

A SPECIAL LAND ACQUISITION OFFICER

v.

PUTTAIAH AND ORS.

AUGUST 16, 1995

B K. RAMASWAMY AND B.L. HANSARIA, JJ.]

*Land Acquisition Act, 1894.*

C *Ss.11 30, 31—Interest on compensation by civil court—Acquisition of Land—Compensation—Dispute regarding apportionment of compensation—Reference to civil Court—Amount deposited into reference court—Civil Court awarding interest on the amount from date of deposit till decision of reference under s.30—Held, on deposit of amount into court and pending decision of reference, liability of State to pay interest thereon ceases from date of deposit.*

D On a dispute as to the apportionment of the compensation, the Collector made a reference under s.30 of the Land Acquisition Act, 1894 to the Civil Court, which while apportioning the compensation among the claimants, awarded interest at 9% per annum. The High Court affirmed the order in a revision petition. Aggrieved, the State filed the appeal by  
E special leave.

Allowing the appeal, this Court

F HELD : 1.1. The reference court as well the High Court committed an obvious illegality in direction payment of interest at 9% on the amount of compensation from the date of deposit by the Collector till the decision of the reference court under s.30 of the Land Acquisition Act, 1894. [784-D]

*Purushotham Haridas & Ors. v. Amruth Ghee Co. Ltd., Guntur & Ors., AIR (1961) AP 143, disapproved.*

G 1.2. On making the award under s.11 of the Act, the Collector is enjoined to make a reference under s.30, if there is any dispute as to the person entitled to receive the compensation and the apportionment thereof. On making such reference, the Collector is further enjoined under s.31 of the Act to deposit the amount of compensation in the court to which  
H reference under s.18 would be submitted. On deposit of the amount into

the court and pending decision of the reference, the liability of the State to pay interest thereon ceases with effect from the date of deposit. [784-C] A

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 7979 of 1995.

From the Judgment and Order dated 10.3.87 of the Karnataka High Court in C.R.P. No. 1148 of 1987. B

M. Veerappa for the Appellant.

The following Order of the Court was delivered :

Leave granted. C

Though the respondent have been served, none is appearing either in person or through counsel. The admitted position is that there being a dispute as to the apportionment of the compensation, the Collector made a reference under s.30 of the Land Acquisition Act, 1894 (for short, 'the Act') and the Reference Court formed the point thus : D

"Who among the claimants are entitled to receive compensation and to what extent?"

The Civil Court, while apportioning the compensation among the claimants, awarded interest at 9% per annum on the amount of compensation. When it was challenged in Civil Revision Petition No. 1148/87 dated March 10, 1987, the High Court confirmed the same following a judgment of the Andhra Pradesh High Court *Purushotham Haridas & Ors. v. Amruth Ghee Co. Ltd. Guntur & Ors.*, AIR 1961 AP 143. E F

The question is whether the view of the High Court is correct. Section 11 of the Act provides that the Land Acquisition Officer shall enquire into the respective interests of the persons claiming compensation or believed to have an interest therein and shall make an award; and under clause (iii) of sub-section (1) apportion the said compensation among all persons known or believed to be interested in land, of whom or of whose claims, he has information whether or not they have respectively appeared before him. G

Under Section 30 of the Act, when the amount of compensation has H

- A** been settled under s.11, if any dispute arises as to the apportionment of the same or any part thereof or as to the persons to whom the same or any part thereof is payable, the Collector may refer such dispute to the decision of the Court. Under sub-section (2) of Section 31, if there is any dispute as to apportionment of the compensation, the Collector shall deposit the amount of compensation in the Court to which reference under Section 18 would be submitted.

- B**
- C** Thus, it could be seen that on making award under s.11, the Collector is enjoined to make a reference under s.30, if there is any dispute as to the person entitled to receive the compensation and the apportionment thereof. On making such reference, the Collector is further enjoined under s.31 to deposit the amount of the compensation in the Court to which reference under s.18 would be submitted. In other words, on deposit of the amount into the court and pending decision of the reference, the liability of the State to pay interest thereon ceases with effect from the date of the deposit.
- D** Therefore, the Reference Court as well as the High Court committed an obvious illegality in directing payment of interest at 9% on the amount from the date of deposit by the Collector till the decision of the reference court under s.30. The decision of the High Court of Andhra Pradesh is clearly illegal.

- E** The appeal is accordingly allowed and the direction to pay interest is set aside.

R.P.

Appeal allowed.