

Supreme Court of India

State Of Tamil Nadu vs Padmavathiammal on 12 January, 1981

Equivalent citations: AIR 1981 SC 1693, (1981) 2 SCC 409

Author: D Desai

Bench: A Koshal, A Sen, D Desai

JUDGMENT D.A. Desai, J.

1. The question before the Court was what compensation was payable to the landowner whose surplus land was taken over under the relevant ceiling law.
2. The Tamil Nadu Land Reforms (Fixation of Ceiling on Land) Act, 1961 provides for determining the compensation payable to the original owner of the land for taking over his land declared surplus. Section 50 in Chapter VI having fascicular 'compensation', provides that every person whose right, title or interest in any land is acquired by the Government under Chapter II shall be paid compensation according to the rate specified in Schedule III. It is common ground that the compensation has to be determined according to the formula prescribed in Schedule III.
3. Broadly stated, the authority charged with a duty to determine compensation has to take the first step to ascertain a sum equivalent to the net annual income from the land This annual income determined less land revenue shall be treated as an amount of fair rent.
4. Paragraph 4 provides for a multiple of the fair rent to be paid as compensation in respect of different classes of land. We need not elaborate this point.
5. Having gone through the judgment of the High Court, this formula is conspicuous by silence. It is impossible to gather from the judgment of the High Court whether the High Court determined compensation according to the formula statutorily prescribed. On the contrary, the High Court has proceeded to determine the market value of the land as if it was a case under Land Acquisition Act. This is impermissible and contrary to statute.
6. In the judgment there is a reference to some earlier judgment of our learned colleague Shri Varadarajan. That judgment is not before us but we were told that compensation was determined on the basis of market value in that judgment. Clearly this is impermissible because it overlooked the entire scheme statutorily prescribed for determining compensation. Accordingly, we allow this appeal and set aside the judgment of the High Court and remand the matter to the High Court with a direction that the compensation be determined according to statutory formula. In case the High Court considers proper to remand the matter to the lower authority, it will be open to it to do so. Parties will be at liberty to adduce evidence bearing on the question of compensation.
7. In the circumstances there will be no order as to costs.