# PRITHVI RAJ TANEJA

*v.*

# STATE OF MADHYA PRADESH AND OTHERS

*January* 18, 1977

[H. R. KHANNA, R. S. SARKARIA AND JASWANT SINGH, JJ.]

*Land Acquisition Act,* 1894, *S.* 23—*Compulsory acquisition of land—Whether price paid for small plots a criterion for determining compensation for vast areas—Assessment of market value, when to remain undisturbed.*

The appellant's land was acquired and compensation was awarded to him by the Land Acquisition Officer. Demanding a higher amount, the appellant had the matter referred to the District Judge who increased the award, but still discontented, the appellant went in appeal. The High Court also increased the compensation but could not satisfy the appellant who thereupon obtained leave to appeal to the Supreme Court, contending that small plots of land adjoining his large area were sold at much higher rates.

Dismising the appeal, the Court,

**HELD : 1.** The price paid for small plots of land cannot provide a safe critarion for determining the amount of compensation for a vast area of land. The large area of land cannot possibly fetch a price at the same rate at which small plots are sold. [635 A-B]

*Smt. Padma Uppal etc.* v. *State of Punjab & Ors.* [1977] 1 S.C.R. 329, applied.

2. The essential thing is to keep in view the relevant factors prescribed by the Act. If the judgment of the High Court reveals that it has taken into consideration the relevant factors, the assessment of the market value of the acquired land should not be disturbed. [635 D-E]

*Thakur Kanta Prasad Singh (dead) by L. Rs* v. *State of Bihar* A.I.R. 1976 S.C. 2219, applied.

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 1827 of 1970.

(From the Judgment and Decree dated 28-4-1970 of the Madhya Pradesh High Court (Gwalior Bench) in First Appeal No. 133 of 1968).

*S. N. Andley* and *Uma Dutta,* for the appellants

*Ram Panjwani* and *H. S. Harihar,* for the respondents.

The Judgment of the Court was delivered by

KHANNA, J. This is an appeal on certificate by Prithvi Raj Taneja (now deceased and represented by his legal representatives) against the judgment of the Madhya Pradesh High Court whereby the High Court partially accepted the appeal filed by the appellant regarding the quantum of compensation for the acquisition of land.

A plot of land measuring 27 bighas and 17 biswas situated in Ashok Nagar, district Guna, belonging to the appellant was acquired for the construction of a police station and residential quarters for

A policemen. A bigha, it is stated, is equivalent to 2,500 square yards. The land sought to be acquired measured 68,658 square yards. Notification under section 4 of the Land Acquisition Act for the acquisition of the land was issued on April 7, 1961. The Land Acquisition Officer as per award dated June 13, 1961 awarded compensation for the land at the rate of Rs. 100 per bigha. In addition to that, he awarded a sum of Rs. 1,175 for large trees and Rs. 1,380 for small B trees standing on the land. The appellant was also awarded Rs. 1,000 as compensation for a well which had been sunk in the land, and Rs. 800 for a house standing on the land. In all, the appellant was awarded a sum of Rs. 7,616 including solatium at the rate of fifteen per cent by the Land Acquisition Officer.

The appellant wanted compensation for the land at the rate of C Rs. 10 per square yard. He accordingly had the matter referred to the District Judge. Learned Additional District Judge determined the market value of the land in question to be Rs. 900 per bigha. Regarding the well, the Additional District Judge awarded compensation of Rs. 3,000 as against the amount of Rs. 1,000 which had been awarded by the Land Acquisition Officer. In other respects, the award of the Land Acquisition Officer was upheld. Computing solaD tium at the rate of 10 per cent, the total amount awarded by District Judge to the appellant was Rs. 32,285 besides interest at the rate of six per cent per annum.

The appellant not being satisfied with the award of the Additional District Judge took the matter in appeal to the High Court. The High Court awarded compensation to the appellant at the rate of Re. 1 E per square yard for the land in question. The High Court also awarded Rs. 2,500 for the loss of earnings to the appellant. The rate of solatium for compulsory acquisition was increased by the High Court from ten per cent to fifteen per cent. In all, the appellant was held entitled to a compensation of Rs. 88,381 besides interest at the rate of six per cent per annum.

F The appellant thereupon obtained a certificate of fitness for appeal to this Court under article 133(1)(a) of the Constitution, as it stood at that time.

In appeal before us, Mr. Andley on behalf of the appellant has argued that more than half of the land in dispute is within the municipal limits of Ashok Nagar Municipality, while the remaining land was G also likely to be included within those limits shortly. It is further stated that the land in question abutts Ashok Nagar-Isagarh Road and is situated near the tehsil building and the railway station. Learned counsel has also referred to the fact that small plots of land adjoining the land in dispute were sold at rates of Rs. 9 and Rs. 8 per square yard during the years 1958 to 1960. In this respect, we find that the High Court has considered most of the above circumstances and has come to the conclusion that Re. 1 per square yard represents fair market value of the land in dispute. The High Court has also referred H to the special circumstances under which the small plots were sold and their price was fixed. We agree with the High Court that the price

paid for small plots of land cannot provide a safe criterion for determining the amount of compensation for a vast area of land. We may in this context refer to a recent judgment in the case of *Smt. Padma Uppal etc.* v. *State of Punjab & Ors.*(1) wherein this Court observed that it is well settled that in determining compensation the value fetched for small plots of land cannot be applied to the lands covering a very large area and that the large area of land cannot possibly fetch a price at the same rate at which small plots are sold.

Section 23 of the Land Acquisition Act provides that in determining the amount of compensation to be awarded for the land acquired under the Act, the Court shall take into account *inter alia* the market value of the land at the date of the publication of the notification under section 4 of the Act. The market value means the price that a willing purchaser would pay to a willing seller for the property having due regard to its existing condition with all its existing advantages and its potential possibilities when laid out in the most advantageous manner excluding any advantage due to the carrying out of the scheme for which the property is compulsorily acquired. In considering market value the disinclination of the vendor to part with his land and the urgent necessity of the purchaser to buy should be disregarded. There is an element of guess-work inherent in most cases involving determination of the market value of the acquired land. But this in the very nature of things cannot be helped. The essential thing is to keep in view the relevant factors prescribed by the Act. If the judgment of the High Court reveals that it has taken into consideration the relevant factors, the assessment of the market value of the acquired land should not be disturbed (see *Thakur Kanta Prasad Singh (dead) by L. rs.* v. *State of Bihar*(2). After having been taken through the material on the record, we find no infirmity in the judgment of the High Court as might induce us to disturb its finding. The appeal consequently fails and is dismissed but in the circumstances without costs.

M.R. *Appeal dismissed.*

(1) [1977] 1 S.C.R. 329.
(2) A.I.R. 1976 S.C. 2219.