

A THE STATE OF KARNATAKA & ANR.

v.

B. R. MURALIDHAR & ORS.

(Civil Appeal No. 1966 of 2013)

B JULY 28, 2022

[A. M. KHANWILKAR AND SANJIV KHANNA, JJ.]

- Land Acquisition: Karnataka Slum Areas (Improvement and Clearance) Act, 1973 – ss.17, 18, 20 – Constitutional validity of s.20 of 1973 Act – Amount payable in respect of land acquired – Acquisition notification u/s. 17 of 1973 Act issued by the Housing Department of State in 2005 – Writ petition filed before High Court contending that notification was issued without adequately considering the objections taken by the writ petitioners and in excess of the power vested in the authority and second plea was about the lapsing of the acquisition which was in furtherance of the show cause notice issued under the 1973 Act – Single Judge did not set aside the impugned notification, however, held that s.20 of the 1973 Act was ultra vires and opined that the method of determining the amount to be paid to the land losers pursuant to acquisition of land was not just and reasonable – It ought to be as per the prevailing market value of the land; and not on the basis of “three hundred times the property tax payable” in respect of such land, as per s.20 of the 1973 Act – And, until a just method for determination of amount was replaced by a law made by the State Legislature, the land losers ought to be paid amount in accordance with ss.23 and 24 of the 1894 Act – Division Bench upheld the declaration given by the Single Judge about s.20 being unconstitutional, however, modified the operative direction given regarding method of determining the amount payable to the land losers and observed that such a direction would be beyond the purview of the Court’s jurisdiction and that it is always open to the State to bring suitable amendment to s.20 – Division Bench noted that the 1973 Act cannot get any immunity under Art. 31C of Constitution since the present Act has been enacted prior to the 44th Amendment – On appeal, held: High Court disposed of the assail to the validity of s.20 of the 1973 Act in a cryptic manner and more so without analysing all*

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relevant aspects needed to be considered by a Constitutional Court to declare provisions enacted by the State Legislature as ultra vires – High Court ought to have examined the scheme of the 1973 Act, its objects and purposes and also whether the payment of amount specified as three hundred times the property tax payable in respect of such land on the date of publication would be a permissible method of determination of the amount or is per se unjust, unfair or unreasonable – Additionally, if the 1973 Act and the provisions are ascribable to the objective predicated in Art. 39(b) of the Constitution, then it would get protection or immunity from challenge in terms of Arts. 14, 19 or 31 of the Constitution – Also even if the High Court was right in observing that the 1973 Act came into force prior to coming into force of 44th Amendment to the Constitution on 20.06.1979, it would make no difference as Art. 31C was already in force with effect from 20.04.1972 to the extent it has been validated by this Court in Keshavananda Bharti – Matter remitted to High Court for reconsideration of writ petitions including question of constitutional validity of s.20 of the 1973 Act – Land Acquisition Act, 1894 – ss. 23, 24 – Constitution of India – Art.19(1)(f), 31C, 39(b).

Disposing of the appeals, the Court

HELD: 1. The High Court had held that in absence of an express provision regarding lapsing of acquisition in the 1973 Act unlike the 1894 or 2013 Act, it is not open to grant relief of setting aside impugned notification dated 23.6.2005 on account of efflux of time. In that, show cause notice (preliminary notification) is ordinarily issued when the competent authority is satisfied that for the purpose of executing any work of improvement in relation to any “slum area” or any building in such area or for the purpose of redeveloping any “slum clearance area”, or for the purpose of rehabilitating slum dwellers, it is necessary to acquire any land and it has been so decided in pursuance of the said provision. The need to develop the slum area and to rehabilitate the slum dwellers is a continuing obligation of the State until it is fully discharged. The fact that there is some time gap between the preliminary notice to show cause why the land in question should not be acquired and in issuance of the final notification under Section 17, by itself, cannot be a ground

- A to declare the process initiated by valid show cause notice as having lapsed by efflux of time. It was, however, urged by the writ petitioners that the stated power to effectuate a purpose has to be exercised in a reasonable time frame. The exercise of power in a reasonable manner inheres the concept of its exercise within a reasonable time. What would be the length of reasonable time must be then determined by the facts of the case in the context of scheme of the Act and the nature of the power which is to be exercised to prevent miscarriage of justice, misuse or abuse of power. Even this plea will have to be examined by the High Court in the first place. [Paras 20, 20A][462-B-G]
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- C 2. In the fact situation of the present case, it is appropriate to relegate the parties before the High Court for reconsideration of the writ petitions afresh including in relation to the question of constitutional validity of Section 20 of the 1973 Act. In the remanded proceedings, it would then be open to the writ petitioners to amend the writ petition to raise a new plea regarding inapplicability of Section 17 to the land in question — which had not been declared as slum area or slum clearance area. That question, if answered in favour of the writ petitioners, would go to the root of the matter and it may then not be necessary to even examine the question regarding the constitutional validity of Section 20 of the 1973 Act.[Para 21][462-G-H; 463-A-B]
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- F 3. It will be open to the Single Judge to await the decision of the larger Bench of this Court in reference made in terms of *Property Owners' Association*, in the event it becomes necessary to deal with the argument of the expunge of expression "material resources of the community" in Article 39(b) of the Constitution and its applicability to the impugned provision of the 1973 Act. As the High Court's impugned decisions have been set aside, it must follow that the declaration issued by the High Court regarding Section 20 of the 1973 Act being ultra vires stands effaced and that provision be given full effect until further orders of the High Court in the remanded petitions. [Paras 23, 24][463-D-E; 464-A-B]
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*The Deputy Commissioner and Collector, Kamrup & Ors.
v. Durganath Sarma AIR 1968 SC 394 : [1968] 1 SCR*

561; K.T. Plantation Private Limited & Anr. v. State of Karnataka (2011) 9 SCC 1 : [2011] 13 SCR 636; His Holiness Kesavananda Bharati Sripadagalvaru v State of Kerala & Anr. (1973) 4 SCC 225 : [1973] 2 SCR 1089; The State of Karnataka & Anr., etc. v Ranganatha Reddy & Anr., etc., etc. AIR 1978 SC 215 : (1977) 4 SCC 471 : [1978] 1 SCR 641; Maharao Sahib Shri Bhim Singhji v Union of India & Ors. (1981) 1 SCC 166; Rajiv Sarin & Anr. v State of Uttarakhand & Ors. (2011) 8 SCC 708 : [2011] 9 SCR 1012; State of Maharashtra & Anr. v Basantibai Mohanlal Khetan & Ors. (1986) 2 SCC 516 : [1986] 1 SCR 707; Property Owners' Association & Ors. v State of Maharashtra & Ors. (2013) 7 SCC 522 – referred to.

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| <u>Case Law Reference</u> | | |
|---------------------------|-------------|---------|
| [1968] 1 SCR 561 | referred to | Para 7 |
| [2011] 13 SCR 636 | referred to | Para 9 |
| [1973] 2 SCR 1089 | referred to | Para 11 |
| [1978] 1 SCR 641 | referred to | Para 11 |
| (1981) 1 SCC 166 | referred to | Para 11 |
| [2011] 9 SCR 1012 | referred to | Para 11 |
| [1986] 1 SCR 707 | referred to | Para 11 |
| (2013) 7 SCC 522 | referred to | Para 11 |

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CIVIL APPELLATE JURISDICTION : Civil Appeal No.1966 of 2013.

From the Judgment and Order dated 28.08.2012 of the High Court of Karnataka at Bangalore in Writ Appeal No.918 of 2008.

With

Civil Appeal No.4959 of 2022.

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Nikhil Goel, AAG, Shyam Divan, Nikhil Nayyar, Sr. Advs., V. N. Raghupathy, S. Udaya Kumar Sagar, Ms. Bina Madhavan, L. M. Chidanandayya, P. Mohith Rao, Govind Manoharan for M/s Lawyer S

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- A Knit & Co., Ms. Pritha Srikumar Iyer, Abhinav Ramanand, Dhananjay Baijal, Ms. Neha Mathen, Ms. Mansi Binjrajka, Shubhranshu Padhi, Ashish Yadav, Rakshit Jain, Vishal Banshal, Advs. for the appearing parties.

The Judgment of the Court was delivered by

B **A. M. KHANWILKAR, J.**

1. In these appeals, the subject matter is the notification dated 23.6.2005 bearing No. HD 34 KOMAME 2004, Bangalore issued under Section 17 of the Karnataka Slum Areas (Improvement and Clearance) Act, 1973¹ by the Housing Department of the State of Karnataka and C the constitutional validity of Section 20 of the 1973 Act. The persons aggrieved by the issue of the impugned notification dated 23.6.2005 had filed Writ Petition No.22611 of 2005², Writ Petition No.20955 of 2005³ and Writ Petition No.21192 of 2005 (GM-Slum)⁴ before the High Court of Karnataka at Bangalore⁵.
- D 2. The challenge to the stated notification was twofold. The first is that the impugned notification was issued without adequately considering the objections taken by the writ petitioners and in excess of the power vested in the authority. The second was about the lapsing of the acquisition which was in furtherance of the show cause notice issued under the 1973 Act on 14.10.1982. It was the case of the writ petitioners E that by efflux of time, the stated show cause notice (preliminary notification) had worked out and no acquisition in furtherance thereof after 23 years could be permitted in law. As regards the validity of Section 20 of the 1973 Act, the challenge was essentially about the method of determining payment predicated therein to pay amount at the rate of three hundred times the property tax for acquiring the land under Section F 17 of the 1973 Act and not fair market value of the property. Whereas, the amount offered on the basis of property tax is inevitably an illusory amount, including in the teeth of the legislation made by the Parliament, namely the Land Acquisition Act, 1894⁶.

¹ for short, “the 1973 Act”

G ² filed by B.R. Muralidhar, respondent No.1 in Civil Appeal No.1966 of 2013

³ filed by V. Balasubramanya @ Balender Venkta, respondent No.3 in Civil Appeal No.1966 of 2013

⁴ filed by M/s. Chandra Spinning and Weaving Mills Private Limited, respondent No.4 in Civil Appeal No.1966 of 2013 and also appellant in the companion appeal i.e., Civil Appeal No. of 2022 @ S.L.P. (C) No.18942 of 2013

⁵ for short, “the High Court”

H ⁶ for short, “the 1894 Act”

3. Learned Single Judge of the High Court of Karnataka vide common judgment and order dated 20.9.2007 declared Section 20 of the 1973 Act as *ultra vires*. He, however, rejected the plea of the writ petitioners that the acquisition pursuant to preliminary notification dated 14.10.1982 had lapsed on the finding that there was no such provision in the 1973 Act analogous to the provisions of the 1894 Act. Learned Single Judge also rejected the plea taken by the writ petitioners that their objections were not adequately considered. Having so held, the learned Single Judge did not set aside the impugned notification dated 23.6.2005. As learned Single Judge took a view that Section 20 of the 1973 Act was *ultra vires*, it had to then opine that vacuum regarding the method of determination of amount to be paid to the land losers was created and until a just method for determination of amount was replaced by a law made by the State Legislature, the land losers ought to be paid amount in accordance with Sections 23 and 24 of the 1894 Act.

4. Against the decision of the learned Single Judge, cross appeals were filed by the writ petitioners as well as by the State of Karnataka. Respondent No.3 herein (V. Balasubramanya @ Balender Venkta), however, later withdrew his appeal. The appeal filed by the State of Karnataka for assailing the decision of the learned Single Judge declaring Section 20 of the 1973 Act *ultra vires*, came to be disposed of vide impugned judgment and order dated 28.8.2012 passed in Writ Appeal No. 918 of 2008 and Writ Appeal Nos. 1484-1485 of 2011 (GM-SLUM). In view of withdrawal of the cross appeal filed by the writ petitioner (respondent No.3 herein), the Division Bench was not required to examine the correctness of the finding recorded by the learned Single Judge in respect of plea of lapsing of acquisition and inadequate consideration of the objections pressed into service by the writ petitioners for challenging the final notification dated 23.6.2005. As aforesaid, the Division Bench upheld the declaration given by the learned Single Judge that Section 20 of the 1973 Act was unconstitutional. However, the Division Bench modified the operative direction given by the learned Single Judge regarding method of determining the amount payable to the land losers in accordance with Sections 23 and 24 of the 1894 Act; and instead, it observed that such a direction would be beyond the purview of the Court's jurisdiction and that it is always open to the State to bring suitable amendment to Section 20 of the 1973 Act. Against this decision of the Division Bench rendered in Writ Appeal No.918 of 2008, the State of

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- A Karnataka has filed Civil Appeal No.1966 of 2013. While granting leave, vide order dated 25.2.2013, this Court has passed the following order:

"SLP (C) No. 39936/2012

Leave granted.

- B Operation of the impugned order of the High Court in so far as the same strikes down Section 20 of the Karnataka Slum Areas (Improvement and Clearance) Act, 1973 [for short 'the Act'] shall remain stayed, until further orders from this Court. The petitioners shall be free to determine and pay compensation to the land owners in terms of Section 20 of the Act. Any such determination and payment shall remain subject to ultimate outcome of this appeal."

- C 5. Respondent No.4 (M/s. Chandra Spinning and Weaving Mills Private Limited) in the leading appeal filed by the State of Karnataka, as aforesaid, filed an independent appeal before the Division Bench being D Writ Appeal No.1492 of 2008 (GM-SLUM), which came to be rejected on the ground of unexplained delay vide impugned judgment and order dated 17.8.2012. Against the decision of the Division Bench, respondent No.4 has filed cross appeal arising from S.L.P. (C) No.18942 of 2013, essentially questioning the decision of the Division Bench of the High E Court rejecting the cross appeal filed by the Company on the ground of laches and unexplained delay.

- F 6. We have heard Mr. Nikhil Goel, learned Additional Advocate General for the State of Karnataka, Mr. Nikhil Nayyar, learned senior counsel appearing for respondent No.3 and Mr. Shyam Divan, learned senior counsel appearing for respondent No.4.

- G 7. Diverse grounds have been raised to question the correctness of the view taken by the High Court. The moot question in these appeals is about the constitutional validity of Section 20 of the 1973 Act. While dealing with the relief claimed by the writ petitioners in that regard, the H learned Single Judge opined that the method of determining the amount to be paid to the land losers pursuant to acquisition of land was not just and reasonable. According to the learned Single Judge, it ought to be as per the prevailing market value of the land; and not on the basis of three hundred times the property tax payable in respect of such land, as predicated in Section 20 of the 1973 Act. This method of determining the amount on the basis of property tax payable in respect of the acquired

land, would result in offering illusory amount to the land loser. Besides being illusory, it would be arbitrary and discriminatory as the land loser would be denied of the market value of the land as is provided for in Sections 23 and 24 of the 1894 Act. To buttress this opinion, the learned Single Judge took note of the decision of this Court in *The Deputy Commissioner and Collector, Kamrup & Ors. vs. Durganath Sarma*⁷ and proceed to dispose of the challenge to Section 20 of the 1973 Act in a cryptic manner in the following words:

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“18. Thus there has to be equal protection of law.

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19. I am also not in a position to give acceptability to the submissions advanced by Sri Nagarajappa, the learned counsel for the respondent No.3. **Just because the lands are acquired for discharging the State’s social service obligations, proper compensation to the land losers cannot be denied. The land losers cannot be fastened with the social service obligations of the State.**

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20. In exercise of its eminent domain when the State acquired the property for public use, but without the owner’s consent, the same has to be upon paying just compensation. The compensation payable must be a just equivalent of what the owner is deprived of. What principles will guide the determination of the amount payable fall within the legislative province. But the same have to meet the basic requirement of full indemnification of the expropriated owner. The compensation scheme under the Slum Areas Act does not provide for the payment of compensation equivalent to the market value of the land. The true valuation of the land involves both computation and judgment.

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21. For the aforesaid reasons, I strike down Section 20 of the Slum Areas Act as unconstitutional. But the question is, what should follow it. If the lands are acquired under the Slum Areas Act, how the compensation is to be determined. It is for the legislature to decide and prescribe the reasonable method of determining the market value for the purpose of paying compensation to the land losers. However until such time that some legislative provision replaces Section 20, no vacuum should be created. During the transition between today, the date of striking down of Section 20

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⁷ AIR 1968 SC 394 (5-Judge Bench)

- A of the Slum Areas Act and the commencement of the necessary legislative amendment, the determination of the market value has to be in accordance with Section 23 and 24 of the Land Acquisition Act, 1894, as the provisions of the said Act have withstood the test of time.”
- B (emphasis supplied)
8. When the matter travelled before the Division Bench of the High Court, the manner in which the appeals have been disposed of, in particular the issue of constitutional validity of Section 20 of the 1973 Act, is no different. The Division Bench noted the arguments of the parties and of the State in particular that the provisions of the 1973 Act enjoyed immunity in terms of Article 31C of the Constitution of India. While dealing with the argument, the Division Bench noted that the 1973 Act came into force on 29.10.1974⁸ much before the 44th Amendment to the Constitution concerning Article 31C — on which date the provisions of Articles 19(1)(f) and 31 were in force. Having said that, the Division Bench then articulated the question to be answered in the appeals before it as follows:
- “Whether the Judgment in K.T. PLANTATION PRIVATE LIMITED⁹ can be applied and based on the same, whether the order of the learned Single Judge is required to be interfered with or not.”
9. For answering this question, the Division Bench first reproduced the paragraphs 189, 190 to 193, 198, 201 and 209 of the *K.T. Plantation Private Limited*¹⁰ and disposed of the question under consideration in the following words:
- F “15. From the reading of the aforesaid paragraphs of the Judgment, we are of the opinion that it is for the State to demonstrate before the Court that amount fixed u/s 20 of the Act is not illusory and it is just and reasonable compensation.
- G **16. The present Act cannot get any immunity under Article 31-C of the Constitution of India, since the present Act has been enacted prior to the 44th Amendment.** If the present
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- ⁸ The 1973 Act received the assent of the President on 1.10.1974
- ⁹ K.T. Plantation Private Limited & Anr. vs. State of Karnataka, (2011) 9 SCC 1 (5-Judge Bench)
- H ¹⁰ supra at Footnote No.9

Act had been enacted after the 44th Amendment to the Constitution, we are of the view that the Judgment in K.T. PLANTATION PRIVATE LIMITED Vs. STATE OF KARNATAKA¹¹ would squarely applicable. As stated supra, the present Act is enacted prior to the 44th amendment. In such circumstances, it is for the State that the amount fixed u/s 20 of the Act is the market value and it is clear as no land looser can be deprived of his property without paying the reasonable compensation. But unfortunately, in this case, State has not made any efforts before us to show that three hundred times of the assessment fixed by the Municipality would be the reasonable compensation or very near to the market value. In such circumstances, we are of the view that if the learned Single Judge has held Sec.20 of the Act as unconstitutional, we cannot lightly interfere with the same.”

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(emphasis supplied)

This is the entire discussion regarding the validity of Section 20 of the 1973 Act.

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10. In the appeals before this Court, both sides have extensively argued all aspects regarding issue of constitutional validity of Section 20 of the 1973 Act. For the nature of final order that we propose to pass, it is not necessary to dilate on the rival submissions in *extenso*.

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11. According to the State, the 1973 Act and the provisions therein, in particular Section 20, it ought to enjoy the protection of Article 31C of the Constitution. The fact that the 44th Amendment to the Constitution came into force with effect from 20.6.1979 and the 1973 Act came into force much before that, would make no difference. For, even at that relevant time Article 31C was available as it had come into effect on 20.4.1972 to the extent, it has been upheld by the Constitution Bench of this Court in *His Holiness Kesavananda Bharati Sripadagalvaru vs. State of Kerala & Anr.*¹². In other words, the expanse of Article 31C, as upheld by this Court, at the time the 1973 Act came into force was still available to give protection and immunity from challenge to the stated Act being referable to the tenet enunciated in Article 39(b) of the Constitution. Hence, according to the appellant it was open to the State Legislature to prescribe different method for determination of amount

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¹¹ supra at Footnote No.9

¹² (1973) 4 SCC 225 (13-Judge Bench)

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- A payable to the land loser under the 1973 Act. To buttress this submission, reliance has been placed also on *The State of Karnataka & Anr., etc. vs. Ranganatha Reddy & Anr., etc., etc.*¹³; *Maharao Sahib Shri Bhim Singhji vs. Union of India & Ors.*¹⁴; *Rajiv Sarin & Anr. vs. State of Uttarakhand & Ors.*¹⁵; and *K.T. Plantation Private Limited*¹⁶. For that, learned counsel for the State also invited our attention to the Statement of Objects and Reasons, Preamble, and the scheme of the different provisions of the 1973 Act, including Section 17 which is to rehabilitate the slum dwellers from their existing squalid living conditions in the slum area, so as to best subserve the common good by redeveloping the slum area or slum clearance area, as the case may be. Such rehabilitation of slum dwellers tantamounts to distribution of the material resources of the community after the vesting of the land in terms of Section 18 of the 1973 Act, in the State free from all encumbrances. In short, the provisions of the 1973 Act are referable to the expanse of Article 39(b) of the Constitution; and Section 20 is only a provision (means) to achieve that goal by following method to compensate the land loser—by offering amount of three hundred times the property tax payable in respect of such land. Reliance is also placed on the exposition in *State of Maharashtra & Anr. vs. Basantibai Mohanlal Khetan & Ors.*¹⁷ which had dealt with the question of validity of the Maharashtra Housing and Area Development Act, 1976¹⁸. This Act was enacted by the Maharashtra State Legislature to consolidate the Bombay Housing Board Act, 1948, in the Bombay and Hyderabad areas of the State, the Madhya Pradesh Housing Board Act, 1950, the Bombay Building Repairs and Reconstruction Board Act, 1969 and “the Maharashtra Slum Improvement Board Act, 1973”. This Court upheld the validity of the 1976 Act also in reference to Article 31C of the Constitution as it existed at the relevant time (validated by the decision in *His Holiness Kesavananda Bharati Sripadagalvaru*¹⁹), as can be discerned from the discussion in paragraphs 13 to 15 of the reported decision. The State would also argue that while considering the validity of Section 20 of the 1973 Act, it may be necessary to consider the question as to whether the
 - G ¹³ AIR 1978 SC 215 : (1977) 4 SCC 471 (7-Judge Bench)
 - ¹⁴ (1981) 1 SCC 166 (5-Judge Bench)
 - ¹⁵ (2011) 8 SCC 708 (5-Judge Bench)
 - ¹⁶ *supra* at Footnote No.9
 - ¹⁷ (1986) 2 SCC 516 (2-Judge Bench)
 - ¹⁸ for short, “the 1976 Act”
 - H ¹⁹ *supra* at Footnote No.12

expression “material resources of the community” would include private property and this question has already been referred to a larger Bench (nine Judges) in *Property Owners’ Association & Ors. vs. State of Maharashtra & Ors.*²⁰, which is pending consideration. Therefore, these matters be tagged along with those cases.

12. Further, in response to the argument canvassed across the Bar by the learned counsel for the writ petitioners for the first time before this Court in reference to the purport of Section 17 of the 1973 Act, it is urged by the State that the same ought not to be countenanced without there being any pleading in that regard before the High Court. The writ petitioners, however, had submitted that the land acquired in terms of impugned notification was neither declared as a slum area under Section 3 nor as a slum clearance area under Section 11 of the 1973 Act and as such, it could not be acquired in terms of Section 17.

13. The learned counsel appearing for the writ petitioners would further contend that the issue regarding expance of expression “material resources of the community”, will not arise in the present case. In that, the conclusion recorded by the High Court is that no protection of Article 31C is available to the provisions of the 1973 Act, in particular Section 20. That view taken by the High Court is unexceptionable. At the same time, it has been fairly accepted by respondent No.3, including in the written submissions that the issue as to whether expression “material resources of the community” would include private owned resources, is pending consideration before a nine-Judge Bench of this Court and if the Court so intends, it may take up the matter for hearing along with pending cases before the nine-Judge Bench. Learned counsel for the writ petitioners have filed exhaustive written submissions in addition to oral argument canvassed before this Court.

14. We are of the considered opinion that the High Court has dealt with the question of validity of Section 20 in a casual manner. That cannot be countenanced inasmuch as the Constitutional Court for answering the assail on this count, in the first place, need to examine the scheme of the 1973 Act, its objects and purposes as also the question: whether the payment of amount specified as three hundred times the property tax payable in respect of such land on the date of publication would be a permissible method of determination of the amount or is *per*

²⁰ (2013) 7 SCC 522 (7-Judge Bench)

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- A *se unjust, unfair or unreasonable?* Concededly, there can be different methods for valuation of property, including the method of capitalisation value. Further, it has to be considered as to whether it is an objective method and not illusory (as it is the case of the State that the amount determined under Section 20 is quite substantial, i.e., Rs.3.52 crore), in the present case. Additionally, if the 1973 Act and the provisions are ascribable to the objective predicated in Article 39(b) of the Constitution, then it would get protection or immunity from challenge in terms of Article 14, 19 or 31 of the Constitution. Furthermore, even if the High Court was right in observing that the 1973 Act came into force prior to coming into force of 44th Amendment to the Constitution on 20.6.1979, it would make no difference as Article 31C was already in force with effect from 20.4.1972 to the extent it has been validated by this Court in *His Holiness Kesavananda Bharati Sripadagalvaru*²¹.

15. It is indisputable that the State had defended Section 20 of the 1973 Act on the principle expounded in Article 31C of the Constitution
- D as can be discerned from paragraph 19 of the judgment of the learned Single Judge and also of the Division Bench, in particular paragraph 16 reproduced hitherto.

16. Suffice it to observe that the High Court disposed of the assail to the validity of Section 20 of the 1973 Act in a cryptic manner and
- E more so without analysing all relevant aspects needed to be considered by a Constitutional Court to declare provisions enacted by the State Legislature as *ultra vires*. For, there is a presumption about the constitutionality of the law made by the Parliament/State Legislature.

17. It was also urged by the learned counsel for the writ petitioners
- F that the State had failed to explain and justify the method of determining the value of the land which ought to be equivalent to fair market value and not illusory amount. As regards deficiency in the pleadings of the parties, the same argument can be used against both sides. We say so because constitutional validity has been raised obviously as an alternative plea in the writ petition being the last ground of challenge in paragraphs 29 and 30 of the Writ Petition No.21192 of 2005 (GM-SLUM)²². The same reads thus:

“29. Section 20 of the Act provides for payment of amount at the rate of 300 times the property tax payable in respect of the land

²¹ *supra* at Footnote No.12
H ²² *See* Footnote No.4

acquired. Entry 42 of List III, 7th Schedule to the Constitution provides for acquisition and requisition of property. By reason of the fact that the said subject is in the concurrent list, both Centre and the States can make laws. The Parliament having enacted the Land Acquisition Act has evinced interest on occupy the entire field relating to acquisition including payment of compensation and the field is therefore completely covered. The Land Acquisition Act provides for payment of compensation at the market value of the property. The Act, which is later in point of time, though has received the assent of the President, Section 20 in so far as it provides for payment of amount 300 times the property tax payable on such land which methodology is different from the methodology provided for under the Land Acquisition Act is therefore beyond the competence of the State Legislature and is therefore liable to be declared as void as being in contravention of the Land Acquisition Act, 1894 read with Article 300A of the Constitution of India.

30. Assuming, but not conceding that the impugned action of the Government in acquiring lands is vitiated, even so the Government is liable to pay compensation to the petitioner at the market value of the property and in accordance with the principles laid down under the Land Acquisition Act, 1894 and not at 300 times the property as provided under Section 20 of the Act.”

18. As the focus before the High Court was essentially on the plea that the acquisition proceedings had lapsed, even the State in its response filed before the High Court merely stated thus:

“10. . . . The compensation payable as per Section 20 of the Act is 300 times of the assessment is correct. The Act and its provisions are for the betterment of the poor and downtrodden slum dwellers as a social obligation. The compensation payable for such land acquired under Section 17 of the Act is only as per Section 20 of the Act. The respondents are having the obligation of providing shelter to several lakhs of slum dwellers and the respondents cannot acquire lands as per Land Acquisition Act and pay huge compensation as per the provisions of the said act i.e., as per the market value. Hence, the provisions of KSA (I & C) Act, 1973 are applied to acquire the lands as per Section 17 and pay the compensation as per Section 20 of the Act. Hence, Article 300A of the Constitution of India is not violated.”

- A 19. As aforesaid, in addition to the challenge to Section 20 of the 1973 Act being unconstitutional, during the course of argument for the first time and then restated in the written submission, question regarding the applicability of Section 17 of the 1973 Act to the fact situation of the present case has been raised. There is no pleading in the writ petitions in that regard.
- B 20. Be that as it may, the High Court had held that in absence of an express provision regarding lapsing of acquisition in the 1973 Act unlike the 1894 or 2013 Act, it is not open to grant relief of setting aside impugned notification dated 23.6.2005 on account of efflux of time. In that, show cause notice (preliminary notification) is ordinarily issued when
- C the competent authority is satisfied that for the purpose of executing any work of improvement in relation to any “slum area” or any building in such area or for the purpose of re-developing any “slum clearance area”, or for the purpose of rehabilitating slum dwellers, it is necessary to acquire any land and it has been so decided in pursuance of the said provision.
- D The need to develop the slum area and to rehabilitate the slum dwellers is a continuing obligation of the State until it is fully discharged. The fact that there is some time gap between the preliminary notice to show cause why the land in question should not be acquired and in issuance of the final notification under Section 17, by itself, cannot be a ground to declare the process initiated vide valid show cause notice as having
- E lapsed by efflux of time.
- F 20A. It is, however, urged by the writ petitioners that the stated power to effectuate a purpose has to be exercised in a reasonable time frame. The exercise of power in a reasonable manner inheres the concept of its exercise within a reasonable time. What would be the length of reasonable time must be then determined by the facts of the case in the context of scheme of the Act and the nature of the power which is to be exercised to prevent miscarriage of justice, misuse or abuse of power. Even this plea will have to be examined by the High Court in the first place.
- G 21. After cogitating over the matter and in the fact situation of the present case, we are of the considered opinion that it would be appropriate to relegate the parties before the High Court for reconsideration of the writ petitions afresh including in relation to the question of constitutional validity of Section 20 of the 1973 Act. In the remanded proceedings, it would then be open to the writ petitioners to amend the writ petition to
- H

raise a new plea regarding inapplicability of Section 17 to the land in question — which had not been declared as slum area or slum clearance area. That question, if answered in favour of the writ petitioners, would go to the root of the matter and it may then not be necessary to even examine the question regarding the constitutional validity of Section 20 of the 1973 Act.

A

22. As a result, to do substantial justice to both the parties, we deem it appropriate to relegate the parties before the learned Single Judge of the High Court for reconsideration of the writ petitions afresh on its own merits and in accordance with law with liberty to both parties to amend the writ petition or file further better affidavit to defend the provisions in question and the action of acquisition, as the case may be. The parties may do so within six weeks from today. The matter after remand to proceed before the learned Single Judge of the High Court in the first week of September 2022 for hearing.

B

23. We need to clarify that it will be open to the learned Single Judge to await the decision of the larger Bench of this Court in reference made in terms of *Property Owners' Association*²³, in the event it becomes necessary to deal with the argument of the expanse of expression “material resources of the community” in Article 39(b) of the Constitution and its applicability to the impugned provision of the 1973 Act. Ordinarily, to observe judicial propriety we would have opted to keep these appeals pending before this Court and to be heard along with the connected cases before the larger Bench of this Court. However, in that eventuality, the parties may have to amend their pleadings, if they intend to urge further grounds of challenge or by way of defence, as the case may be. That exercise, therefore, can be undertaken in the first instance before the High Court, where both sides will get full opportunity to plead and argue their case.

C

24. In view of the above, we set aside the impugned judgment(s) and order(s) dated 17.8.2012 and 28.8.2012 of the Division Bench of the High Court as well as the common judgment dated 20.9.2007 rendered by the learned Single Judge and restore the Writ Petition No.22611 of 2005²⁴, Writ Petition No.20955 of 2005²⁵ and Writ Petition No.21192 of 2005²⁶ to the file of the High Court for being proceeded afresh in

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²³ supra at Footnote No.20

²⁴ See Footnote No.2

²⁵ See Footnote No.3

²⁶ See Footnote No.4

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- A accordance with law after giving liberty to the parties to amend the pleadings or file better affidavit to defend the impugned provisions and the action of the State, as the case may be. As the High Court's impugned decisions have been set aside, it must follow that the declaration issued by the High Court regarding Section 20 of the 1973 Act being *ultra vires* stands effaced and that provision be given full effect until further orders of the High Court in the remanded petitions.
- B
- C 25. All contentions available to both sides are left open. The matter may appear before the learned Single Judge of the High Court of Karnataka in the first week of September 2022. The High Court may endeavour to dispose of the petitions expeditiously, in accordance with law.

The appeals are disposed of accordingly. No order as to costs.

Pending application(s), if any, are also disposed of.

Devika Gujral
(Assisted by : Roopanshi Virang, LCRA)

Appeals disposed of.