

# SUPREME COURT OF INDIA

Union of India

Vs.

Seneth Munda

C.A.No.2290 of 2010

(Dalveer Bhandari and A.K.Patnaik JJ.)

10.03.2010

## JUDGEMENT

**Dalveer Bhandari, J.**

1. Leave granted.
2. We have heard the learned counsel for the parties.
3. This appeal is directed against the judgment and order dated 2.4.2009 passed by the High Court of Jharkhand at Ranchi in Contempt Case (Civil) No. 815 of 2007, whereby the appellants have been directed to pay the interest at the rate of 12% per annum on the awarded amount from 22.6.2003 to 25.11.2006. The said amount was directed to be paid by 30.5.2009.
4. Brief facts necessary for the disposal of this appeal are recapitulated as under:
5. In the year 1986, the Union of India after paying compensation acquired the land belonging to the respondents for construction of a Camp for military operation, under the Requisition and Acquisition of Immovable Property Act, 1952 ("RAIP Act"). The land owners, respondents herein, raised a dispute over the amount of compensation and an arbitrator was appointed. The Arbitral Tribunal passed an award in favour of the respondents directing the Union of India to pay compensation at the rate of Rs.2000/- per decimal of land and solatium at the rate of 20% and interest at the rate of 9% per annum on the balance amount payable to the respondents.

“The Arbitral Tribunal further directed that the amount payable to the respondents shall be paid within a period of three months from the date of passing the award, failing which the Union of India shall have to pay interest at the rate of 12% per annum.”

6. The High Court by its order dated 27.4.2007, while upholding the award of the Arbitral Tribunal, reduced the post award interest from 12% to 9% per annum. The High Court, however, directed that if the amount is not paid within a period of three months from the date of the order, the respondents will become entitled to post award interest at the rate of 12% per annum. The limit of three months to execute the award was extended by the High Court by another two months.

7. Aggrieved by the order dated 27.4.2007 passed by the High Court, the Union of India filed a special leave petition before this Court, which was dismissed on the ground of delay.

8. The respondents filed a Contempt Petition before the High Court of Jharkhand at Ranchi, alleging that the appellants have not complied with the award passed by the Arbitral Tribunal and upheld by the High Court vide its order dated 27.4.2007. The High Court by the impugned order has directed the appellants Union of India to calculate and pay the interest at the rate of 12% per annum from 22.6.2003 to 25.11.2006 on the amount of Rs.1,37,98,860.08. Aggrieved by the aforesaid order passed by the High Court in the contempt petition, the Union of India has filed this appeal by special leave.

9. Learned counsel for the respondents submits that the respondents are entitled to interest at the rate of 12% per annum on the awarded amount, solatium and also on the amount of interest as directed by the High court as the appellants have failed to make payment within the time granted by the High Court.

10. Learned counsel for the appellants submits that the respondents are entitled to the awarded amount and solatium with interest at the rate of 9% per annum. She further submits that the whole amount has been paid by the appellants and a copy of the compliance report was filed before the High Court.

11. This Court in *Union of India v. Chajju Ram (dead) by L.Rs. & Others*<sup>1</sup>, has clearly laid down that the land owners under the Land Acquisition Act vis-à-vis the RAIP Act or the Defence of India Act, are not similarly situated and solatium and interest on the amount of compensation are not legally sustainable.

12. We are of the considered view that payment of interest at the rate of 12% per annum from 22.6.2003 to 25.11.2006 on the amount of Rs,1,37,98,860.08 tantamounts to payment of interest on interest, which is not permissible under the RAIP Act. Consequently, the impugned order of the High Court dated 2.4.2009 is set aside, which allowed the contempt petition filed by the respondents before the High Court. This appeal is accordingly allowed and disposed of. In the facts and circumstances of this case, we direct the parties to bear their respective costs.

<sup>1</sup>(2003) 5 SCC 568