part of the compensation awarded by the Reference Court and consequently forms part of the decretal amount. The appeal was therefore, one relating to compensation within the meaning of Section 8 of the Court Fees Act. The appellant was accordingly liable to pay ad valorem court fee on the value of the relief claimed, and payment of a fixed court fee of Rs. 10/- was legally impermissible.

24. We accordingly hold that the additional amount under Section 23(1-A), solatium under Section 23(2) and statutory interest under Section 28 constitute integral and inseparable components of the compensation awarded under the Land Acquisition Act, 1894. An appeal under Section 54 seeking reduction or exclusion of any such component is an appeal against the decree of the Reference Court relating to compensation and consequently attracts ad valorem court fee under Section 8 of the Court Fees Act. We therefore find no error in the view taken by the High Court that the memorandum of appeal was liable to be accompanied by *ad valorem* court fee and that payment of a fixed court fee was contrary to law. The impugned judgment of the High Court, therefore, warrants no interference.

25. The Civil Appeal is accordingly dismissed.

26. Since the appellant has complied with the order dated 12.02.2018 passed by this Court by depositing the deficit court fee before the High Court, the High Court shall proceed with the First Appeal in accordance with law. The amount deposited in the fixed deposit pursuant to the order of this Court, shall be transferred to the account of the High Court.

27. There shall be no order as to costs.

28. Pending application(s), if any, shall stand disposed of.