IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA
CWP No. 2816 of 2024
Reserved on: September 29, 2026
Date of Decision: October 5, 2026
Uploaded on: October 8, 2026

Deepak Bareja and another .....Petitioners

Versus

Union of India and others ... Respondents

Coram:
Hon'ble Mr. Justice Sandeep Sharma, Judge.
Whether approved for reporting? [1] yes.

For the Petitioners: Mr. Y.P. Sood, Advocate.

For the Respondents: Mr. R.K. Khidtta, Advocate, for respondents Nos. 1 and 2.
Mr. Rajan Kahol and Mr. Vishal Panwar, Additional Advocate General with Mr. Ravi Chauhan and Mr. Anish Banshtu, Deputy Advocates General, for respondent No.3.

Sandeep Sharma, Judge:

By way of instant petition, petitioners have sought following main reliefs:

"i) Writ of mandamus may kindly be issued against the Respondents directing the Respondents to make payment of amount of compensation as payable to the Petitioners for acquisition of their land for the construction of National Highway No.72 Bye-pass Paonta Sahib-Ballarpur Road in Village Bhuppur-IInd, Tehsil Paonta Sahib, District Sirmour, (H.P.) as determined vide Award No.3/2022, Annexure P-2 passed by the Respondent No.3.

[1] *Whether the reporters of the local papers may be allowed to see the judgment?*

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ii) That the Respondents be also directed to pay interest on the award amount @ 18% Per Annum w.e.f. the date of passing of the award Annexure P-2 till actual payment."

2. For having bird's eye view of the matter, relevant facts arising out of pleadings adduced on record by respective parties are that land measuring 6879 hectares situate in *Khasra* Nos. 796, 799 and 800, out of total land measuring 0-01-64-19 hectares situate at Mohal Bhuppur 2nd, Tehsil Paonta Sahib, District Sirmaur, owned and possessed by the petitioners, came to be acquired by respondent No.2, through respondent No.3 for the purpose of construction (widening / four laning), maintenance, management and operation of National Highway No. 72 By Pass Paonta Sahib-Ballupur (Dehradun) from Km 97.000 to Km. 104.000 Km. in District Sirmaur, Himachal Pradesh.

3. Respondent No.3 being Competent Authority for Land Acquisition under National Highways Act, 1956, passed Award No. 3/2022, dated 14.2.2022, in respect of land as detailed hereinabove, belonging to the petitioners as also other stake-holders, whose land also came to be acquired for the construction of road.

4. Though after passing of award, respondent Nos. 1 and 2 were under obligation to deposit the amount of compensation in respect of acquisition of land with respondent No.3, who was further under duty to disburse the same to the land-owners including the petitioners, however, the fact remains that respondent No.3 failed to pay the amount of compensation to the petitioners as per Award (Annexure P-2), on account of non-deposit of same by respondent Nos. 1 and 2. Pleadings further reveal that respondent No.2 though deposited the amount of compensation in compliance to award

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with respondent No.3 vide letter dated 17.2.2023, but same was not released further, as per instructions of respondent Nos. 1 and 2 not to release the award amount till the time, arbitration proceedings initiated against Award No.3/2022, dated 14.2.2022 are not concluded by the Divisional Commissioner.

5. In the afore background, petitioners have approached this Court in the instant proceedings praying therein to issue direction to respondent No.3 to release the award amount in their favour, as per award, alongwith interest at the rate of 18% per annum.

6. Pursuant to notices issued in the instant proceedings, respondents Nos. 1 and 2 and respondent No.3 have filed replies, wherein facts, as have been noticed herein above, have not been disputed rather an attempt has been made to refute the claim of the petitioners on the ground that in compliance to award dated 14.2.2022, entire award amount was deposited with respondent No.3 vide letter dated 17.2.2023 (Annexure R-2/1 of reply of respondents Nos. 1 and 2) but same could not be released in favour of petitioners on account of pendency of arbitration proceedings, which subsequently came to be decided by respondents No. 1 & 2**.** It is further pleaded in the reply of respondents Nos. 1 and 2 that as per S.3H of the Act 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. Though, in adherence to afore provision, Central Government deposited amount of Rs.43.27 Crore with respondent No.3 in its account, on 16.2.2023, but since award was laid challenge in arbitration

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proceedings, a communication was sent to respondent No.3, not to disburse the amount.

7. Respondent No.3, in its reply has submitted that it had not withheld any amount, of its own, rather there was a specific direction issued by respondent Nos. 1 and 2 not to disburse the amount, till the time, arbitration proceedings are concluded by Divisional Commissioner.

8. Having heard learned counsel for the parties and perused the material available on record, this Court finds that in terms of award passed by respondent No. 14.2.2022, petitioners were entitled to sum of Rs. 3,78,76,160/-, out of total amount of Rs.43.27 Crore deposited by respondent nos. 1 and 2 qua entire land. Though award was passed by respondent No.3 on 14.2.2022 (Annexure P-2) but the fact remains that amount in terms of aforesaid Award came to be deposited on 16.2.2023 with respondent No.3 i.e. after 367 days of passing of award.

9. Though, during the pendency of the instant petition, amount falling to share of petitioners in terms of award dated 14.2.2022, i.e. Rs.3,78,76,160/- (Rs.1,89,38,080/- each) stands disbursed vide communication dated 24.7.2024 by respondent No.3 but now dispute is qua the amount of interest, if any, payable to the petitioners on account of delay in disbursement of award amount.

10. Mr. Y.P. Sood, learned counsel for the petitioners vehemently argued that once vide Award dated 14.2.2022, petitioners had become entitled to certain amount, on account of acquisition of their land on 14.02.2022 coupled with the fact that entire amount of Rs.43.27 Crore came to be deposited with respondent No.3 on 16.2.2023, petitioners are entitled to interest on award amount with effect from 14.2.2022 to 16.2.2023. Mr. Sood

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submitted that the amount of Rs.43.27 Crore mentioned in reply by respondents Nos. 1 and 2 did not pertain to Award of Mauza Bhuppur-II but the amount of Rs.43.27 Crore also included the amount of Award no. 1/22 of Up Sampada Kedarpur, Award No. 4/22 of Up Sampada Shamsherpur, Award N. 2/22 of Mauza Kedarpur, which fact finds mention in letter dated 19.5.2023 of respondent no.2 addressed to District Collector, Sirmaur (Annexure A-1 of CMP No. 13731 of 2025). Mr. Sood submitted that, admittedly, arbitration proceedings came to be commenced after 16.2.2023, which were finally dismissed and even if it is presumed that during the pendency of arbitration proceedings, petitioners herein were not entitled to amount of compensation on account of stay granted by learned Arbitrator, petitioners are entitled to interest on award amount with effect from 14.2.2022 till 16.2.2023.

11. To the contrary, Mr. Rajan Kahol, learned Additional Advocate General appearing for respondent No.3 and Mr. R.K. Khidtta, Advocate appearing for respondents Nos. 1 and 2, vehemently argued that petitioners are not entitled to interest for the period, as is being claimed. Mr. Kahol, learned Additional Advocate General submitted that since there was a direction issued by respondents Nos. 1 and 2 not to disburse the amount till the disposal of arbitration proceedings, no illegality can be said to have been committed by respondent no.3, by not disbursing the amount.

12. Mr. R.K. Khidtta, learned counsel for respondent Nos.1 and 2, submitted that since despite acquiring the land of petitioners, as per law, in 2023, petitioners did not allow respondents nos. 1 and 2 to take possession of land, there was delay in construction of road, as such, amount, as is being claimed by petitioners on account of interest, is not payable, rather,

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petitioners are liable to compensate respondents Nos. 1 and 2 for undue delay in construction of afore land. He submitted that petitioners are not entitled to interest at the rate of 18% per annum, because, respondents Nos. 1 and 2 had already deposited award amount as per Award passed by competent authority. He submitted that since contractor of respondent no.2 could not start construction of fourlane till 2025, cost of construction increased and petitioners are entirely responsible hence, respondents Nos.1 and 2 reserve their right to recover interest part w.e.f. 14.2.2022 till 2025 and also recover loss caused to NHAI from the petitioners, on account of increase in cost of construction of road.

13. Having heard learned counsel for the parties and perused the material available on record, this Court finds that there is no dispute that land belonging to the petitioners was acquired for the construction of National Highway-722, Paonta Sahib-Ballupur and respondent no.3 vide award dated 14.2.2022, held petitioners as well as other land owners entitled for compensation. It is also not in dispute that amount in terms of award dated 14.2.2022, ultimately came to be deposited with respondent no.3 on 16.2.2023, i.e. after 367 days of passing of award. Even after deposit of amount on 16.2.2023, same was not disbursed in favour of petitioners and other land-owner on account of instructions issued by respondents Nos. 1 and 2, to respondent No.3, not to disburse the amount to the petitioners as well as other land owners, till the disposal of arbitration proceedings.

14. It is not in dispute that arbitration proceedings were commenced after 16.2.2023 and ultimately those were also decided against respondents Nos. 1 and 2. In nutshell, case of petitioners, who admittedly during the pendency of the writ petition have received sum of Rs.4,10,50,628, is that

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they are entitled to interest on aforesaid amount with effect from 14.2.2022 till 16.2.2023. It is an admitted case of petitioners that they have been paid interest on the amount as per Award (Annexure P-2) with effect from 26.3.2021 to 14.2.2022 and at present, dispute is only with respect to interest payable with effect from 14.2.2022 to 16.2.2023. It is the claim of the petitioners that since for no cogent and convincing reasons, award amount was not deposited for one year, they are entitled for interest on said amount, for 367 days.

15. To the contrary, claim of respondents Nos. 1 and 2 is that award dated 14.2.2022 was laid challenge by way of arbitration proceedings, before Divisional Commissioner and said authority stayed operation of impugned Award, as such, there was no occasion, if any, for the petitioners to claim interest on account of delay in deposit of award amount.

16. Parties are ad-idem that arbitrator had stayed the Award dated 14.2.2022 after institution of arbitration proceedings in February, 2023. Though arbitration proceedings have been decided against respondents Nos. 1 and 2, but even if it is presumed that petitioners were not entitled to interest for the period with effect from 16.2.2023 till the conclusion of arbitration proceedings, there appears to be merit in the claim of petitioners that they are entitled to interest for a period of 367 days with effect from 14.2.2022 to 16.2.2023, during which period, award amount in terms of award dated 14.2.2022 never came to be deposited. Since the petitioners were held entitled to award amount on 14.2.2022, coupled with the fact that award dated 14.2.2022 remained in force till the time, same was stayed by learned Arbitrator on 23.07.2024, petitioners are within their right to claim

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interest qua the amount, falling to their share in terms of award dated 14.2.2022.

17. Though, it came to be vehemently argued by Mr. R.K. Khidtta, learned counsel for the respondent nos. 1 and 2 that despite petitioners having received amount of compensation, they failed to deliver the possession of land, due to which construction work was delayed, but such fact cannot be a ground to deny interest for 367 days.

18. S.3D (2) of the Act *ibid* clearly provides that on the publication of the declaration under sub-section (1), the land shall vest absolutely in the Central Government free from all encumbrances.

19. In the case at ahnd, Central Government in exercise of power under Clause 3A of the Act authorized Sub Divisional Officer Paonta Sahib as competent authority to perform functions of such authority under the Act with effect from the date of publication of Notification in the Gazette of India vide SO No. 202(E) dated 151.2021 in respect of stretch of land from Km. 97.000 to Km 104.000 of National Highway No. 72 By Pass Paonta Sahib-Ballupur (widening/ four-lane). Central Government, through Ministry of Road Transport and Highways exercising powers conferred by sub-section (1) of section (A) of the Act *ibid*, after being satisfied that for the public purpose, the land, brief description of which was given in the official gazette of India published on 26.3.2021 is required for building (widening/ four laning etc.) declared its intention to acquire such land. As required by S.3(A)(3) of Act, contents of Notification were also published in two news papers, one in National Daily and another in a vernacular, “The Times of India” and “Amar Ujala” dated 2.4.2021, inviting objections in writing, if any, within twenty one days, either in person or by a legal practitioner.

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20. With the issuance of Notification, as detailed herein above, land came to be vested absolutely in Central Government, in terms of S.3D. If it is so, ground otherwise attempted to be raised by Mr. R.K. Khidtta that on account of delay in handing over possession of land, construction of National Highway was delayed, is of no consequence/relevance, especially for considering the relief prayed for in the instant proceedings.

21. Though, it came to be vehemently argued at the behest of respondent No.3 that after deposit of amount by respondents Nos. 1 and 2, same could not be released to the petitioners for want of instructions issued by respondents Nos. 1 and 2 but this court is of the view that after passing of Award in question by competent authority/respondent No. 3 itself, no authority vested with respondent nos. 1 and 2 to issue instruction to respondent No.3 not to disburse the said amount to the claimants. Since there was a delay in deposit of award amount for one year and during afore period, no stay order by any competent court of law was passed, petitioners ought to have been released amount of compensation alongwith interest for the period with effect from 15.2.2022 to 16.2.2023.

22. While, specifically referring to S.3H(1) of the Act Mr. Khidtta, attempted to justify delay in deposit of award amount but, having carefully perused Ss.3G and 3H of the Act, this Court is not persuaded to agree with Mr. Khidtta. S. 3G provides that where any land is acquired under this Act, there shall be paid an amount which shall be determined by an order of the competent authority.

23. S.3H provides that amount determined under S.3G shall be deposited by Central Government in such manner, as may be provided under the Rules, made thereunder with competent authority before taking

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possession of the land, meaning thereby, possession, if any, of acquired land could only be taken after deposit of award amount.

24. S.3H(2) provides that 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. S.3H(3) provides that 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.S.3H(4) provides that 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. S.3H(5) provides that 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. S.3H(6) provides that 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 sub-sections (2) to (4) shall apply to such deposit.

25. In the case at hand, neither there was any dispute with respect to apportionment of the amount nor any person other than petitioners ever

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raised demand with respect to release of award amount in terms of award dated 14.2.2022, a such, there was no reason for delay in deposit of amount. Moreover, in terms of S.3H(1) and (2), Central Government is under obligation to deposit the amount otherwise after passing of the award.

26. Since, in the case at hand, petitioners had become entitled to award amount on 14.2.2022, but same ultimately came to be paid to them after one year, after a delay of 367 days, petitioners are entitled to interest qua the same.

27. Admittedly, in the case at hand, respondent No.2 filed an application under S.17 of Arbitration and Conciliation Act, praying therein to stay award dated 14.2.2022 passed by respondent No.3, on 14.7.2023, and such prayer came to be allowed vide order dated 23.7.2024. On 23.7.2024, learned Arbitrator passed order directing respondent no.3 not to release amount in favour of non-applicants/petitioners, till the next date of hearing. On 23.8.2024, learned Arbitrator directed to deposit the amount in FDR, as is evident from Annexure R-2/T of CMP No. 16074 of 2024 filed by respondents Nos. 1 and 2.

28. Since prior to 14.7.2023, there was no stay granted by learned Arbitrator coupled with the fact that award amount in terms of Award dated 14.2.2022 came to be deposited on 16.2.2023, petitioners are within their right to claim interest with effect from 15.2.2022 to 16.2.2023 i.e. for 367 days.

29. Consequently, in view of detailed discussion made herein above, present petition is allowed. Respondents No. 1 and 2 are directed to calculate and pay interest at the rate of 7.5% per annum from 14.2.2022 to 16.2.2023 on the amount falling to the share of petitioners, in terms of

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award dated 14.2.2022 and deposit the same with respondent No.3, which shall then be released in favour of petitioners, on making application in this behalf before said authority. The amount so calculated shall be deposited within two weeks from the date of this order, failing the petitioners shall be entitled to enhanced rate of interest of 18% per annum from the date of this order, till actual payment, in addition to interest as awarded supra, for the period in question.

All pending applications, stand disposed of.

No order as to costs.

(Sandeep Sharma),
Judge

October 5, 2026
(vikrant)

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