

Supreme Court of India

Ram Chand And Ors. vs Union Of India (Uoi) And Ors. on 30 September, 1993

Equivalent citations: JT 1993 (5) SC 466, 1993 (3) SCALE 906, (1994) 1 SCC 44, 1993 Supp 2 SCR 558, 1994 (1) UJ 21 SC

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Bench: J Verma, N Singh, S Bharucha

JUDGMENT N.P. Singh, J.

1. Writ petitions and a civil appeal have been filed for quashing the land acquisition proceedings, which had been initiated between the years 1959 and 1965 by issuance of notifications under Section 4 of the Land Acquisition Act (hereinafter referred to as "the Act") but in which no awards were made up to the years 1979-80, although the declarations under Section 6 of the Act had been made in the years 1966 and 1969. The first such notification under Section 4 of the Act was issued on 13.1.1961 in respect of 16,000 acres of land. One such notification under Section 4 was issued on 23.1.1965. Declarations under Section 6 of the Act were issued on 16.5.1966 and 13.1.1969. The declaration dated 16.5.1966 related to 2,513 Bighas of land, whereas the declaration dated 13.1.1969 was in respect of 88 Bighas. A declaration under Section 6 had been made on 6.12.1966 in respect of 5,898 bighas of land which is subject matter of controversy in other writ petitions.

2. According to the petitioners, having issued the declarations in respect of several thousand Bighas of lands, no further steps, for making of the award or payment of the compensation, were taken for more than 14 years from the date of the declarations under Section 6 of the Act. The awards were made only in the years 1980, 1981 and 1983. This procedure was adopted only to peg the market value of the lands between the years 1959 and 1965. This has inflicted great injury to the petitioners, inasmuch as the compensation has been worked out with reference to the dates of notifications under Section 4 of the Act.

3. The power to acquire private property for public use is an attribute of sovereignty and is essential to the existence of a Government. The power of eminent domain was recognised on the principle that the sovereign State can always acquire the property of a citizen for public good, without the owner's consent. Later, either in the Constitution or in the Act enacted for that purpose, not only this power was recognised, but limitations on exercise of such power were prescribed, for striking a balance between the interest of the public and the individual.

4. The right to acquire an interest in land compulsorily has assumed increasing importance as a result of requirement of such land more and more everyday, for different public purposes and to implement the promises made by the framers of the Constitution to the people of India. But, the Constitution ensures under the second proviso to Article 31A, that where any law makes provision for the acquisition by the State, of land held by a person, under his personal cultivation, within the ceiling limit, it shall not be lawful for the State to acquire any portion of such land "unless the law relating to the acquisition of such land, building or structure, provides for payment of compensations at a rate which shall not be less than the market value thereof." By Constitution (Forty-fourth Amendment) Act, 1978, Clause (f) of Article 19 and Article 31 have been deleted and, as such, to hold property is no more a fundamental right. But, still the mandate under second

proviso to Article 31A continues regarding payment of market value in respect of the land, the subject-matter of acquisition. The Act provides for payment of compensation in respect of the acquisition made, at the market value of land, as such it is consistent with second proviso to Article 31A. But in view of Sub-section (1) of Section 11 and Sub-section (1) of Section 23, the market value of such land is to be fixed with reference to "the date of the publication of the notification under Section 4, Sub-section (1)", irrespective of the dates on which declaration under Section 6 or award under Section 11 are made or possession is taken under Section 16 of the Act. Prior to coming in force of the Land Acquisition (Amendment) Act, 1984, no time limit was prescribed for making an award under Section 11 of the Act with reference to the date of the declaration under Section 6.

5. But the different sections of the Act indicate that the framers of the Act enjoined, that after publication of notification under Sub-section (1) of Section 4 of the Act, further proceedings should be taken as early as possible. A special feature of the Act is that it requires award to be made and compensation to be paid before the land, which is the subject-matter of acquisition, vests in the Government. This is apparent from Section 16, which says that when the Collector has made an award under Section 11, "he may take possession of land, which shall thereupon vest absolutely in the Government, free from all encumbrances." Normally, in statutes relating to acquisition of interest of the holder of any right, questions of assessment and payment of compensation arise after the vesting of the right, title, interest of the holder. But the Act conceives that there may be delay in taking possession, due to some unavoidable reasons and, as such, making of the award or payment of the compensation should not be dependant on taking of the possession of such land and vesting thereof in the Government. Still, the experience of the courts have been that proceedings for land acquisition have been moving at snail's pace for reasons not always easy to ascertain.

6. In the case of *State of Gujarat v. Patel Raghav Natha* it was considered whether in a statute, if for exercise of the power, no time limit has been fixed, the authority, who has to exercise such power, can exercise the same at any time. It was said:

The question arises whether the Commissioner can revise an order made under Section 65 at any time. It is true that there is no period of limitation prescribed under Section 211, but it seems to us plain that this power must be exercised in reasonable time and the length of the reasonable time must be determined by the facts of the case and the nature of the order which is being revised.

Same view was reiterated in the case of *Mansaram v. S.P. Pathak* . It was said:

But as stated earlier, where power is conferred to effectuate a purpose, it has to be exercised in a reasonable manner and the reasonable exercise of power inheres its exercise within a reasonable time.

7. In connection with land acquisition proceeding itself, in the case of *State of Madhya Pradesh v. Vishnu Prasad Sharma* , where a grievance had been made in respect of delay in issuance of the declaration under Section 6 of the Act, after issuance of notification under Section 4(1) of the Act, it was pointed out:

It is clear from this intimate connection between Sections 4, 5-A and 6 that as soon as the government has made up its mind what particular land out of the locality it requires, it has to issue a declaration under Section 6 to that effect.

8. This must be followed by expeditious conclusion the acquisition proceedings culminating in the Awards and payment of compensation. This Court in the case of *Ambalal Purshottam v. Ahmedahad Municipal Corporation* ,said:

We are not hereby to be understood as suggesting that after issue of the notifications under Sections 4 & 6 the appropriate Government would be justified in allowing the matters to drift and to take in hand the proceeding for assessment of compensation whenever they think it proper to do. It is intended by the scheme of the Act that the notifications under Section 6 of the Land Acquisition Act must be followed by a proceeding for determination of compensation without any unreasonable delay.

9. In the case of *Khadim Hussain v. State of U.P.* this Court again said:

As indicated by the Division Bench of the Allahabad High Court, the amendment of 1967, was the result of a decision of this Court in the *State of Madhya Pradesh v. Vishnu Prasad Sharma* holding successive notifications, under Section 6, with excessive intervening delay between a notification under Section 4(2) and a declaration under Section 6, keeping the owner or other person entitled to compensation in suspense all the time, to be illegal. It may be that, if an unreasonable delay between a declaration and its notification is shown to exist, it may raise a suspicion about the existence of the declaration itself or about the bona fides of acquisition proceedings.

10. Craies on Statute Law, Seventh Edition, p. 282, has also emphasised that the proceeding for compulsory acquisition must be concluded without unreasonable delay:

Powers conferred by Act of Parliament must, as a general rule, be exercised within a reasonable time after notice has been given to the persons whose property will be affected by their exercise, otherwise the notice will be liable to be treated as being no longer effective.

11. English Courts have been consistently impressing that the land acquisition proceeding should be completed within a reasonable time, failing which the whole proceeding is vitiated. It was said in the case of *The Tiverton and North Devon Railway Co. v. Robert Francis Loose more*, 9 Appeal Cases 480at 489:

If nothing more was done, and the company have slept upon their rights, and certainly if the delay cannot be explained, they should be held to be disabled from going on with any compulsory purchase....

Same view was reiterated in the case of *Grice v. Dudley Corporation* (1958) 1 Chancery Division 329.

12. House of Lords in the case of Birmingham City Corporation v. West Midland Baptist (Trust) Association (Incorporated) (1969) 3 All England Reports 172, pointed out that the land acquisition proceedings should be conducted in such a manner that the person affected from the land acquisition, gets substantially the value of his land, which he would have got on the date of his dispossession. It was said:

The principle and the rule cannot be reconciled except on the basis that the total value to the owner at the date of the notice to treat is always substantially the same as the value at the date of the expulsion.

13. The Land Acquisition (Amendment) Act, 1984 has now introduced a time limit before which a declaration under Section 6 has to be made. The relevant part of amended Section 6 says:

Provided that no declaration in respect of any particular land covered by a notification under Section 4, Sub-section (1),-

(i) published after the commencement of the Land Acquisition (Amendment and Validation) Ordinance, 1967 (1 of 1967), but before the commencement of the Land Acquisition (Amendment) Act, 1984, shall be made after the expiry of three years from the date of the publication of the notification; or

(ii) published after the commencement of the Land Acquisition (Amendment) Act, 1984, shall be made after the expiry of one year from the date of the publication of the notification:

By the same Act, Section 11-A has been introduced, which fixes a time limit for the making of the award under Section 11 of the Act, failing which the proceeding for the acquisition of the land is to lapse. Section 11-A is as follows:

11-A. Period within which an award shall be made. - The Collector shall make an award under Section 11 within a period of two years from the date of the publication of the declaration and if no award is made within that period, the entire proceedings for the acquisition of the land shall lapse:

Provided that in a case where the said declaration has been published before the commencement of the Land Acquisition (Amendment) Act, 1984, the award shall be made within a period of two years from such commencement.

Explanation.- In computing the period of two years referred to in this section, the period during which any action or proceeding to be taken in pursuance of the said declaration is stayed by an order of a Court shall be excluded.

14. The parliament has recognised and taken note of the inaction and non-exercise of the statutory power on the part of the authorities, enjoined by the provisions of the Act to complete the acquisition proceedings within a reasonable time and because of that now a time limit has been fixed for making of the award, failing which the entire proceeding for acquisition shall lapse. But,

can it be said that before the introduction of amendment aforesaid in the Act, the authorities were at liberty to proceed with the acquisition proceedings, irrespective of any schedule or time-frame and to complete the same as and when they desired? It is settled that in a statute where for exercise of power no time limit is fixed, it has to be exercised within a time which can be held to be reasonable. This aspect of the matter can be examined in the light of second proviso to Article 31A of the Constitution, which in clear and unambiguous terms prohibits making of any law which does not contain a provision for payment of compensation at a rate, which shall not be less than the market value thereof. The Act is consistent with the second proviso to Article 31A, because it provides for payment of compensation at the market value of the land acquired. But, whether the constitutional and statutory requirement of the payment of the market value to the persons, whose lands have been compulsorily acquired, is not being circumvented and violated by keeping the land acquisition proceedings pending for more than a decade and half, without making the awards and paying the compensation, which has been pegged to the dates, of notifications under Sub-section (1) of Section 4 of the Act, which in the present cases had been issued 14 to 21 years before the making of the awards. If a person is paid compensation in the year 1980/1981 at the market rate, prevailing twenty years before, will that be the compliance of the constitutional and statutory mandate? Ignoring the escalation of the market value of the lands, especially near the urban agglomeration or metropolitan cities, will amount to ignoring an earthquake and courts can certainly take judicial notice of the said fact. The interest and the solatium, which have to be paid under the provisions of the Act, are linked with the market value of the land with reference to the date of the notification under Sub-section (1) of Section 4 of the Act. If a decision had been taken as early as in the year 1966, by issuance of declarations under Section 6, that the lands belonging to the different cultivators, who held those lands within the ceiling limit for cultivation, were "needed for public purpose, respondents should have taken steps for completion of the acquisition proceedings and payment of compensation at an early date. In the present case, unless a justification is furnished on behalf of the respondents, can it be said that the statutory power of making an award under Section 11 has been exercised, within a reasonable time from the date of the declaration under Section 6? Due to escalation in prices of land, more so in this area, during the preceding two decades, in reality, the market rate, on the date of the notification under Section 4(1) is a mere fraction, of the rate prevailing at the time of its determination in the Award.

15. Mr. Jailley, appearing for Delhi Development Authority, took a stand that even if it be assumed that there has been an unreasonable delay in completion of the land acquisition proceedings, that delay has been condoned and validated by Section 11A aforesaid, which was introduced by the Land Acquisition (Amendment) Act, 1984, He pointed out that in view of the proviso to Section 11A of the Act, where & declaration under Section 6 had been published before the commencement of the Amendment Act of 1984, like present cases, the awards can be made within a period of two years from the commencement of such Act i.e. up to 23rd September, 1986. As a first impression this argument is attractive. But, from reading of Section 11A, it is apparent that the said section neither purports to validate any delay which had already occurred. The main part of Section 11a introduces a statutory mandate to make an award within a period of two years, from the date of the publication of the declaration under Section 6 and provides that if no award is made within that period, the entire proceeding for acquisition of the land is to lapse. In the proviso, yet another mandate has been introduced by the parliament, saying that in cases where declaration under Section 6 had been

published before the commencement of the land acquisition (amendment) act., 1984, the award shall be made within a period of two years from such commencement. The role of a proviso, hardly needs elucidation, in view of well-settled position by series of judgments of this Court and the rules of interpretation of statutes. The proviso, only carves out an exception, which could have been covered otherwise by the substantive part of the section. According to us, it cannot be held that the proviso to Section 11A, in any manner, validates or justifies the inaction on the part of the authorities in delaying and keeping land acquisition proceedings, pending for a decade and a half, after declarations had been made under Section 6 of the Act. Apart from that, it is not in dispute that Section 11A, will not be applicable to land acquisition proceedings, where awards had been made, as in the present cases, prior to 24th September, 1984 when the Amending Act of 1984 came in force. As such, proviso to Section 11A is not at all applicable to the proceedings with which we are concerned.

16. On behalf of the respondents, it was pointed out that the petitioners have approached this Court only after making of the awards, or when awards were to be made, having waited for more than fourteen years, without invoking the jurisdiction of the High Court under Article 226 or of this Court under Article 32. It is true that this Court has taken note of delay on the part of the petitioners concerned, in invoking the jurisdiction of the High Court or of this Court for quashing the land acquisition proceedings on the ground that the proceedings for acquisition of the lands in question, have remained pending for more than a decade, in the cases of Aftaroon v. Lt. Governor of Delhi , and Ramjas Foundation, v. Union of India According to us, the question of delay in invoking the writ jurisdiction of the High Court under Article 226 or of this Court under Article 32, has to be considered along with the inaction on the part of the authorities, who had to perform their statutory duties. Can the statutory authority take a plea that although it has not performed its duty within a reasonable time, but it is of no consequence because the person, who has been wronged or deprived of his right, has also not invoked the jurisdiction of the High Court or of this Court, for a suitable writ or direction to grant the relief considered appropriate in the circumstances? The authorities are enjoined by the statute concerned, to perform their duties within a reasonable time, and as such they are answerable to the Court, why such duties have not been performed by them, which has caused injury to the claimants. By not questioning, the validity of the acquisition proceedings for a long time since the declarations were made under Section 6, the relief of quashing the acquisition proceedings has become inappropriate, because in the meantime, the lands notified have been developed and put to public use. The lands are being utilised to provide shelter to thousands and to implement the scheme of a planned city, which is a must in the present set up. The outweighing public interest has to be given due weight. That is why this Court has been resisting attempts on the part of the land holders, seeking quashing of the acquisition proceedings, on ground of delay in completion of such proceedings. But, can the respondents be not directed to compensate the petitioners, who were small cultivators, holding lands within the ceiling limit, in and around Delhi, for the injury caused to them, not by the provisions of the Act, but because of the non-exercise of the power by the authorities under the Act within a reasonable time?

17. Mr. Goswami, on behalf of the respondents, referred to the judgment of this Court in the case of Special Land Acquisition Officer Bombay v. Godrej and Boyce There an order under Section 48 of the Act, withdrawing the acquisition of the land in question, was being challenged on the ground

that such order had been issued, long time after the declaration under Section 6. In that context, it was said by this Court that the petitioners, who were the holders of the lands and were in possession thereof, had not been prejudiced by the delay. On basis of that judgment, it was urged that even in present cases, the petitioners have remained in possession of their lands and, as such, there is no question of their suffering any injury due to delay in the completion of land acquisition proceedings. That decision is inapplicable in the present situation because Section 48 is not applicable after making of the awards. In a case where after declaration under Section 6, but prior to making of the award acquisition is withdrawn, under Section 48, the land having enhanced market value remains with the holder thereof.

18. It may be pointed out that different States in India including Maharashtra, Madhya Pradesh, Tamil Nadu and West Bengal have in the years 1950 and 1955, by State Amendments introduced Sections 48, in the relevant Land Acquisition Act, in order to safeguard the interest of the persons in respect of whose lands declarations have been issued under Section 6, but no awards have been made within a reasonable time. In view of Section 48 aforesaid, the declaration under Section 6 may not become invalid because of the delay in the completion of the proceeding for acquisition, but after a period of two years from the date of the publication of such declaration, unless the owner of the land had been responsible for the delay, the owner shall be entitled to receive compensation for the damage suffered by him in consequence of such delay. Such damage is to be determined under part III of the act, as compensation payable under Section 48. In view of this section, while computing the quantum of compensation, what damage the owner of the land has suffered due to delay in completion of the acquisition proceeding, has also to be calculated. Unfortunately, no such amendment was introduced in the principal Act and even when several amendments were introduced by the Land Acquisition (Amendment) Act, 1984, this aspect of the matter appears to have been overlooked.

19. The learned Counsel, appearing for the respondents, while resisting the charge of unreasonable delay in completing the acquisition proceeding, stated that between the years 1959-65 more than 68 thousand acres of land had been notified under Sub-section (1) of Section 4 of the Act. Thereafter, several thousand objections had been filed; even writ applications had been filed in Delhi High Court, questioning the validity of notifications under Section 4 and declarations under Section 6 of the Act. In such petitions, the High Court had also passed interim orders.

20. On behalf of the petitioners, it was pointed out that in most of the writ applications, which had been filed questioning the notifications under Section 4 and declarations under Section 8 of the Act, the interim orders were only in respect of dispossession of the petitioners of such writ applications. As such the respondents were at liberty to proceed with the land acquisition proceedings and should have prepared the awards within a reasonable time. In any case, all such writ applications were dismissed by judgment of this Court on 23rd August, 1974, in the case of *Aflatoon v. Lt. Governor of Delhi*, (supra). From the counter affidavits filed before this Court on behalf of the respondents, there does not appear to be any reasonable explanation, why after dismissal of the aforesaid writ applications on 23rd August, 1974, no effective steps were taken till 1980-1981 and in some cases till 1983 for preparation of the awards.

21. It was urged on behalf of the respondents that in view of Sub-section (3) of Section 4 of the Land Acquisition (Amendment and Validation) Act, 1967, if the declarations under Section 6 have been made after expiry of three years from the date of publication of notifications under Sub-section (1) of Section 4, then the persons concerned are entitled to be paid simple interest, calculated at the rate of six per cent per annum on the market value of such land, as determined under Section 23 of the Act, up to the date of the tender or payment of the compensation awarded by the Collector for the acquisition of such land. The aforesaid Sub-section (3) of Section 4 of the Land Acquisition (Amendment and Validation) Act, 1967, may be applicable to cases where the declaration under Section 6 has been made either before or after the commencement of the said Act, but made after the expiry of three years of the notification under Sub-section (1) of Section 4 of the Act. But in cases where declaration has been made within three years from the date of issuance of notification under Sub-section (1) of Section 4, obviously the aforesaid Amending Act shall not be applicable. This provision can hardly be said to compensate the persons, who have been deprived of the legitimate compensation for years.

22. Reference was also made to Section 34 of the Act. That provision will apply where the compensation has neither been paid nor deposited before taking the possession of the land and, interest at the rate of 6 per cent which has been later substituted to 9 per cent by Act 68 of 1984, has to be paid from the time of taking possession until the compensation has been paid or deposited. This section has no relevance in the context of the question involved in the present case,

23. Section 28 of the Act is also applicable only in respect of the excess amount, which is determined by the Court after a reference under Section 18 of the Act. This Court had held in the case of Union of India v. Zora Singh that Sub-section (1-A), which was introduced by Act 68 of 1984, in Section 23 regarding payment of interest at the rate of 12 per cent per annum, over the market value of the land for the period commencing on and from the date of the publication of the notification under Section 4, Sub-section (1), up to the date of the award of the Collector or up to the date of the taking of the possession of the land whichever is earlier, was applicable to cases which were pending after the reference under Section 18 of the Act. But in the meantime the correctness of that judgment has been doubted in the case of K.S. Pariapooran v. State of Kerala and the matter has been referred to the Constitution Bench.

24. The petitioners because of the delay and inaction on the part of the respondents are under great predicament. Any amount determined as market value of their lands acquired, with reference to the dates of issuance of notifications under Sub-section (1) of Section 4 of the Act i.e. at the rate prevalent 15-21 years prior to the dates of the making of the award, cannot be held to be the compliance of the mandate regarding payment of market value of the land so acquired, under the Constitution and the Act. This Court faced with such a situation, where proceedings have remained pending for years, after issuance of declarations under Section 6, in order to protect the petitioners concerned from irreparable injury i.e. getting compensation for their lands acquired with reference to the date of notification under Sub-section (1) of Section 4, which may be more than a decade before the date of the making of the award, has advanced the date of notification under Sub-section (1) Section 4 of the Act, so that market value of the land so acquired is paid at a just and reasonable rate. Reference in this connection may be made to the cases of Ujjain Vikas Pradhikaran v. Raj

Kumar Johri Akhara Brahm Butas Amritsar v. State of Punjab , and Bihar State Housing Board, State of Bihar v. Ban Bihari Mahato This Court has advanced the date of notification under Sub-section (1) of Section 4 of the Act, in the cases referred to above, without assigning any reason, as to how the date fixed by Sections 11 and 23 of the Act, can be altered for ascertainment of the market value of land. The power of this Court under Article 142 is very wide and can be exercised in the ends of justice. The scope of the said Article was recently examined in the case of Union Carbide Corporation v. Union of India

25. There appears to be some force in the contention of the petitioners that the object of respondents, was to peg the price of the lands acquired from the different cultivators to a distant past and not to proceed further because if the awards had been made soon after the declarations under Section 6, respondents had to pay or tender the compensation to the claimants, which for some compulsion, respondents were not in a position to pay or tender then. But, nonetheless, the exercise of power in the facts and circumstances of the cases by the respondents have to be held to be against the spirit of the provisions of the Act, tending towards arbitrariness. In such a situation this Court in exercise of power under Article 32 and the High Court under Article 226, could have quashed the proceedings. But, taking into consideration that in most of the cases, the Delhi Administration and Delhi Development Authority have taken possession of the lands and even developments have been made, it shall not be proper exercise of discretion on the part of this Court to quash the proceedings because, in that event, it shall affect the public interest. Moreover, third party interests created in the meantime are also likely to be affected and such third parties are not impleaded. The relief of quashing the acquisition proceeding having become inappropriate due to the subsequent events, the grant of a modified relief, considered appropriate in the circumstances, would be the proper course to adopt. The High Court or this Court, can grant a modified relief taking into consideration the injury caused to the claimants by the inaction on the part of respondents and direct payment of any additional amount, in exercise of power under Article 226 or Article 32 of the Constitution.

26. We are of the view, that there was no justification on the part of the respondents, for the delay in completion of the proceedings, after the judgment of this Court in Aflatoon's case (supra) on 23rd August, 1974. There is no explanation, except that there were several cases and, as such, in normal course, there was bound to be delay in making of the awards. This may have been acceptable if the delay was only in respect of some of the awards. It is an admitted position that till 1980, no award had been made in respect of any of the acquisitions. As such, the respondents have failed to satisfy that they have performed their statutory duty within a time which can be held to be reasonable.

27. According to us, after the judgment of this Court in Aflatoon's case (supra) on 23rd August, 1974, the reasonable time for making the awards was about two years from that date. Beyond two years, the time taken for making of the awards will be deemed to be unreasonable. As such, after expiry of the period of two years, some additional compensation has to be awarded to the cultivators. Taking into consideration the interest of the cultivators and the public, instead of quashing the proceedings for acquisition, we direct that the petitioners shall be paid an additional amount of compensation to be calculated at the rate of twelve per cent per annum, after expiry of two years from 23.8.1974, the date of the judgment of this Court in Aflatoon's case (supra) till the date of the making of the awards

by the Collector, to be calculated with reference to the market value of the lands in question, on the date of the notifications under Sub-section (1) of Section 4.

28. Accordingly, the writ petitions and the civil appeal are allowed in part to the extent indicated above. However, in the circumstances of the cases, there shall be no order as to costs.