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STATE OF MADHYA PRADESH

v.

SMT. SHANTABHAI AND ORS.

JANUARY 18, 1995

B

[K. RAMASWAMY AND N. VENKATACHALA, JJ.]

*Land Acquisition Act, 1894—Notification u/s 4(1)—Land acquired—
Compensation—Determination of market value—Reliance on respondents’
purchase price.*

C

Respondents’ 22 acres 63 decimals of land for Rs. 1,08,000 on Sep-
tember 4, 1974 for industrial purposes for Rs. 1,08,000 was acquired by
publication of notification just two days later. On reference the Land
Acquisition Officer’s award of Rs. 1500 per acre was enhanced to Rs. 4,900
per acre by the Civil Court which amounted to Rs. 1,08,000 in all. The High
Court, on appeal by the Respondent, enhanced the Compensation to Rs.
10,000 per acre making the total amount Rs. 2,27,000. Appeal by special
leave was filed against the order.

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Allowing the appeal, this Court

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HELD : 1. The respondent’s purchase of the property for a con-
sideration of Rs. 1,08,000, *ipso facto* furnishes the sole basis for determina-
tion of market value of the self same land. [417-H, 418-A]

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2. No reasonable and prudent buyer in normal market conditions
would agree to pay a sum of Rs. 2,27,000 for land purchased by the seller
two days earlier for Rs. 1,08,000. [418-B]

G

3. The High Court totally ignored relevant consideration while en-
hancing the compensation without application of mind on the basis of sale
transactions of small bits of other land. [418-C]

V.M. Salgoacar and Brother Ltd. v. Union of India, C.A. No. 3800/89
dated January II, 1995, relied on.

H

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 2944 of
1984.

From the Judgment and Order dated 1.11.83 of the Madhya Pradesh High Court in F.A. No. 17 of 1981. A

B.S. Banthia, S.K. Agnihotri for the Appellant.

R.P. Bhatt, Vivek Gambhir and S.K. Gambhir for the Respondents. B

The following Order of the Court was delivered :

A notification under s.4(1) of the Land Acquisition Act, 1894, (for short, 'the Act') was published in the State gazette on September 6, 1974 acquiring 22 acres 63 decimals of the land situated in village Rasoolpur of Devdas Distt. of M.P. for industrial purpose. The Land Acquisition Officer in his award dated June 1975 determined the market value at Rs. 1,500 per acre and given the compensation with statutory benefits. On reference, the Civil Court by its award and decree dated October 22, 1980 enhanced the compensation to Rs. 4,900 per acre which worked out to Rs.1,08,000 in all. At this stage it is relevant to mention that the respondent herself purchased the entire acquired land under registered sale deed dated September 4, 1974, just two days earlier to the date of publication of preliminary notification for a total sum of Rs. 1,08,000. The respondent not being satisfied, carried the matter in appeal to the High Court under s.54 of the Act. The High Court, by its impugned judgment in Transfer appeal No. 323/82 dated November 1, 1983, enhanced the compensation to Rs. 10,000 per acre. In other words, the High Court awarded a total compensation of Rs. 2,27,000 with statutory benefits thereon, Feeling aggrieved against enhanced compensation awarded by the High Court this appeal by special leave has been filed. C D E

The High Court, in our considered view, committed palpable and manifest error of law in ignoring the sale deed of the respondent herself dated September 4, 1974 wherein she had paid total consideration of a sum of Rs. 1,08,000 for the acquired land. It is contended by learned senior counsel for the respondent that this is an industrial area and the very purpose for which acquisition is sought to be made is for industrial purpose. The respondent herself purchased the property for industrial purpose. The High Court had rightly taken into consideration those facts and circumstances and enhanced the compensation. We find no force in the contention. When the respondent herself had purchased the property for the purpose of establishing an industry and got the sale deed registered on F G H

- A September 4, 1974, it would furnished *ipso facto* the sole basis for determination of market value of the self same land. For the property purchased by paying a consideration of Rs. 1,08,000, no reasonable and prudent buyer, within two days thereafter, would purchase the land by paying a sum of Rs. 2,27,000 as determined by the High Court. It is quite unreasonable and credulous to believe that a prudent buyer in normal market
- B conditions would agree to pay Rs. 1,19,000 more within two days for the self same land. The High Court, therefore, totally ignored these relevant considerations while enhancing the compensation without application of mind on the basis of sale transactions of small bits of other lands. In *M.V. Salgoacar & Pvt. Ltd. v. Union of India*, C.A. No. 3800/89 dated January 11,
- C 1995 on similar facts, this Court affirmed the judgment of High Court of Bombay reversing the award of the reference court and awarded at the rate purchased by the claimants itself. The Judgment and decree of the High Court is, therefore, set aside and that of the Dist. Judge is affirmed. The appeal is accordingly allowed with costs.

D The cross objections are consequently dismissed with costs.

A.G.

Appeal allowed.