

National Highway land: if the payout was set before 2015, the extra amount paid because land is taken compulsorily is worked out under the older, less generous law

The Supreme Court says that where compensation was fixed before 2015, solatium (the extra amount paid because land is taken compulsorily) and interest are worked out under the 1894 law, not the 2013 law, even if an arbitration on the amount was decided in 2015 or later. Under the Ministry's guidelines, some such cases come under the 2013 law (see page 2).

Manav Bhanot v. National Highway Authority of India | 2026 INSC 973 | Supreme Court of India | Civil Appeal arising out of SLP (C) No. 27541 of 2024

Decided on 08.09.2026

IN BRIEF

THE CASE	The appellant's land was acquired for a national highway under the National Highways Act, 1956. On 11.07.2014, the Competent Authority (the authority that first fixes compensation under that Act) fixed his compensation, which was paid to him in October 2014. He disputed the amount and the matter went to arbitration; the arbitral award was passed after 01.01.2015.
THE QUESTION	His right to solatium (an additional amount paid because land is acquired compulsorily), interest and interest on solatium was not disputed. The only question was which law governs the calculation: the Land Acquisition Act, 1894, or the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The difference is significant. Solatium is 30% of market value under the 1894 Act and 100% of compensation under the 2013 Act. The earlier <i>Tarsem Singh</i> judgments recognised the right to these amounts under the 1894 Act, but did not decide whether the 2013 Act applies where compensation was fixed before 01.01.2015 and the arbitral award was passed later.
THE ANSWER	The 1894 Act, for two reasons: 1. The relevant date is the date on which the Competent Authority first fixed compensation. That decision is treated as the "award". The arbitration under the National Highways Act is like a reference to a civil court under the 1894 Act, so the date of the arbitral award does not decide which law applies. 2. The 2013 Act came into force on 01.01.2014. By an Ordinance of 31.12.2014 amending Section 105 of that Act, its compensation provisions were applied to national highway acquisitions from 01.01.2015, one year later. Two further Ordinances in 2015 and the Removal of Difficulties Order, 2015 followed. Here, compensation was fixed on 11.07.2014, before 01.01.2015. The appellant also relied on a Ministry of Road Transport and Highways document (the Court calls it a notification and refers to clause 4.6(c); the same rule appears at paragraph 4.6(iii)(a) of the Ministry's comprehensive guidelines dated 28.12.2017). The clause applies the First Schedule of the 2013 Act where no award had been announced by 31.12.2014, or where an award had been announced but compensation for the majority of the land holdings remained unpaid on that date. The Court noted that the clause refers to land holdings, not landowners. On the material placed by the NHAI, compensation for 1.700 hectares of the total 3.080 hectares acquired, which is more than half, had been paid in 2014 itself. The clause, therefore, did not assist the appellant.
THE RESULT	The Court decided only which law applies to solatium, interest and interest on solatium. It did not change the compensation fixed by the arbitrator. Solatium, interest and interest on solatium will be added to that compensation, all calculated under the 1894 Act. The Competent Authority will work out these amounts, and the Government will pay them.

This note is for general information only and is not legal advice on any specific facts. Position as on 05.10.2026.

WHAT TO CHECK

In any national highway acquisition, first check the date on which the Competent Authority fixed compensation. If it was fixed **before 01.01.2015**, solatium and interest are calculated under the 1894 Act. If it was fixed **on or after 01.01.2015**, compensation itself, including solatium, is determined under the 2013 Act. A later arbitral award does not change this.

If it was fixed before 01.01.2015, check whether either of these two conditions in the Ministry's guidelines dated 28.12.2017 is met: (a) compensation for the majority of the land holdings (land holdings, not landowners) remained unpaid on **31.12.2014**; or (b) the award was announced before 01.01.2015 but the acquiring agency had not deposited the full award amount with the Competent Authority. If either condition is met, the guidelines apply the First Schedule of the 2013 Act. The Supreme Court considered only condition (a), on unpaid compensation, and held that it did not help the appellant. In December 2018, the Ministry issued a later document, its Manual of Guidelines on Land Acquisition for National Highways. Paragraph 2.5 of that Manual repeats condition (a) but leaves out condition (b), on the undeposited award amount. The 2017 guidelines also state that acquisitions completed on or before 31.12.2014 (award announced, amount deposited, and compensation paid to the landowners for the majority of the land under acquisition) will not be reopened.

Two limits apply. Under *National Highways Authority of India v. Tarsem Singh*, 2026 SCC OnLine SC 481, claims concluded before 28.03.2008 with no further challenge cannot be reopened to claim solatium or interest; where a claim was alive on that date but solatium and interest were claimed after it, interest and interest on solatium are payable only from the date they were claimed. And the *Manav Bhanot* judgment deals only with the National Highways Act; Section 105 of the 2013 Act also covers the other Acts listed in its Fourth Schedule, such as the Railways Act, 1989 and the Metro Railways (Construction of Works) Act, 1978, but the Court did not consider them.

This note is for general information only and is not legal advice on any specific facts. Position as on 05.10.2026.