

*** THE HONOURABLE SRI JUSTICE NINALA JAYASURYA
AND
* THE HONOURABLE SRI JUSTICE T. MALLIKARJUNA RAO**

**+L.A.A.S.NO.527 OF 2012,
+L.A.A.S.NO.546 OF 2012, &
+ L.A.A.S.NO.547 OF 2012,**

%21.03.2025

+L.A.A.S.No.527 OF 2012:

#Between:

Ganapam Subba Reddy, S/o Subba Reddy,
age 53 years, Agriculturist, R/o Kanala village
and post, Nandyal Mandal, Kurnool District.

..... Appellant

\$And:

The Revenue Divisional Officer, Nandyal-
cum-Land Acquisition Officer, Nandyal,
Kurnool District.

....Respondent

!Counsel for the Appellant : Sri K. Rathanga Pani Reddy
^Counsel for the Respondent : Sri T.S. Rayalu, GP for Appeals

+L.A.A.S.No.546 OF 2012:

#Between:

R. Jagadeesh Kumar, S/o Gurunadham, age
39 years, Business, now residing at
H.No.195/C, 8th Cross, M.V.Nagar, Kappagal
Road, Bellary, Karnataka.

..... Appellant

\$And:

The Revenue Divisional Officer, Nandyal-
cum-Land Acquisition Officer, Nandyal,
Kurnool District.

....Respondent

!Counsel for the Appellant : Sri K. Rathanga Pani Reddy
^Counsel for the Respondent : Sri T.S. Rayalu, GP for Appeals

+L.A.A.S.No.547 OF 2012:

#Between:

Chinna Singaranna, S/o Pedda Singaranna,
age 50 years, Occ: Employee in APSRTC,
now residing at Kanala village and post,
Nandyal Mandal, Kurnool District.

..... Appellant

\$And:

The Revenue Divisional Officer, Nandyal-
cum-Land Acquisition Officer, Nandyal,
Kurnool District.

....Respondent

!Counsel for the Appellant : Sri K. Rathanga Pani Reddy
^Counsel for the Respondent : Sri T.S. Rayalu, GP for Appeals

<Gist:

>Head Note:

? Cases referred:

1. (1988) 3 SCC 751
2. (2015) 5 SCC 801
3. (2018) 13 SCC 96
4. (2018) 8 SCC 485
5. MANU/SC/0008/1988
6. MANU/SC/1252/2014
7. (2015) 2 SCC 262
8. (2009) 11 SCC 164
9. (2002) 3 SCC 688
10. 2020 (5) ALD 490 (DB)
11. (1982) 1 SCC 419
12. (1988) 2 SCC 150
13. MANU/SC/0071/1988
14. (1998) 2 SCC 385
15. (2003) 12 SCC 334
16. (2003) 12 SCC 642
17. (2005) 4 SCC 789
18. (2008) 2 SCC 568
19. MANU/SC/1790/2009
20. (2010) 12 SCC 707
21. (2011) 7 SCC 714
22. (2018) 2 SCC 474

This Court made the following:

IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

L.A.A.S.NO.527 OF 2012,
L.A.A.S.NO.546 OF 2012, &
L.A.A.S.NO.547 OF 2012,

L.A.A.S.No.527 OF 2012:

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The Revenue Divisional Officer, Nandyal-
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Kurnool District.

....Respondent

Counsel for the Appellant : Sri K. Rathanga Pani Reddy
Counsel for the Respondent : Sri T.S. Rayalu, GP for Appeals

L.A.A.S.No.546 OF 2012:

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And:

The Revenue Divisional Officer, Nandyal-
cum-Land Acquisition Officer, Nandyal,
Kurnool District.

....Respondent

Counsel for the Appellant : Sri K. Rathanga Pani Reddy
Counsel for the Respondent : Sri T.S. Rayalu, GP for Appeals

L.A.A.S.No.547 OF 2012:

Between:

Chinna Singaranna, S/o Pedda Singaranna,
age 50 years, Occ: Employee in APSRTC,
now residing at Kanala village and post,
Nandyal Mandal, Kurnool District.

..... Appellant

And:

The Revenue Divisional Officer, Nandyal-
cum-Land Acquisition Officer, Nandyal,
Kurnool District.

....Respondent

Counsel for the Appellant : Sri K. Rathanga Pani Reddy
Counsel for the Respondent : Sri T.S. Rayalu, GP for Appeals

DATE OF JUDGMENT PRONOUNCED: 21.03.2025.

SUBMITTED FOR APPROVAL:

THE HONOURABLE SRI JUSTICE NINALA JAYASURYA

AND

THE HONOURABLE SRI JUSTICE T. MALLIKARJUNA RAO

1. Whether Reporters of Local newspapers may
be allowed to see the Judgments? Yes/No
2. Whether the copies of order may be marked
to Law Reporters/Journals? Yes/No
3. Whether Your Lordships wish to see the fair
copy of the order?

Yes/No

**_____
JUSTICE NINALA JAYASURYA**

**_____
JUSTICE T MALLIKARJUNA RAO**



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI
(Special Original Jurisdiction)**

[3495]

FRIDAY, THE TWENTY FIRST DAY OF MARCH
TWO THOUSAND AND TWENTY-FIVE

PRESENT

THE HONOURABLE SRI JUSTICE NINALA JAYASURYA

AND

THE HONOURABLE SRI JUSTICE T. MALLIKARJUNA RAO

LAND ACQUISITION APPEAL SUIT NOS: 527, 546 and 547 of 2012

Between:

Ganapam Subba Reddy

...APPELLANT

AND

The Revenue Divisional Officer

...RESPONDENT

Counsel for the Appellant:

1.K RATHANGA PANI REDDY

Counsel for the Respondent:

1.GP FOR APPEALS

The Court made the following COMMON JUDGMENT: *(per the Hon'ble TMR, J)*

1. These three appeals have been filed by the appellants/claimants seeking an enhancement of the compensation for the acquired lands. The appeals would arise from LAOP Nos. 1 of 2011, 2 of 2010, and 2 of 2011, dated 17.02.2012, passed by the learned III Additional District Judge, Kurnool at Nandyal (hereinafter referred to as the "Reference Court"). In the impugned order, the compensation for the acquired lands was increased from Rs.2,05,000/- to Rs.3,28,000/- per acre.

2. These three appeals would arise from the Land Acquisition Notifications dated 08.06.2008 and 09.02.2009, concerning lands in Kanala Village, Nandyal Mandal, Kurnool District. The three cases involve common facts and issues; therefore, with the consent of the learned counsel for the parties, the three appeals have been heard together, treating **L.A.A.S. No. 527 of 2012** as the leading appeal.

3. For convenience, the Parties will be hereinafter referred to as per their ranking in the Reference Court.

4. The Government has issued a Notification issued under Section 4(1) of the Land Acquisition Act, 1894 (hereinafter referred to as 'the Act'). The Land Acquisition Officer fixed the market value of the lands at the rate of Rs.2,05,000/- per Acre in respect of the lands *vide* Award No.15 of 2009 dated 14.10.2009.

5. Dissatisfied with the compensation awarded in Award No.15 of 2009, dated 14.10.2009, by the Land Acquisition Officer, several landowners submitted references under Section 18 of the Act. These references were adjudicated by orders dated 17.02.2012, as stated *supra*, by the learned III Additional District Judge, Kurnool at Nandyal. Aggrieved by these orders, the appellants/claimants have filed the present first appeals.

6. The facts of the present appeals, leading to the referral of matters by the Revenue Divisional Officer (L.A.O.) to the Civil Court under Section 18 of the Act, are as follows: The Revenue Divisional Officer, Nandyal, filed a reference regarding the award passed by the Revenue Divisional Officer-cum-Land Acquisition Officer in Award No.15/2009, dated 14.10.2009. This referral was made after the claimant submitted an application requesting the award be referred to the Reference Court, seeking an enhancement of compensation from Rs.2,05,000/- to Rs.50,00,000/- per acre. This pertains to the acquisition proceedings concerning Survey Numbers 164/2, 165/2, 951, 952/3, and 954/1B, covering an extent of 3.89 acres in Kanala Village, Nandyal Mandal.

7. The Appellant/Claimant filed his respective claim statement, and the claim of the claimant is as follows:

(a) The Award issued by the Land Acquisition Officer is unjust, improper, and not maintainable. Furthermore, they did not conduct a thorough inquiry or provide the claimant with an opportunity to present evidence.

(b) The method employed by the Referring Officer/L.A.O., in determining the compensation lacks both factual and legal basis, failing to adhere to the principles outlined in the Land Acquisition Act. The L.A.O. did not consider the potential value of the acquired land when assessing its market value.

(c) The claimant asserts that the acquired land was used for irrigating paddy crops with water from the K.C. Canal, generating an annual income of Rs.50,000/- per acre. While the Land Acquisition Officer acknowledges that the lands are adjacent to the village, he contends that the market value was not adequately determined, failing to account for the land's housing potential. Kanala village is located on the Nandyal to Koilakuntla road, 4 kms., from Nonepalli. The area has numerous industries and housing colonies between Nandyal and Kanala, leading to significant demand for housing sites, industrial setups, and educational institutions. The claimant asserts that the acquired land has become part of an urban area, with much greater potential, which the Land Acquisition Officer overlooked when fixing the market value.

(d) The claimant argues that at the time of the 4(1) Notification, the market value of the acquired land was Rs.50,00,000/- per acre. The claimant contends that the value determined by the Land Acquisition Officer is neither accurate nor just, pointing to several land sales in the vicinity at the rate mentioned above.

8. Based on the above pleadings, the Reference Court framed the following points:

(1) Whether the claimant is entitled for compensation as prayed for?

(2) To what relief the claimant is entitled?

9. During the enquiry to substantiate the claimant's claim, the claimant was examined as R.W.1 and the witness was examined as R.W.2 and marked Ex.B1. The Land Acquisition Officer/Referring Officer was examined as P.W.1 and marked Award Copy of Ex.A1.

10. After the completion of the trial and hearing the arguments of both sides, the Reference Court enhanced the compensation amount from Rs.2,05,000/- to Rs.3,28,000/- per Acre, and the claimant is entitled to the enhanced compensation amount at the rate of Rs.1,23,000/- only per acre as he was already paid the compensation amount at the rate of Rs.2,05,000/- per acre. Consequently, awarded 30% solatium on the market value fixed as provided under Section 23(2) of the Act; additional market value @ 12% per annum on such market value from the date of Sec.4(1) Notification of the Act till the date of award; also awarded interest at 9% per annum from the date of Section 4(1) Notification of the Act for one year and thereafter at 15% per annum till the date of payment on the enhanced market value, additional market value and solatium.

11. Sri K.Rathanga Pani Reddy, learned counsel for the appellants/claimants, argues that the Reference Court made an error in enhancing only a minimal compensation amount, despite the acquired land being located in the urban agglomeration of Nandyal Town, near Noonepalli and Moolasagaram, where land costs exceed Rs.1 Crore per acre. The Reference Court incorrectly discarded Ex.B1 (Sale Deed) on the grounds that it involved a smaller extent of land, failing to consider the crucial fact that the acquired land has developed housing potential and commercial value due to its strategic location near the rapidly growing Nandyal Town, the fastest-growing town in the Rayalaseema region. The learned counsel relied on the decision of the Hon'ble Constitutional Bench of the Hon'ble Supreme Court in

1976 (3) SCC 772, which held that all relevant factors, including location, commercial potential, and suitability for house sites, should be considered when determining just compensation. The Land Acquisition Act, being a beneficial legislation, aims to protect landowners by ensuring fair compensation in the case of compulsory acquisition.

12. *Per contra*, Sri T.S. Rayalu, learned Government Pleader, representing Respondent/State, contends that the Reference Court correctly appreciated the case facts and came to a correct conclusion while enhancing the reasonable compensation amount to the Claimants. The reasons given by the Reference Court do not require any interference.

13. Concerning the pleadings in the Original Petition, the findings recorded by the Reference Court and in light of the rival contentions and submissions made on either side before this Court, the following points would arise for determination:

- 1) *Is the acquired lands' market value determined by the Reference Court lawful and adequate?***
- 2) *Does the Order of the Reference Court need any interference?***

POINT NOs.1 & 2:

14. It is not in dispute that the Revenue Divisional Officer (Land Acquisition), Nandyal, had acquired land of an extent of Ac.5.30 cents in various survey numbers of Kanala village for providing house sites to the weaker sections of the families of Kanala village and passed award No.15/2009, dated 14.10.2009 fixing the market value at Rs.2,05,000/-, by the L.A.O., *vide* Ex.A.1.

15. It is undisputed fact that the draft notification under section 4(1) of the Act proposals sent to the District Collector, Kurnool and the Collector, Kurnool in the proceedings RCL.70/2008, dt.23.05.2008 approved the Draft Notification under section 4(1) of the Act for an extent of Ac.5.30 cents; as the

urgent clause under section 17(4) of the Act has not been invoked, enquiry under section 5A of the Act taken up and notice in Form-3 served and the claimant called for to appear in person on 23.06.2008 and all the objections were rejected *vide* the Collector, Kurnool proceedings RCL.70/2008; the draft declaration under section 6 of the Act was approved in Collector, Kurnool proceedings RCL.70/2008, dated 06.12.2008; the draft notification was published in A.P.Gazette on 24.05.2008 and the 2A telugu notification was published in two daily news papers i.e., Andhra Prabha dt.30.05.2008 and in Prajahitam on 08.06.2008; the draft declaration was also published in the A.P.Gazette on 08.12.2008 and the 5A Telugu notification was also published in two daily newspapers i.e., Andhra Jyothi Dt.10.12.2008 and in Praja Poratum on 10.12.2008.

16. The first factor provided in Section 23(1) of the Act specifically provides that for determining the amount of compensation to be awarded for land acquired under the Act, the Court shall take into consideration the market value of the land at the date of publication of the Notification in the Gazette under Section 4(1) of the Act.

17. Given the law laid down by the Hon'ble Supreme Court in the case of ***Chamanlal Hargovind Das V. S.L.A.O.***¹, ***Bhupal Singh V. State of Haryana***,² ***Manoj Kumar and others V. State of Haryana and others***³, and ***Union of India V. Dyagala Devamma and others***⁴, the Hon'ble Supreme Court specifically considered a similar question of determination of market value under Section 23 of the Act and held that the market value of the acquired land is required to be determined based on the market rate of the adjacent land similarly situated to the acquired lands prevailing on the date of acquisition or/and before the acquisition.

¹ (1988) 3 SCC 751

² (2015) 5 SCC 801

³ (2018) 13 SCC 96

⁴ (2018) 8 SCC 485

18. At this juncture, it is pertinent to refer to the decision of the Hon'ble Supreme Court in ***Administrator General of West Bengal V. Collector***⁵ and after that, in ***Ram Kanwar V. State of Haryana***⁶ has held that given the statutory intention behind the term market value is that the sale exemplar reflecting the price paid by the willing buyer to a willing seller would be the most relevant piece of facts for determining such value.

19. Concerning factors of comparable sales, the Hon'ble Supreme Court in ***Major General Kapil Mehra V. Union of India and another***⁷ has referred to its earlier decision in ***Urban Water Supply and Drainage Board and Others V. K.S. Gangadharappa and another***⁸, and has observed that element of speculation is reduced to a minimum if underlying principles of fixation of market value with reference to comparable sales are satisfied, i.e., (i) when the sale is within a reasonable time of the date of Notification under Section 4(1); (ii) it should be a bona fide transaction; (iii) it should be of the land acquired or of the land adjacent to the land acquired; and (iv) It should possess similar advantages.

20. Thus, per the settled principle of law, compensation for the land acquired must be determined at market value. Market value is 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 led out most advantageously, excluding any advantage due to carrying out of the scheme for which the property is compulsorily acquired. The determination of market value predicts an economic event, viz., a price outcome of a hypothetical sale expressed in probabilities. The acquired land's potential should also be considered when ascertaining the land's market value. Potentiality means the capacity or possibility for changing or developing into a state of actuality.

⁵ MANU/SC/0008/1988

⁶ MANU/SC/1252/2014

⁷ (2015) 2 SCC 262

⁸ (2009) 11 SCC 164

21. In support of their claims, the claimants referenced Ex.B.1, a certified copy of the registered sale deed, dated 23.08.2003, for an extent of Ac.0.18 cents sold for Rs.96,000/- for the land bearing Survey No. 954/1 of Kanala village. However, apart from Ex.B.1, the claimants did not submit any other documentary evidence to establish the prevailing market value of properties located near the acquired lands. The Reference Court, relying on certain precedents, observed that the transaction for a small extent of land i.e., Ac.0.18 cents, as per Ex.B.1, cannot be considered when determining the market value of the acquired land. By recording this reason, the Reference Court disregarded Ex.B.1. Notably, the Reference Court did not find that the lands associated with Ex.A.1 were dissimilar in terms of fertility or potential compared to those referenced in Ex.B.1.

22. One of the claimants, Ganapam Subba Reddy, was examined as RW.1. According to his testimony, the lands under acquisition are centrally located within the existing Kanala village, surrounded by the Golla Kota and Pingali Suranna Weaker Section Housing Colony on the eastern side, S.C. Madiga Peta on the southern side, S.C. Mala Peta on the western side, and residential houses of the Pingali Suranna Weaker Section Housing Colony on the Northern side at the time of acquisition. He stated that the acquired lands had potential for house sites and commercial value. This evidence provided by RW.1 was not disputed during cross-examination. However, it was revealed in the cross-examination of RW.1 that the acquired land was agricultural, and the Ex.B.1 sale transaction was not reflected in the award.

23. The claimants examined RW.2, A. Nandaiah, whose testimony indicates that he attested to the original Ex.B.1 sale deed. He further testified that the land in Ex.B.1 is adjacent to the acquired land and is similar in potentiality and market value. However, during cross-examination, he admitted that the land covered under Ex.B.1 is a house plot.

24. On the other hand, the Revenue Divisional Officer, Sri V. Sankar, was examined as PW.1. In his cross-examination, PW.1 testified that three sides of the acquired land are already developed with houses, and as the land is suitable for house sites, the L.A.O. acquired the land to provide house sites. He further stated that since 2003, land prices have been rising, and the distance between the said land and the acquired land is within one kilometre. No evidence has been adduced to challenge the authenticity of the Ex.B.1 transaction. Although the claimants are not parties to Ex.B.1, it is a sale deed between third parties. To establish the validity of the Ex.B.1 transaction, the claimants examined RW.2. Moreover, there is no evidence to suggest that the claimants orchestrated this sale. The Land Acquisition Officer failed to establish any connection, however tenuous, between the claimants and the Ex.B.1 transaction. Therefore, it cannot be argued that Ex.B.1 was created to inflate the compensation amount artificially.

25. Since the sale transaction evidenced by Ex.B.1, dated 23.08.2003, occurred six years before the publication of the Notification for the acquisition of the land in this case, and the land involved in the Ex.B.1 transaction is located very close to the acquired lands, the Reference Court should have relied upon this document. It is well-established in law that sales of similar land within the same village or neighbouring villages should be considered as guiding factors by the Reference Court.

26. The Reference Court, in its judgment, referred to the judgments as follows:

(i) In ***Special Land Acquisition Officer, Bagalkot V. Mohd.***

Hanif Sahib Bawa Sabhi⁹, the Hon'ble Supreme Court held that:

The appreciation at the rate of 10% for every subsequent year after the base year was neither excessive nor unreasonable for land in an area.

⁹ (2002) 3 SCC 688

(ii) ***Land Acquisition Officer (Mandal Revenue Officer), Jagtial, Karimnagar District V. Ekkaladevi Narasamma and others***¹⁰, the High Court of Andhra Pradesh held that:

As a general rule, in almost all cases, escalation has to be granted only at 10% for every year.

27. Relying on the two judgments, the Reference Court observed that an escalation of 10% per annum should be applied, starting from 23.08.2003 until the date the award was passed. Consequently, the claimant is entitled to an enhancement of 60% of the compensation, which applies solely to the awarded compensation amount and all applicable statutory benefits. It appears that the Reference Court has considered the market value fixed by the Land Acquisition Officer (L.A.O.) on the date of Notification as the market value for the sale transaction conducted on 23.08.2003.

28. The Reference Court erred in relying on the market value determined by the Land Acquisition Officer (L.A.O.) as the prevailing market value corresponding to Ex.B.1 sale transaction's date.

29. Had the Reference Court relied on the sale transaction covered under Ex.B.1, then 60% enhancement might have been justifiable, assuming such a transaction reflected a comparable market condition. However, the Reference Court has discarded Ex.B.1 as being irrelevant due to the small extent of the land involved in that transaction, which raises the question of why the 60% escalation was still applied from the date of Ex.B.1 transaction without proper reasoning. The order of the Reference Court fails to provide a clear and coherent reasoning for its decision to award a 60% escalation on the market value fixed by the Land Acquisition Officer (L.A.O.) under Ex.A.1. Furthermore, although the Reference Court has referred to several precedents set by the Apex Court, it has misunderstood or misapplied them. The Reference Court has failed to interpret the legal precedents correctly. As a

¹⁰ 2020 (5) ALD 490 (DB)

result, it has unjustifiably applied a 60% enhancement to the market value fixed by the L.A.O. as of the date of the Notification.

30. The material placed on record by the Claimants was good enough for consideration to arrive at the market value of the acquired lands on the relevant date, and the price determined by the Land Acquisition Officer was too low and inadequate. The exercise that ought to have been followed according to such affirmative finding was to compare the best possible sale instance exhibited on record with the acquired lands which were closest in terms of proximity of time and distance for determining the market value on the relevant date. Instead, what has actually been done by the Reference Court is to the contrary. Reference Courts should have determined the market value of acquired lands by comparing the market value awarded in the best / most comparable instance.

31. The impugned Order of the Reference Court in not considering the Ex.B.1 sale deed is wholly erroneous and contrary to the mandate of section 23(1) of the Act and also contrary to the law laid down by the Hon'ble Supreme Court in the judgments referred herein above. This Court views that if any relevant and bona fide sale deed exemplars were available, then the Reference Court should have considered those sale deed exemplars to determine the market value. Without reliable evidence on record, it cannot be assumed that Ex.B.1 sale deed does not reflect the actual consideration.

32. In our view, the most comparable instance for determining the market value at the time of the Section 4 Notification regarding the acquired lands is the sale transaction evidenced by the sale deed (Ex.B.1). This transaction represents the best and most comparable reference for assessing the market value of the acquired lands, both in terms of time proximity and geographical distance. The Reference Court, however, failed to consider the relevant exemplars, the testimony of witnesses, and other pertinent facts. Instead, it arbitrarily fixed the market value at Rs.3,28,000/-, which was improper. A

review of the impugned order reveals no clear rationale for setting the market value at this amount.

33. The evidence on record clearly demonstrates that the transaction reflected in Ex.B.1 pertains to house plots, which are typically used for residential purposes and carry a different valuation. In contrast, the lands referenced in Ex.A.1 are agricultural and designated for cultivation and other farming activities.

34. When large tracts of land are acquired, transactions involving smaller properties do not provide an appropriate benchmark. Therefore, the valuation of smaller properties is not considered a reliable basis for determining the compensation for larger parcels of land. In such cases, when determining the market value of a large property based on a sale transaction for a smaller property, a deduction should be applied.

35. The principles regarding the deduction to be applied while determining the market value of land for compensation under the Act, 1894 have been applied by the Hon'ble Supreme Court, providing for deduction ranging up to 75% depending on the nature of the land, its situation and stage of development etc., vide **Brig. Sahib Singh Kalha V. Amritsar Improvement Trust**¹¹, (deductions between 20% and 33%), **Administrator General of West Bengal V. Collector, Varanasi**¹², (upheld deduction of 40%), **Chimanlal Hargovinddas V. Special Land Acquisition Officer Poona and another**¹³ (deduction between 20% to 50%), **Land Acquisition Officer Revenue Divisional Officer Chottor V. L. Kamamma (Smt.) Dead by and others**¹⁴, (deduction of 40% as development cost), **Kasturi and others V. State of Haryana**, (1/3rd deduction was upheld on development), **Land Acquisition Officer V. Nookala Rajamallu and others**¹⁵, (53% deduction),

¹¹ (1982) 1 SCC 419

¹² (1988) 2 SCC 150

¹³ MANU/SC/0071/1988

¹⁴ (1998) 2 SCC 385

¹⁵ (2003) 12 SCC 334

V. Hanumantha Reddy (Dead) V. Land Acquisition Officer¹⁶, (37% deduction towards development), **Viluben Jhalejar Contractor V. State of Gujarat**¹⁷, (20 to 50% towards development), **Atma Singh V. State of Haryana and another**¹⁸, (20% deduction towards largeness of area), **Subh Ram and others V. State of Haryana and others**¹⁹, (where valuation of a large area of agricultural or undeveloped land has to be determined on the basis of sale price of a small developed plot, standard deductions would be 1/3rd towards infrastructural space and 1/3rd towards infrastructural developmental cost, i.e. 2/3rd % i.e. 67%), **Andhra Pradesh Housing Board V. K. Manohar Reddy and others**²⁰ (deductions on account of development could vary between 20% to 75%), **Special Land Acquisition Officer and another V. M.K. Rafiq Sahib**²¹, (60% deduction).

36. The Hon'ble Supreme Court in **Maya Devi (dead) through legal representatives and others V. State of Haryana and another**²² has extensively discussed the position of law in this regard, after surveying a catena of its earlier decisions; a perusal of this decision shows that there cannot be a thumb rule as to what should be the deduction value when the exemplar is a small piece of plot in a developed housing layout; the deduction for development comprises of two components namely, the area required to be utilised for developmental work and the cost likely to be incurred for such works; normally the percentage of "deduction for development" to be made for fixing the market value of large tracts of undeveloped agricultural lands having development potential, with reference to the sale price of small developed plots, ranges from 20% to 86%, depending upon the variable factors.

37. Based on the principles established in the decisions mentioned above, we take Ex.B.1 sale transaction as basis for determining the market value. The sale transaction was concluded for Rs.96,000/- for an extent of Ac.0.18

¹⁶ (2003) 12 SCC 642

¹⁷ (2005) 4 SCC 789

¹⁸ (2008) 2 SCC 568

¹⁹ MANU/SC/1790/2009

²⁰ (2010) 12 SCC 707

²¹ (2011) 7 SCC 714

²² (2018) 2 SCC 474

cents vide Ex.B.1 sale transaction and deducing 60% of the amount towards development charges and considering a 10% annual appreciation, the compensation for one acre of land is computed at Rs.5,33,333/-, which may be rounded to Rs.5,33,000/-.

38. Given the above discussion, we hold that in the impugned Orders, the Reference Court has committed a manifest error of law in determining the market value of the acquired lands.

39. Taking into account this factor, including the situation and potentialities of the acquired lands, it would be proper to fix the market value of the acquired lands at Rs.5,33,000/- per Acre. Accordingly, the points are answered.

40. In the result, the Land Acquisition Appeal Suits are ***partly allowed***, and the market value of the land is fixed at Rs.5,33,000/- per acre as of the date of Notification. The Respondents are directed to pay compensation of Rs.5,33,000/- per acre instead of Rs.3,28,000/- per Acre. Appellants will be entitled to all statutory benefits, including interest on the enhanced compensation awarded by the Reference Court. The Respondents will now have to deposit the compensation amount together with all statutory benefits after adjusting the payment already made, if any, within four (04) months from today. Thereafter, the Appellants will be entitled to withdraw the same. A modified award will be drawn accordingly. There shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

NINALA JAYASURYA, J

T MALLIKARJUNA RAO, J

Date: 21.03.2025
MS / SAK

**THE HONOURABLE SRI JUSTICE NINALA JAYASURYA
AND
THE HONOURABLE SRI JUSTICE T. MALLIKARJUNA RAO**

L.A.A.S.NOs. 527, 546 and 547 of 2012

Date: 21.03.2025

SAK