

UJJAIN VIKAS PRADHIKARAN
v.
RAJ KUMAR JOHRI AND ORS. ETC.

NOVEMBER 14, 1991

[RANGANATH MISRA, CJ., KULDIP SINGH
AND S. MOHAN, JJ.]

Land Acquisition Act, 1894—Section 4(1)—Notification under—Acquisition of lands for scheme No.23 framed under Madhya Pradesh Nagar-Tatha Gram Nivesh Adhiniyam—Non-compliance of statutory requirements for completing Scheme—No mala fides—Effect of notification—Directions of Supreme Court under the Circumstances.

A notification u/s.4(1) of the Land Acquisition Act, 1894 was issued for acquisition of the questioned lands along with some other lands for the purpose of development of the town. On 17.9.80 the same was quashed.

In 1985 another similar notification was issued u/s 4(1) of the Act, for acquisition of the same lands for the Scheme No.23 framed under Madhya Pradesh Nagar Tatha Gram Nivesh Adhiniyam, 1973.

The respondents challenged the notification before the High Court under Article 226 of the Constitution.

The High Court allowed the writ petitions annulling the notification and holding that the Scheme No.23 did not operate against certain specified lands of the respondents. It also found that the statutory requirements for completing the scheme were not complied with and therefore, no action for acquisition under the Scheme could be taken.

These appeals were filed by the Development Authority against the High Court judgments by special leave.

Disposing of the appeals, this Court,

HELD: 1. The pre-conditions had not been complied with strictly under the statutory provisions. The High Court has not found any *mala fides*. The Development Authority in question consisted of only one person. His own order was perhaps taken by him and the gov-

A ernmental authorities as the requisite resolution. The respondents did not take the ground that there was no valid authority behind the scheme. [249 E-F]

B 2. The huge patch of land has been substantially improved upon under the scheme. Cancellation of the notification does not bring the matter to an end. Obviously, fresh proceedings would be taken after complying with the defect if the judgment of the High Court is allowed to stand. If the acquisition is not made the respondents should enjoy usual benefits of their land on account of the development of the neighbouring area and if the re-acquisition is not made there would be claim for higher compensation. [249 G-250 A]

D 3. It is directed that the acquisition remain to subject, to the condition that the notification under section 4(1) of the Act issued in 1985 shall be deemed to be one dated 1.1.88 and the market value of the land for the acquisition shall be determined with reference to that date, and that as the deemed date of the notification under section 4(1) to be postponed by almost three years and during this period since the appellant has brought about the bulk of the improvements in the neighbourhood, 25 per cent of the potential value of the land relatable to the improvements made by the appellant would only be available to the respondents, but in fixing market value all other legitimate considerations shall be taken into account. There is no intention to extend the benefit under section 28 of the Act to the owners of the lands already acquired under the notification of 1980 or 1985 on the basis of court's direction that the respondents' lands shall be deemed to have been notified under section 4(1) of the Act on 1.1.1988. [250 B-D]

F CIVIL APPELLATE JURISDICTION: Civil Appeal Nos.4554 to 4556 of 1991.

From the Judgment and Order dated 18.2.91 of the Madhya Pradesh High Court in Misc. Petition Nos. 1707, 1746 and 1797 of 1986.

G D.D. Thakur, C.S.Chazed, V.Gambhir, Surinder Karnail, S.K.Gambhir and N.N.Bhatt for the Appellants.

K.K.Venugopal, P.P.Rao, G.L.Sanghi, K.K.Sharma, Ashok K.Mahajan, L.R.Singh, D.Mehta, A.Vachher, R.N.Mittal and S.K.Mehta for the Respondents.

H The Judgment of the Court was delivered by

RANGANATH MISRA, CJ. Special leave granted.

Ujjain Development Authority is in appeal challenging the judgment of the Madhya Pradesh High Court, Indore Bench, rendered in an application under Article 226 of the Constitution annulling the notification issued under section 4 of the Land Acquisition Act of 1894 (hereinafter referred to as 'the Act') by holding that scheme No.23 framed under Madhya Pradesh Nagar Tatha Gram Nivesh Adhiniyam, 1973 does not operate against certain specified lands of the respondents. It would appear that there was a similar notification under section 4(1) of the Act for acquisition of the self same properties along with some 600 hectares for the purpose of development of Ujjain, a historical town of Kalidas fame within Madhya Pradesh. On 17.9.80 for different reasons the notification had been quashed. In 1985 the impugned notification was issued afresh under section 4(1) of the Act.

The High Court found that the requirements of the statute for completing the scheme for the purpose of which the acquisition had been made had not been complied with and, therefore, no action for acquisition under the scheme could be taken. We have heard learned counsel for both the sides and must state that the reasoning given by the High Court is difficult to find fault with. There are, however certain features which lead us not to sustain the decision of the High Court. Admittedly there has been a notification under section 50(2) of the Adhiniyam. Gazette Notification in respect of Scheme No. 23 has also been produced. Though there is a finding that the pre-conditions had not been complied with strictly under the statutory provisions, the High Court has not found any *mala fides*. The Development Authority in question consisted of only one person. His own order was perhaps taken by him and the governmental authorities as the requisite resolution. The respondents did not take the ground that there was no valid authority behind the scheme. In the earlier petition also such a ground had not been raised. The High Court called for the record and discovered for itself that the statutory pre-condition had not been complied with for the said scheme to operate. If this question had been raised when the earlier writ petition was filed about 12 years back, the defect could have then been rectified.

It is the admitted case before us that the undisputed huge patch of land has been substantially improved upon under the scheme. Cancellation of the notification does not bring the matter to an end. Obviously fresh proceedings would be taken after complying with the defect if the judgment of the High Court is allowed to stand. If the acquisition is not made the respondents should enjoy usual benefits of their land on account of the

- A development of the neighbouring area and if the re-acquisition is made there would be claim for higher compensation. Looking at the matter from these different angles, we have thought it appropriate to allow the appeal, vacate the judgment of the High Court and allow the acquisition to remain subject, however, to the condition that the notification under section 4(1) of the Act issued in 1985 shall be deemed to be one dated 1.1.88 and the
- B market value of the land for the acquisition shall be determined with reference to that date. We would like to point out that the potential value of the land has substantially enhanced on account of the improvements made pursuant to the notification which had been assailed. We have directed the deemed date of the notification under section 4(1) to be postponed by almost three years and during this period the appellant has
- C brought about the bulk of the improvements in the neighbourhood. We direct that 25 per cent of the potential value of the land refutable to the improvements made by the appellant would only be available to the respondents, but in fixing market value all other legitimate considerations shall be taken into account. We make it clear that we have no intention to extend the benefit under section 28A of the Act to the owners of the lands
- D already acquired under the notification of 1980 or 1985 on the basis of our direction that the respondents' lands shall be deemed to have been notified under section 4(1) of the Act on 1.1.1988. In fact our order must be deemed to be a separate notification for acquisition and, therefore, it would not be a common notification for the purpose of section 28-A of the Act. The respondents should, therefore, be entitled to this benefit that
- E instead of the notification under section 4(1) of the Act being of 1985, it shall be treated to be of 1.1.1988. The appellate authority is now entitled to take position in accordance with law subject to the valuation of the compensation in the manner indicated. There will be no order as to costs.

V.P.R.

Appeals disposed of.