



\$~67

\* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **CS(OS) 41/2026**

**KAVITA MEHRA**

.....Plaintiff

Through: Ms. Vandana Bhatnagar, Adv.

versus

**M/S LA VIDA BAGLA HOMES & ORS.**

.....Defendants

Through: Mr. Dinesh Garg and Ms. Rachna Agrawal, Adv.

**CORAM:**

**HON'BLE MR. JUSTICE VIKAS MAHAJAN**

**ORDER**

%

**25.02.2026**

**CS(OS) 41/2026 & I.A. 5301/2026 (joint application by plaintiff and defendants under Order XXIII Rules 3 & 3A r/w Section 151 CPC)**

1. The present application has been jointly filed by the parties for decreeing the suit in terms of the settlement recorded in the application itself.
2. The present suit was filed by the plaintiff *inter alia* praying for decree of declaration. During pendency of the proceedings, the parties have arrived at a settlement, terms whereof have been recorded in paragraph 4 of the application itself and the application has been signed by the parties and their respective counsels. The application is also supported by the affidavits of the parties.
3. After having gone through the terms of settlement recorded in paragraph 4 of the application, this Court is of the view that the same are lawful and there is no impediment in decreeing the suit accordingly.
4. Accordingly, the application is allowed and the suit is decreed in terms of the settlement recorded in paragraph 4 of the application. The application shall form part of the decree and the parties shall remain bound down by the terms of the settlement.



5. The application, as well as, the suit is disposed of.
6. At this stage, Ms. Vandana Bhatnagar, learned counsel for the plaintiff prays for the refund of Court Fee and has placed reliance on the decision of the Hon'ble Supreme Court in ***High Court of Judicature at Madras vs. M.C. Subramaniam And Ors., (2021) 3 SCC 560***, to contend that though the settlement has been arrived at between the parties without intervention of Alternative Disputes Resolution (ADR), the plaintiff is entitled to refund of entire Court Fee affixed on the plaint.
7. The judgment passed in ***M.C. Subramaniam (supra)*** has been considered by a coordinate Bench of this Court in CS (COMM) 98/2023 titled as "***V Guard Industries Ltd. vs. MS Mahavir Home Appliances and Anr. & Anr.***" wherein the issue of refund of entire Court Fee in a case where the parties arrived at a settlement out of Court without intervention of ADR was dealt with. The said issue has been referred by a coordinate Bench to the Hon'ble Division Bench of this Court which is still pending for adjudication. The relevant paragraphs of ***V Guard*** (supra) reads thus:

"13. The decision in M.C. Subramaniam

13.1 Section 69A6 of the Tamil Nadu Court Fees and Suits Valuation Act, 1955 ("the Tamil Nadu Act", hereinafter) is *pari materia* with Section 16 of the Court Fees Act. It provides for refund of the entire court fee paid, where the dispute is settled under Section 89 of the CPC.

13.2 Section 69A of the Tamil Nadu Act, vis-à-vis Section 89 of the CPC, came up for interpretation before the Supreme Court in *High Court of Judicature at Madras v. M.C. Subramaniam*.

13.3 As in the present case, the Supreme Court was, in *M.C. Subramaniam*, concerned with whether parties, who settled the dispute privately between themselves were entitled to complete refund of court fees, in the light of Section 69-A of the Tamil Nadu Act. It was sought to be contended before the Supreme Court that



*Section 69- A applied only to settlement through ADR. The Supreme Court rejected the submission in paras 13, 17, 19 and 23 of the report, which read thus:*

*13. The provisions of Section 89 of CPC must be understood in the backdrop of the longstanding proliferation of litigation in the civil courts, which has placed undue burden on the judicial system, forcing speedy justice to become a casualty. As the Law commission has observed in its 238th Section Report on Amendment of 89 of the Code of Civil Procedure 1908 and Allied provisions, Section 89 has now made it incumbent on civil courts to strive: towards diverting civil disputes towards alternative dispute resolution processes, and encourage their settlement outside of court (Para 2.3). These observations make the object and purpose of Section 89 crystal clear - to facilitate private settlements, and enable lightening of the overcrowded docket of the Indian judiciary. This purpose, being sacrosanct and imperative for the effecting of timely justice in Indian courts, also informs Section 69A of the 1955 Act, which further encourages settlements by providing for refund of court fee. This overarching and beneficent object and purpose of the two provisions must, therefore, inform this Court's interpretation thereof.*

*\*\*\*\*\**

*17. In light of these established principles of statutory interpretation, we shall now proceed to advert to the specific provisions that are the subject of the present controversy. The narrow interpretation of Section 89 of CPC and Section 69A of the 1955 Act sought to be imposed by the Petitioner would lead to an outcome wherein parties who are referred to a Mediation Centre or other centres by the Court will be entitled to a full refund of their court fee; whilst parties who similarly save the Court's time and resources by privately settling their dispute themselves will be deprived of the same benefit, simply because they did not require the Court's interference to seek a settlement. Such an interpretation, in our opinion, clearly leads to an absurd and unjust outcome, where two classes of parties who are equally facilitating the object and purpose of the aforesaid provisions are treated differentially, with one class*



*being deprived of the benefit of Section 69A of the 1955 Act A literal or technical interpretation, in this background, would only lead to injustice and render the purpose of the provisions nugatory - and thus, needs to be departed from, in favour of a purposive interpretation of the provisions.*

\*\*\*\*\*

*19. Section 16 of the Court Fees Act, 1870 is in pari materia with Section 69A of the 1955 Act, and hence the above stated principles are equally applicable to the present case.*

\*\*\*\*\*

*23. We find ourselves in agreement with the approach taken by the High Courts in the decisions stated supra. The purpose of Section 69A is to reward parties who have chosen to withdraw their litigations in favour of more conciliatory dispute settlement mechanisms, thus saving the time and resources of the Court, by enabling them to claim refund of the court fees deposited by them. Such refund of court fee, though it may not be connected to the substance of the dispute between the parties, is certainly an ancillary economic incentive for pushing them towards exploring alternative methods of dispute settlement. As the Karnataka High Court has rightly observed in Kamalamma & ors. v. Honnali Taluk Agricultural Produce Cooperative Marketing Society Ltd<sup>8</sup> (supra), parties who have agreed to settle their disputes without requiring judicial intervention under Section 89, CPC are even more deserving of this benefit. This is because by choosing to resolve their claims themselves, they have saved the State of the logistical hassle of arranging: arranging for a third party institution to settle the dispute. Though arbitration and mediation are certainly salutary dispute resolution mechanisms, we also find that the importance of private amicable negotiation between the parties cannot be understated. In our view, there is no justifiable reason why Section 69A should only incentivize the methods of out of court settlement stated in Section 89, CPC and afford step brotherly treatment to other methods availed of by the parties.*



**14. If one were to read para 13, 17, 19 and 23 of the judgment of the Supreme Court in M.C. Subramaniam in isolation and in the context of Section 16 of the Court Fees Act – without considering Section 16-A as has been made applicable to Delhi – it would seem to appear that, irrespective of whether the settlement is arrived at through mediation or privately between the parties, refund of full court fees would be justified.**

**15. The clarity of this position is, however, compromised, where the dispute relates to Delhi, because of the insertion, in the Court Fees Act, of Section 16A, uniquely applicable to Delhi. If the judgment of the Supreme Court is to be applied straightway to suits filed in Delhi, Section 16A of the Court Fees Act may be rendered otiose as a result. Besides, such a view would also be contrary to the judgment of the Division Bench of this Court in Nutan Batra, though, no doubt, the said decision was rendered prior to the decision in M.C. Subramaniam.**

**16. The skein of the precedential wool is further entangled by the fact that a view contrary to that taken by the Division Bench in Nutan Batra has been taken by a subsequent Division Bench of this Court in Ajay Mahajan v. Mridula Mukherjee<sup>9</sup>. In that case, though the dispute was privately settled between the parties, the Division Bench directed refund of full court fee, applying Section 16 of the Court Fees Act. Section 16A of the Court Fees Act, however, was apparently not brought to the attention of the Division Bench which decided Ajay Mahajan**

**\*\*\*\*\***

**18. As there are two Division Benches and the judgment of the Supreme Court to be considered, I am of the view that this issue would have to be resolved at least by a Division Bench of this Court.**

**19. Accordingly, I respectfully refer, to the Division Bench, for decision, the question of whether, if plaintiff and the defendant settle the dispute between themselves privately, without intervention of any ADR mechanism, the plaintiff would be entitled to complete refund of court fees or would be entitled only**



*to refund of half the court fees paid.*

***20. In my respectful opinion, the issue may have to be considered and decided in the light of Sections 16 and Section 16A of the Court Fees Act and taking into consideration the judgment of the Supreme Court in M.C. Subramaniam and of the Division Benches of this Court in Nutan Batra and Ajay Mahajan.”***

(emphasis supplied)

8. In view of the above, since the settlement has been arrived at between the parties out of Court without intervention of any Alternative Dispute Resolution (ADR) mechanism, the plaintiff is entitled to half of amount of court fee affixed on the plaint, in terms of Section 16A of the Court Fees Act, 1870. Accordingly, Registry is directed to issue certificate to the plaintiff in that behalf.

9. Insofar as the refund of remaining half amount of Court fee is concerned, the plaintiff is granted liberty to file an application seeking refund of balance Court fee in the event the Division Bench in ***V Guard*** (supra) holds that the plaintiff is entitled for refund of entire Court fee even in the case where the parties arrive at a settlement out of Court without intervention of any ADR.

10. The next date of hearing i.e. 24.03.2026, stands cancelled.

**VIKAS MAHAJAN, J**

**FEBRUARY 25, 2026/dss**