



* IN THE HIGH COURT OF DELHI AT NEW DELHI

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+ **LA.APP. 227/2017, CM APPL. 20214/2025**

JAI KISHAN GUPTA

....Appellant

Through: Mr. Sumit Bansal, Sr. Advocate with
Mr. Pankaj Gupta, Mr. Udaibir Singh,
Ms. Tulna Rampal, Ms. Samvartika
Pathak, Mr. Utsav Garg, Mr. Pushkar
Khanna, and Ms. Nikita Gupta,
Advocates.
Mr. Badal Dayal and Mr. Nishi
Chauhan, Advocates.

versus

UNION OF INDIA & ORS

.....Respondent

Through: Mr. Sanjay Kumar Pathak, Standing
Counsel with Mrs. K.K. Kiran Pathak,
Mr. Sunil Kumar Jha, Mr. Mohd Sueb
Akhtar, Mr. Divakar Kapil,
Advocates for UOI.
Mr. Tarun Johri and Mr. Ankur
Gupta, Advocates for DMRC.

+ **LA.APP. 158/2017**

M/S RELAXO FOOTWEARS LTD

.....Appellant

Through: Mr. Sumit Bansal, Sr. Advocate with
Mr. Pankaj Gupta, Mr. Udaibir Singh,
Ms. Tulna Rampal, Ms. Samvartika
Pathak, Mr. Utsav Garg, Mr. Pushkar
Khanna and Ms. Nikita Gupta,
Advocates.



Mr. Badal Dayal and Mr. Nishi Chauhan, Advocates.

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Through:

Mr. Sanjay Kumar Pathak, Standing Counsel with Mrs. K.K. Kiran Pathak, Mr. Sunil Kumar Jha, Mr. Mohd Sueb Akhtar, Mr. Divakar Kapil, Advocates for UOI.

Mr. Tarun Johri and Mr. Ankur Gupta, Advocates for DMRC.

CORAM:

HON'BLE MR. JUSTICE MANOJ KUMAR OHRI

JUDGMENT

1. The present appeals, preferred under Section 54 of the Land Acquisition Act, 1894 (hereinafter referred to as the “LA Act”), pertain to acquisition proceedings undertaken in respect of 54 *bighas* 02 *biswa* of “**extended Lal Dora**” land falling in the revenue estate of village *Mundka*, for the purpose of “Construction of Depot, Staff Quarters and TSS of *Inderlok-Mundka Corridor of Delhi MRTS Project Phase-II*” near Senior Secondary School, *Mundka* and North of NH-10 (*Mundka Depot*).

2. Pertinently, besides the above acquisition, 89 *bighas* of agricultural land falling in the revenue estate of village *Mundka* was also acquired; however, the consideration in the present proceedings is restricted to extended *Lal Dora* land only.

3. Though argued separately, the submissions addressed were common. On the prayer of learned counsels, the appeals titled “*Jai Kishan Gupta Vs. Union of India & Ors.*”, bearing **L.A. APP. 227/2017**, and “*M/s Relaxo*



Footwears Ltd. Vs. Union of India & Ors.”, bearing **L.A. APP. 158/2017**, are treated as the lead cases, and all the appeals pertaining to extended *Lal Dora* land are disposed of *vide* this common judgment.

4. Notably, the appeals against the Reference Court decisions have been preferred by both the landowners as well as the Union of India. However, the beneficiary, i.e. the DMRC, though a party before the Reference Court, has not challenged the impugned judgments.

5. The sequence of relevant events in the acquisition proceedings are set out in the table below:-

No.	Date	Particulars
1.	07.06.2007	Notification issued under Section 4 of the LA Act, bearing no. F7(17)/2005/L&B/LA/MRTS(W)/3291 (hereinafter referred to as the “Acquisition Notification”).
2.	23.10.2007	Declaration made under Section 6 of the LA Act, bearing no. F7(17)/2005/L&B/LA/MRTS(W)/10635.
3.	01.01.2009	The Land Acquisition Collector (West), <i>Delhi</i> (hereinafter referred to as the “LAC”) passed Award No. 02/DC(W)/2008-09, fixing the price for the extended <i>Lal Dora</i> land as Rs.1,210/- per sq. metre.
4.	-	The Reference Court, under Section 18 of the LA Act, enhanced the price for the extended <i>Lal Dora</i> land to Rs.5,175/- per sq. metre.

LAC AWARD

6. The LAC noted that, pertaining to land falling in the extended *Lal*



Dora, neither any acquisition had taken place nor was a market rate notified. As such, he took into account 63 registered sale deeds of lands falling in the vicinity of the acquired land. In doing so, while 31 of these deeds were discarded for having market value per sqm less than the valuation on the basis of twice the value fixed by the GNCTD for agricultural land, 4 were excluded for being on the “exorbitantly higher side” considering the large size of the land being acquired. The average of the remaining 28 deeds was calculated to assess and determine the fair market value. As noted in the table above, the LAC assessed the fair market value of the extended *Lal Dora* land under acquisition to be Rs.1,210/- per sqm.

7. It is pertinent to note that while reaching the aforementioned conclusion, the LAC noted the presence of structures such as boundaries and factories on the land, but excluded them from the fair market value determination. It was held that although Notification No. RNZ/1731 of MCD dated 24.08.1963 exempted rural village *abadis* from certain building regulations, this exemption did not extend to factories, warehouses, or cold storages. Since the joint survey report identified boundary walls and factories that lacked evidence of municipal approval, they were treated as unauthorised and ignored under Section 24 (eighthly) of the LA Act, 1894, with the exception of certain boundary walls of *M/s Relaxo Footwear* in *Khasra* No. 1003.

8. Aggrieved by the LAC’s decision, the landowners approached the Reference Court under Section 18 of the LA Act seeking enhanced market value for the acquired land.

REFERENCE COURT



9. The Reference Court, treating the cases of M/s. Relaxo Footwear Ltd. Vs. UOI & Anr.¹ and Smt. Amita Gupta Vs. UOI & Anr.² as the lead matters, relied upon the GNCTD Notification dated 18.07.2007, issued in exercise of powers under Sections 27 and 47A of the Indian Stamp Act, 1899, which notified the minimum rates (circle rates) for the valuation of lands and immovable properties in *Delhi*. The Reference Court considered the 'extended *Lal Dora*' land as equivalent to '*Lal Dora*' land in Category 'H' localities and applied the minimum rate of Rs.6,900/- per sqm. The said rate was however subjected to a 25% deduction for development charges to determine the fair market value of the acquired land.

10. In reaching this conclusion, the Reference Court not only rejected the landowners' reliance on four sale deeds [exhibited as Ex. PW-3/1 to PW-3/4 in M/s. Relaxo Footwear (supra)], but also the sale deeds cited by the Union of India and the DMRC [exhibited as Ex. R-2 to R-6 in M/s. Relaxo Footwear (supra)]. It was observed that while the former reflected exorbitantly high prices compared to the 28 other deeds considered by the LAC, the prices reflected in the latter were too low. Consequently, it was held that the sale deeds were not a correct indicator of fair market value.

Furthermore, the landowners' reliance on the decision in Jayant Juneja Vs. E. Sreedharan & Ors.³ was held to be distinguishable on facts as the valuation report therein did not pertain to extended *Lal Dora* land.

11. As noted in the table above, the Reference Court enhanced the compensation by Rs.3,965/- per sqm and determined the fair market value of the acquired extended *Lal Dora* land to be Rs.5,175/- per sqm.

¹ LAC No. 17/11 (New No. 57/16), decided on 04.02.2017

² LAC No. 28/11 (New No. 112/16), decided on 06.02.2017

³ Contempt Petition (C) No. 34 of 2011 in Civil Appeal No. 4115/2009



12. Dissatisfied with the impugned judgments, both the landowners and the Union of India have approached this Court.

SUBMISSIONS

13. Mr. Bansal, learned Senior Counsel appearing for the appellant landowners contended that the Reference Court erred in not considering the four sale deeds [Exhibits PW-3/1 to PW-3/4 in *M/s. Relaxo Footwear (supra)*] that pertained to similarly situated lands in the extended *Lal Dora* area of village *Mundka*. It is submitted that these sale deeds were executed in the year 2005, prior to the Acquisition Notification, and demonstrate the fair market value of the concerned land ranging between Rs.11,865/- to Rs.14,238/- per sqm. It is contended that the Reference Court wrongly discarded the said exemplars by vaguely stating that the project must have been announced and publicized earlier, thereby rendering the concerned sale deeds an unreliable indicator of the fair market value. While placing reliance on *Mehrawal Khewaji Trust (Registered), Faridkot and Others Vs. State of Punjab and Others*⁴, it is argued that in case of multiple exemplars of similar land, the *bona fide* exemplar having the highest transaction value ought to be considered.

14. The impugned judgments are further assailed by contending that the Reference Court erred by equating the appellants' land situated in the 'extended *Lal Dora*' area with land falling under the '*Lal Dora*' category (Category 'H') instead of the 'unauthorized colony' category (Category 'G') in determining the compensation as per the circle rates notified on 18.07.2007 and further deducting 25% towards development charges. While

⁴ (2012) 5 SCC 432



the circle rate for Category 'H' is fixed @ Rs.6,900/- per sqm, the same is fixed @ Rs.13,700/- per sqm for Category 'G'.

15. It is next contended that the land in question has great potential value due to its proximity to industrial zones and it can be used for both residential and commercial purposes. It is stated that the land is adjacent to National Highway No. 10 and touches the main *Rohtak* road, thereby making it fit for commercial purposes. Further, it is close to various residential colonies such as *Swaran Park*, *Mundka Udyog Nagar*, *Rajdhani Park*, etc., which have existed for over 10 to 15 years and command much higher land values. Reliance is also placed on Government Notifications dated 17.09.2007 and 07.02.2007, exhibited as Ex. PW-5/A in *M/s. Relaxo Footwear (supra)* to submit that the land was categorized as an industrial cluster and was under consideration for redevelopment. The Award also notes the presence of some factories/godowns in the area. It is submitted that the building potentiality of the land has to be taken into consideration while determining its market value, and in this regard, reliance has been placed upon *P. Ram Reddy and Ors. Vs. Land Acquisition Officer, Hyderabad Urban Development Authority, Hyderabad and Others*⁵. Reliance is also placed upon *Chimanlal Hargovinddas Vs. Special Land Acquisition Officer, Poona & Anr.*⁶, which stipulates the factors for determining the fair market value of the land.

16. Lastly, learned Senior Counsel refers to the decision in *Jayant Juneja (supra)* that pertained to the acquisition of approximately 873 sq. metres of agricultural land in village *Mundka* by the DMRC, where a much higher

⁵ (1995) 2 SCC 305

⁶ (1988) 3 SCC 751



compensation was paid. It is submitted that during pendency of proceedings before it, the Supreme Court had appointed one *M/s. ABC Valuer & Co.* to determine the market value of the land concerned. Based on the said valuation, the DMRC paid compensation @ Rs.38,533.33/- per sqm. In the said valuation report, the market rate of that specific agricultural land was determined to be Rs.27,400/- per sqm. as of June 2007, i.e., at the time of the Acquisition Notification. It is submitted that since the appellant landowners' land falls under the 'extended *Lal Dora*' category and has higher potential than agricultural land, the fair market value ought to be significantly higher.

17. *Per contra*, Mr. Pathak, learned Standing Counsel appearing for the Union of India, submits that the LAC had, in the first instance, rightly determined the fair market value of the land. The Reference Court erred in relying upon the Notification dated 18.07.2007 regarding circle rates to award higher compensation as the same was issued subsequent to the Acquisition Notification. It is contended that circle rates are merely *prima facie* rates prevailing in the area and are not final and determinative. Only the circle rates computed through a detailed and scientific exercise would be a relevant piece of evidence for determining the market value, being equivalent to expert evidence, which is not the situation in the present matter.

18. It is further submitted that the Reference Court erred in holding that the sale exemplars relied upon by the respondents could not be considered as the sale considerations contained therein were very low. It is vehemently argued that where sale exemplars predating the Section 4 Notification are available, those post-dating it ought not to be considered for determining the



fair market value.

19. With respect to the landowners' submission that the land situated in the extended *Lal Dora* has greater potentiality and therefore warranted a higher market value than what was determined by the Reference Court, the learned Standing Counsel submits that not all lands can or should be classified as possessing the same market value. The burden is always on the claimant to prove the market value, and the Court must adopt realistic standards and a pragmatic approach in evaluating the evidence. It is submitted that in the present case, the landowners had failed to bring on record any such supporting evidence to establish a higher market value. Furthermore, it was submitted that the principle of treating the entire village land as one unit and uniformly determining compensation is wholly unsustainable and cannot serve as a valid ground for compensation determination. Also, the landowners' submission regarding future commercial potential of the land holds no merit as the future development and potential prospective use of the land cannot be considered in determining market value, owing to the statutory embargo placed under Section 24 of the LA Act.

20. Lastly, it is submitted that the Reference Court further fell into error by allowing only 25% deduction towards development charges whereas higher deduction towards development charges ought to have been allowed because the acquired land was undeveloped land.

21. Mr. Johri, learned counsel for the DMRC, also adopted Mr. Pathak's submissions and further submitted that the sale exemplars relied upon by the landowners are unrealistic and inflated and therefore, liable to be discarded for the purpose of adjudication of the present matter.



22. He also submitted that all plots situated in the same vicinity will not have the same situational advantages and different land areas have to be assessed differently. In this regard, he contended that the Reference Court had failed to apply the judicially accepted principle of ‘Belting’ to determine the fair market value of the land.

23. In rejoinder, learned Senior Counsel for the landowners, while reiterating his contentions, took strong objection to the applicability of the ‘Belting’ principle by arguing that the land in question is homogenous in nature. Reliance in this regard was placed upon Baljeet Singh Vs. Union of India through Land Acquisition Collector & Anr.⁷ and Trishala Jain Vs. State of Uttaranchal⁸.

ANALYSIS & FINDINGS

24. I have heard the learned counsels for the parties and also perused the documents placed on record. Since the present batch of appeals pertains to the determination of compensation to be granted *qua* the subject land, before dealing with the above stated contentions, it is necessary to refer to the relevant provisions of the LA Act.

Some of the factors which the Court must take into consideration while determining compensation are enumerated in Section 23 of the LA Act in the following manner:-

“23. Matters to be considered in determining compensation. – (1)
In determining the amount of compensation to be awarded for land acquired under this Act, the Court shall take into consideration—
first, *the market-value of the land at the date of the publication of the notification under Section 4, sub-section (1);*

⁷ Civil Appeal Nos.5480-5486 of 2013, decided on 19.09.2017

⁸ AIR 2011 SC 2458.



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- secondly, the damage sustained by the person interested, by reason of the taking of any standing crops or trees which may be on the land at the time of the Collector's taking possession thereof;*
- thirdly, the damage (if any) sustained by the person interested, at the time of the Collector's taking possession of the land, by reason of severing such land from his other land;*
- fourthly, the damage (if any) sustained by the person interested, at the time of the Collector's taking possession of the land, by reason of the acquisition injuriously affecting his other property, movable or immovable, in any other manner, or his earnings;*
- fifthly, if, in consequence of the acquisition of the land by the Collector, the person interested is compelled to change his residence or place of business, the reasonable expenses (if any) incidental to such change; and*
- sixthly, the damage (if any) bona fide resulting from diminution of the profits of the land between the time of the publication of the declaration under Section 6 and the time of the Collector's taking possession of the land.”*

25. Likewise, the factors which the Court needs to ignore while determining compensation are given in Section 24 of the LA Act. They read as follows:-

“24. Matters to be neglected in determining compensation. — But the Court shall not take into consideration—

- first, the degree of urgency which has led to the acquisition;*
- secondly, any disinclination of the person interested to part with the land acquired;*
- thirdly, any damage sustained by him, which, if caused by a private person, would not render such person liable to a suit;*
- fourthly, any damage which is likely to be caused to the land acquired, after the date of the publication of the declaration under Section 6, by or in consequence of the use to which it will be put;*
- fifthly, any increase to the value of the land acquired likely to accrue from the use to which it will be put when acquired;*
- sixthly, any increase to the value of the other land of the person interested likely to accrue from the use to which the land acquired will be put;*
- seventhly, any outlay or improvements on, or disposal of, the land acquired, commenced, made or effected without the sanction of the Collector after the date of the publication of the notification under Section 4, sub-section (1); or*



eighthly, any increase to the value of the land on account of its being put to any use which is forbidden by law or opposed to public policy.”

26. The fair market value of land which is subjected to acquisition is invariably taken on the date of publication of the Notification under Section 4 of the LA Act. It is to be computed by seeing what a hypothetical purchaser is willing to pay to purchase that land from the open market and also what is a reasonable price for a willing vendor. The computed market value must be in line with the market value reflected in the most comparable instances. Care must be taken to ensure that only genuine transactions are taken into account, and not those inflated in expectation of prospective acquisition. Both temporal and geographical proximity of the transactions has to be taken into account as in how close they are to the date of the Section 4 Notification, and situation-wise, as in how comparable the land in question is to the land being acquired. Courts have taken into account even post notification instances provided they are genuine, proximate, and the purchaser has not paid a higher price due to the increased development prospects. Once the index of market value is determined by identifying suitable transactions, this value is taken as the norm, which is increased or decreased based on the plus and minus factors of the particular acquisition in a commonsensical fashion. A gainful reference may be made to the decision in Chimanlal Hargovindas (*supra*), wherein the Supreme Court held as under:-

“4. The following factors must be etched on the mental screen:

...

(5) The market value of land under acquisition has to be determined as on the crucial date of publication of the notification under sec. 4 of the Land Acquisition Act (dates of Notifications under secs. 6 and 9 are irrelevant).



(6) The determination has to be made standing on the date line of valuation (date of publication of notification under sec. 4) as if the valuer is a hypothetical purchaser willing to purchase land from the open market and is prepared to pay a reasonable price as on that day. It has also to be assumed that the vendor is willing to sell the land at a reasonable price.

(7) In doing so by the instances method, the Court has to correlate the market value reflected in the most comparable instance which provides the index of market value.

(8) only genuine instances have to be taken into account. (Sometimes instances are rigged up in anticipation of Acquisition of land).

(9) Even post notification instances can be taken into account (1) if they are very proximate, (2) genuine and (3) the acquisition itself has not motivated the purchaser to pay a higher price on account of the resultant improvement in development prospects.

(10) The most comparable instances out of the genuine instances have to be identified on the following considerations:

- (i) proximity from time angle,
- (ii) proximity from situation angle.

(11) Having identified the instances which provide the index of market value the price reflected therein may be taken as the norm and the market value of the land under acquisition may be deduced by making suitable adjustments for the plus and minus factors vis-a-vis land under acquisition by placing the two in juxtaposition.

(12) A balance-sheet of plus and minus factors may be drawn for this purpose and the relevant factors may be evaluated in terms of price variation as a prudent purchaser would do.

(13) The market value of the land under acquisition has thereafter to be deduced by loading the price reflected in the instance taken as norm for plus factors and unloading it for minus factors.

(14) The exercise indicated in clauses (11) to (13) has to be undertaken in a common -sense manner as a prudent man of the world of business would do. ...”

27. In Tribeni Devi Vs. Collector of Ranchi⁹, the Supreme Court discussed some other indicators like rent fetched for the same or the neighbouring lands, opinion of experts etc. for determination of the market value. The relevant observations are extracted hereunder:-

“4. The general principles for determining compensation have, been set out in Sections 23 & 24 of the Act. The compensation payable to the owner of the land is the market value which is determined by reference

⁹ AIR 1972 SC 1417



to the price which a seller might reasonably expect to obtain from a willing purchaser, but as this may not be possible to ascertain with any amount of precision, the authority charged with the duty to award compensation is bound to make an estimate judged by an objective standard. The land acquired has, therefore, to be valued not only with reference to its condition at the time of the declaration under section 4 of the Act but its potential value also must be taken into account. The sale-deeds of the lands situated in the vicinity and the comparable benefits and advantages which they have, furnish a rough and ready method of computing the market value. This, however, is not the only method. The rent which an owner was actually receiving at the relevant point of time or the rent which the neighbouring lands of similar nature are fetching can be taken into account by capitalising the rent which according to the present prevailing rate of interest is 20 times the annual rent. But this also is not a conclusive method. This Court had in *Special Land Acquisition Officer, Bangalore v. T. Adinarayan Setty*, indicated at page 412 the methods of valuation to be adopted in ascertaining the market value of the land on the date of the notification under section 4(1) which are : (i) opinion of experts, (ii) the price paid within a reasonable time in bona fide transactions of purchase, of the lands acquired or the lands adjacent to the lands acquired and possessing similar advantages; and (iii) a number of years' purchase of the actual or immediately prospective profits of the lands acquired. These methods, however, do not preclude the Court from taking any other special circumstances into consideration, the requirement being always to arrive as near as possible an estimate of the market value. In arriving to a reasonably correct market value, it may be necessary to take even two or all of those methods into account inasmuch as the exact valuation is not always possible as no two lands may be the same either in respect of the situation or the extent or the potentially nor is it possible in all cases to have reliable material from which that valuation can be accurately determined.”

28. Now, the Reference Court’s approach, insofar as it relied upon the circle rate Notification dated 18.07.2007 to determine the fair market value of the acquired land, is erroneous under the LA Act. A gainful reference in this regard may be made to the decision of the Supreme Court in Union of India Vs. Savitri Devi¹⁰:-

“1. Leave granted. After hearing the learned counsel for the parties, we deem it appropriate to set aside the impugned judgment and

¹⁰ 2017 SCC OnLine 1400



order as the circle rates, that have been relied upon, could not have been made the basis for determination of the compensation. In the guidelines, the circle rates have been provided for the purpose of payment of stamp duty, but that cannot be made the basis to determine the actual price of the market value of the property. It may vary considering the nature and situation of the land. Thus, the judgment of the High Court cannot be sustained. In addition, there is nothing to indicate that any statutory committee has determined the said rate on a scientific basis and methodical assessment of market value.

2. This Court in *Lal Chand v. Union of India*, has laid down thus: (SCC pp. 784-85, paras 41, 44 & 46)

'41. It should however be noted that as contrasted from the assessment of market value contained in non-statutory basic valuation registers, the position may be different, where the guideline market values are determined by Expert Committees constituted under the State Stamp Law, by following the detailed procedure laid down under the relevant Rules, and are published in the State Gazette. Such State Stamp Acts and the Rules thereunder, provide for scientific and methodical assessment of market value in different areas by Expert Committees.

** * **

44. One of the recognised methods for determination of market value is with reference to the opinion of experts. The estimation of market value by such statutorily constituted Expert Committees, as expert evidence, can, therefore, form the basis for determining the market value in land acquisition cases, as a relevant piece of evidence. It will be however open to either party to place evidence to dislodge the presumption that may flow from such guideline market value. We, however, hasten to add that the guideline market value can be a relevant piece of evidence only if they are assessed by statutorily appointed Expert Committees, in accordance with the prescribed assessment procedure (either streetwise, or roadwise, or areawise, or villagewise) and finalised after inviting objections and published in the Gazette. Be that as it may.

** * **

*46. In the instant case, there is nothing to show that the circle rates have been determined by any statutorily appointed committee by adopting scientific basis. Hence, the principle in *Jawajee Naganatham* will apply and they will not be of any assistance for determining the market value. Further, they do not purport to be the market value for lands in rural areas on the outskirts of Delhi, nor the market values relating to Rithala Village. The circle rates relate to urban/city areas in Delhi and are wholly irrelevant.'*



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3. In *State (NCT of Delhi) v. Ajay Kumar* it was held that circle rates could not form the basis. Compensation has to be determined on the basis of objective criteria. This Court observed: (SCC p. 742, paras 7 & 8)

‘7. We have heard Shri L.N. Rao, learned Additional Solicitor General appearing for the appellants and Shri P.S. Narasimha, learned Senior Advocate appearing for the respondents. Though, we appreciate the anguish expressed by the High Court over the abysmally low market value determined by the Land Acquisition Collectors in almost all cases, a phenomenon which is prevalent all over the country, it is not possible to approve the exercise undertaken by the High Court for forcing the administration to prescribe circle rates as the criteria for fixing market value or for determination of the compensation. The 1894 Act contains a comprehensive mechanism for fixing market value and determination of the compensation payable. Any person, who feels aggrieved by the award of the Land Acquisition Collector or the determination made by the Reference Court can avail remedy either by filing an application under Section 18 of the 1894 Act or by filing an appeal under Section 54 thereof. Therefore, there was no justification for the High Court to have compelled the Government to adopt the circle rates as an important factor for fixing market value of the acquired land. The power vested in the Collector to determine market value of the acquired land cannot be controlled by a judicial fiat and each case has to be decided by the authority concerned by application of objective criteria.

8. In the result, the appeals are disposed of by making it clear that the circle rates referred to in Notification dated 23-2-2001 issued by Appellant 1 shall not constitute the sole criteria for fixing market value of the acquired land and the Land Acquisition Collector shall be free to make determination by taking into consideration the relevant factors and the evidence which may in an appropriate case include circle rates.’

4. It was submitted by the learned counsel appearing for the parties that it would be appropriate to permit the parties to adduce additional evidence. The High Court may permit the parties to adduce the evidence before the Reference Court and call for the finding of the Reference Court.

5. The circle rates for purpose of stamp duty could not have been made the basis for determining the market value. Resultantly, we set aside the judgment passed by the High Court. The appeals are allowed and the matters are remitted to the High Court for deciding afresh.”

29. Instead, time and again, the “Comparable Sales Method” is vouched for as the preferred mode for assessing and determining the fair market



value, as it provides real-world examples and eliminates the need for speculation. In fact, the rival contentions put forth regarding the building potentiality of the land in question may also be settled by using this method as the market value reflected in the sale transaction would be inclusive of the increase in price on account of building potentiality. A gainful reference in this regard may be made to the decision of the Supreme Court in P. Ram Reddy (supra):-

“10. Then, comes the question of determining the market value of the acquired land with building potentiality. Undoubtedly such market value of the acquired land with building potentiality comprises of the market value of the land having regard to the use to which it was put on the relevant date envisaged under Section 4(1) of the LA Act plus the increase in that market value because of the possibility of the acquired land being used for putting up buildings, in the immediate or near future. If there is any other land with building potentiality similar to the acquired land which had been sold for a price obtained by a willing seller from a willing purchaser, such price could be taken to be the market value of the acquired land, in that, it would have comprised of the market value of the land as was being actually used plus increase in price attributable to its building potentiality. ...”

(emphasis supplied)

30. However, a sale exemplar must meet certain requirements before it is used for comparison. The exemplar must be temporally proximate to the Section 4 Notification, the transaction should be genuine, there should be geographical nearness of the sale exemplar land to the acquired land, and there should be comparable sizes and a similar nature of land. The relevant extract from the recent decision of the Supreme Court in Krishan Kumar Vs. State of Haryana & Ors.¹¹ in this regard is reproduced below:-

“28. There is no gainsaying that the willing buyer-willing seller dynamic as well may invite a lot of subjectivity, due to the fiction it seeks to perpetuate. As a counter-measure, over the course of various decades,

¹¹ 2025 SCC OnLine 1043



this Court has come to recognise the ‘comparable sales method’ as perhaps the best mode of determining compensation for an acquired land. While the reasons for this may be manifold, it seems to us that the advantage of using the comparable sales method in land acquisition is that it provides the Court with tangible, real-world examples of transactions, eliminating the need for speculation about how a willing buyer and seller might negotiate a price. In Shaji Kuriakose v. Indian Oil Corporation Ltd. [(2001) 7 SCC 650], this Court occasioned to lay down certain descriptive factors that must be fulfilled before a sale deed can be used for the comparison set-out hereinabove. These include, inter alia : (i) temporal proximity of the sale exemplar to the date of the Section 4 Notification of the subject-acquisition; (ii) genuineness of the transaction; (iii) geographical nearness of the land sold via the sale exemplar to the land sought to be acquired; (iv) comparable sizes of lands; and (v.) similarity in the nature of the lands.”

31. As noted above, the appellant landowners have heavily relied on the following sale exemplars [Ex. PW-3/1 to PW-3/4 in M/s. Relaxo Footwear (supra)] involving lands in the extended *Lal Dora* of village *Mundka*:-

S.N.	SD No.	SD Date	Khasra No	Bigha	Biswa	Value	Area in Sq. Mtr.	Rate per Sq. Mtr.
60	7017	12-12-2005	1002	0	10	5000000	421.55	11861
61	6959	09-12-2005	1019	0	3	1575000	126.46	12454.5
62	6960	09-12-2005	1019	0	4	2133000	168.62	12649.7
63	7016	12-12-2005	1003	0	10	6000000	421.55	14233.2

32. At the cost of repetition, it is to be noted that the LAC discarded the above four deeds, relying instead on the average of 28 mid-range sale deeds to award compensation of Rs.1,210/- per sqm. While the Reference Court rightly found this to be an undervaluation, it also fell into error by dismissing the said four exemplars on the sole ground that they reflected a high rate, as higher value alone without any evidence of it being a non-genuine or sham transaction cannot be a ground for exclusion. This Court finds merit in Mr. Bansal’s submission that the Reference Court erred in



discarding the four sale exemplars by vaguely observing that the project might have been announced and publicized as early as 2005 even though no evidence was placed on record in this regard.

33. The Supreme Court has consistently held that where multiple *bona fide* sale exemplars of similar land are available, the Court ought to consider the exemplar with the highest transaction value. In the case of Anjani Molu Dessai Vs. State of Goa & Anr.¹², the Supreme Court, while referring to two of its earlier decisions, held as under:-

“20. The legal position is that even where there are several exemplars with reference to similar lands, usually the highest of the exemplars, which is a bona fide transaction, will be considered. Where however there are several sales of similar lands whose prices range in a narrow bandwidth, the average thereof can be taken, as representing the market price. But where the values disclosed in respect of two sales are markedly different, it can only lead to an inference that they are with reference to dissimilar lands or that the lower value sale is on account of undervaluation or other price depressing reasons. Consequently, averaging cannot be resorted to. We may refer to two decisions of this Court in this behalf.

21. In *M. Vijayalakshamma Rao Bahadur v. Collector*, [(1969) 1 Mad LJ 45 (SC)], a three-Judge Bench of this Court observed that the proper method for evaluation of market value is by taking the highest of the exemplars and not by averaging of different types of sale transactions. This Court held: (MLJ pp. 46-47)

‘It seems to us that there is substance in the first contention of Mr. Ram Reddy. After all when the land is being compulsorily taken away from a person, he is entitled to say that he should be given the highest value which similar land in the locality is shown to have fetched in a bona fide transaction entered into between a willing purchaser and a willing seller near about the time of the acquisition. It is not disputed that the transaction represented by Ext. R-19 was a few months prior to the notification under Section 4 that it was a bona fide transaction and that it was entered into between a willing purchaser and a willing seller. The land comprised in the sale deed is 11 grounds and was sold at Rs. 1961 per ground. The land covered by Ext. R-27 was also sold before the notification but after the land comprised in Ext. R-19 was sold. It is

¹² (2010) 13 SCC 710



2026:0



DHC:3768

true that this land was sold at Rs. 1096 per ground. This, however, is apparently because of two circumstances. One is that betterment levy at Rs. 500 per ground had to be paid by the vendee and the other that the land comprised in it is very much more extensive, that is about 93 grounds or so. Whatever that may be, it seems to us to be only fair that where sale deeds pertaining to different transactions are relied on behalf of the Government, that representing the highest value should be preferred to the rest unless there are strong circumstances justifying a different course. In any case we see no reason why an average of two sale deeds should have been taken in this case.'

22. In *State of Punjab v. Hans Raj*, [(1994) 5 SCC 734] this Court held: (SCC p. 736, para 4)

'4. Having given our anxious consideration to the respective contentions, we are of the considered view that the learned Single Judge of the High Court committed a grave error in working out average price paid under the sale transactions to determine the market value of the acquired land on that basis. As the method of averaging the prices fetched by sales of different lands of different kinds at different times, for fixing the market value of the acquired land, if followed, could bring about a figure of price which may not at all be regarded as the price to be fetched by sale of acquired land. One should not have, ordinarily recourse to such method. It is well settled that genuine and bona fide sale transactions in respect of the land under acquisition or in its absence the bona fide sale transactions proximate to the point of acquisition of the lands situated in the neighbourhood of the acquired lands possessing similar value or utility taken place between a willing vendee and the willing vendor which could be expected to reflect the true value, as agreed between reasonable prudent persons acting in the normal market conditions are the real basis to determine the market value.'"

(emphasis supplied)

34. Next, in the case of *Mehrawal Khewaji Trust* (*supra*), the Supreme Court held as follows:-

"17. It is clear that when there are several exemplars with reference to similar lands, it is the general rule that the highest of the exemplars, if it is satisfied that it is a bona fide transaction, has to be considered and accepted. When the land is being compulsorily taken away from a person, he is entitled to the highest value which similar land in the locality is shown to have fetched in a bona fide transaction



entered into between a willing purchaser and a willing seller near about the time of the acquisition. In our view, it seems to be only fair that where sale deeds pertaining to different transactions are relied on behalf of the Government, the transaction representing the highest value should be preferred to the rest unless there are strong circumstances justifying a different course. It is not desirable to take an average of various sale deeds placed before the authority/court for fixing fair compensation.”

(emphasis supplied)

35. Recently, in Manohar & Ors. Vs. State of Maharashtra¹³, while affirming the above-reproduced decisions, the Supreme Court again observed:-

“33. **It can thus be seen that it is a settled position of law that when there are several exemplars with reference to similar land, usually the highest of the exemplars, which is a bona-fide transaction, will be considered.** The same was reiterated in the judgment of this Court in the case of Mohammad Yusuf (supra).”

(emphasis supplied)

36. Out of the available sale exemplars, the one with the highest transaction value per sqm is Sale Deed No. 7016 dated 12.12.2005 at Rs.14,233.2/- per sqm. This deed was executed in December 2005, which was about 18 months prior to the Acquisition Notification in June 2007, and pertains to land in the extended *Lal Dora* area of village *Mundka*. It was registered vide registration no. 7016 in additional book no. 1, vol. no. 246 on pages 31 to 50 on 12.12.2005.

37. The plea of a sale deed being “inflated” cannot be sustained on a mere bald or vague allegation. This Court is of the opinion that in the absence of any evidence suggesting that the transactions were collusive, fraudulent, or created to defeat the acquisition process, they cannot be brushed aside lightly. It is particularly significant that the three other sale deeds also reflect

¹³ 2025 SCC OnLine SC 1519



market value which is much higher than the value determined by both the LAC and the Reference Court. This consistency across multiple transactions reinforces their reliability and demonstrates that the highest exemplar is not a stray or suspicious outlier. Nothing has been placed on record to support the contention that these were not *bona fide* transactions. Furthermore, a comparative analysis reveals that while the 28 sale deeds relied upon by the LAC reflect a wide variance in plot sizes, the area of the exemplar in question, being 421.55 sq. metres, is larger than almost all of the plots considered by the LAC. It is also significant to note that the exemplar in question pre-dates all the 28 sale deeds that were relied upon by the LAC in the Award, several of which date as late as 2007.

38. Bearing in mind the position of law noted hereinabove, this Court is of the considered opinion that the highest exemplar must be considered to arrive at the fair market value. It is only fair that when land is being compulsorily acquired, the landowner is granted the benefit of the highest value fetched by similar land in a *bona fide* transaction.

39. Insofar as landowners' reliance on the decision in Jayant Juneja (*supra*) is concerned, it is deemed apposite to extract the relevant order passed by Supreme Court, which reads as under:-

"Impleadment allowed.

An area admeasuring 2175 sq. meters in Delhi was acquired for Planned Development (specifically for road). An area admeasuring 873 sq. meters out of total area of 2175 sq. meters are urgently required for Delhi Metro Rail Corporation (DMRC). Vide Order dated 24th September, 2007 this Court directed the interim order passed by the High Court to continue.

The present Interlocutory Application seeks modification of our Order dated 24th September, 2007 to the extent of the land admeasuring 873 sq. meters to be released from the subject matter of the pending Special Leave Petition for Delhi Metro Rail Corporation. Parties appearing before us, namely, the claimants and Delhi Metro Rail



Corporation agree for release of 873 sq. meters of land on the basis that the claimants would be receiving compensation for the said land admeasuring 873 sq. meters at the market rate prevailing as on today's date. Delhi Development Authority and respondent Nos. 2 and 3 have no objection subject to rider that this arrangement would be without prejudice to their rights and contentions in the pending Special Leave Petition.

Accordingly, our Order dated 24th September, 2007 stands modified.

Interlocutory Application are disposed of accordingly."

40. A plain reading of the above decision shows that the order was passed in the context of an area admeasuring 873 sq. metres that was urgently required by the DMRC, and that both the parties to the transaction had 'agreed' for the release of this portion on the market rates prevailing on 08.12.2008 i.e., much after the Acquisition Notification. It was in the nature of a 'consent decree' and the said decision is, therefore, distinguishable from the present facts.

41. Insofar as the issue of 'Belting' raised on behalf of the DMRC is concerned, it is also pointed out that neither was such a contention raised before the Reference Court, nor any documentary evidence led in this regard to establish any lack of homogeneity or varying potential within the acquired land. It is further highlighted that the DMRC has not separately challenged the impugned judgments by way of appeal, despite being arrayed as a respondent before the Reference Court. Furthermore, this Court is guided by the decision of the Supreme Court in Baljeet Singh (*supra*), which specifically dealt with village *Mundka*. In that case, the Supreme Court specifically noted the landowners' submission that the belting system applied by the High Court for village *Mundka* was not appropriate as the potential of the land was more or less the same, and ultimately set aside the



said system after deeming it inappropriate in the facts and circumstances in light of the principles laid down in *Trishala Jain* (*supra*). Since the present matter is likewise concerned with village *Mundka*, this Court finds that the application of a belting system is not warranted and the fair market value must be applied uniformly.

42. The percentage of deduction towards development cost is primarily determined by the extent of development already existing in the location and the condition of the acquired land on the date of the Section 4 Notification. While substantial deductions are typically applied to undeveloped tracts, the Supreme Court has observed time and again that in cases involving semi-developed areas, a more moderate deduction may be imposed. A gainful reference may be made to *Jag Mahender & Anr. Vs. State of Haryana & Ors.*¹⁴, which reaffirmed the principles distilled from a catena of decisions as discussed in *Kapil Mehra Vs. Union of India*¹⁵, the relevant portion whereof is reproduced below:-

“33. In *Haryana State Agricultural Market Board v. Krishan Kumar*, it was held as under : (SCC p. 299, para 10)

‘10. It is now well settled that if the value of small developed plots should be the basis, appropriate deductions will have to be made therefrom towards the area to be used for roads, drains and common facilities like park, open space, etc. Thereafter, further deduction will have to be made towards the cost of development, that is, the cost of levelling the land, cost of laying roads and drains, and the cost of drawing electrical, water and sewer lines.’

* * * *

35. Reiterating the rule of one-third deduction towards development, in *Sabha Mohammed Yusuf Abdul Hamid Mulla v. Land Acquisition officer*, this Court in para 19 held as under : (SCC pp. 606-07)

‘19. In fixing the market value of the acquired land, which is undeveloped or underdeveloped, the courts have generally

¹⁴ (2024) 16 SCC 700

¹⁵ (2015) 2 SCC 262



approved deduction of 1/3rd of the market value towards development cost except when no development is required to be made for implementation of the public purpose for which land is acquired. In *Kasturi v. State of Haryana*, the Court held : (SCC pp. 359-60, para 7)

'7. ... It is well settled that in respect of agricultural land or undeveloped land which has potential value for housing or commercial purposes, normally 1/3rd amount of compensation has to be deducted out of the amount of compensation payable on the acquired land subject to certain variations depending on its nature, location, extent of expenditure involved for development and the area required for road and other civic amenities to develop the land so as to make the plots for residential or commercial purposes. A land may be plain or uneven, the soil of the land may be soft or hard bearing on the foundation for the purpose of making construction; maybe the land is situated in the midst of a developed area all around but that land may have a hillock or may be low-lying or may be having deep ditches. So the amount of expenses that may be incurred in developing the area also varies. A claimant who claims that his land is fully developed and nothing more is required to be done for developmental purposes, must show on the basis of evidence that it is such a land and it is so located. In the absence of such evidence, merely saying that the area adjoining his land is a developed area, is not enough, particularly when the extent of the acquired land is large and even if a small portion of the land is abutting the main road in the developed area, does not give the land the character or a developed area. In 84 acres of land acquired even if one portion on one side abuts the main road, the remaining large area where planned development is required, needs laying of internal roads, drainage, sewer, water, electricity lines, providing civic amenities, etc. However, in cases of some land where there are certain advantages by virtue of the developed area around, it may help in reducing the percentage of cut to be applied, as the developmental charges required may be less on that account. There may be various factual factors which may have to be taken into consideration while applying the cut in payment of compensation towards developmental charges, maybe in some cases it is more than 1/3rd and in some cases less than 1/3rd. It must be remembered that there is difference between a developed area and an area having potential value, which is yet to be developed. The



fact that an area is developed or adjacent to a developed area will not ipso facto make every land situated in the area also developed to be valued as a building site or plot, particularly when vast tracts are acquired, as in this case, for development purpose.'

The rule of 1/3rd deduction was reiterated in Tejumaal Bhojwani v. State of U.P., V. Hanumantha Reddy v. Land Acquisition Officer, H.P. Housing Board v. Bharat S. Negi and Kiran Tandon v. Allahabad Development Authority.'

36. While determining the market value of the acquired land, normally one-third deduction i.e. 33 1/3% towards development charges is allowed. One-third deduction towards development was allowed in *Tehsildar (LA) v. A. Mangala Gowri*, *Gulzara Singh v. State of Punjab*, *Santosh Kumari v. State of Haryana*, *Revenue Divl. Officer and LAO v. Sk. Azam Saheba*, *A.P. Housing Board v. K. Manohar Reddy*, *Ashrafi v. State of Haryana* and *Kashmir Singh v. State of Haryana*.

37. Depending on the nature and location of the acquired land, extent of land required to be set apart and expenses involved for development, 30% to 50% deduction towards development was allowed in *Haryana State Agricultural Market Board v. Krishan Kumar*, *Director, Land Acquisition v. Malla Atchinaidu*, *Mummidi Apparao v. Nagarjuna Fertilizers & Chemicals Ltd.* and *Lal Chand v. Union of India*.

38. In few other cases, deduction of more than 50% was upheld. In the facts and circumstances of the case in *Basavva v. Land Acquisition Officer*, this Court upheld the deduction of 65%. In *Kanta Devi v. State of Haryana*, deduction of 60% towards development charges was held to be legal. This Court in *Subh Ram v. State of Haryana*, held that deduction of 67% amount was not improper. Similarly, in *Chandrashekar v. Land Acquisition Officer*, deduction of 70% was upheld.

39. We have referred to various decisions of this Court on deduction towards development to stress upon the point that deduction towards development depends upon the nature and location of the acquired land. The deduction includes components of land required to be set apart under the building rules for roads, sewage, electricity, parks and other common facilities and also deduction towards development charges like laying of roads, construction of sewerage."

43. In the present facts, both the LAC and the Reference Court have recorded concurrent findings of fact noting the presence of various structures on the acquired land. While these structures were neglected for the purpose of individual valuation due to them being unauthorized, their existence indicates that the land already possesses semi-developed



characteristics.

44. It is also pertinent to note that the sale exemplar of December 2005 being relied upon to calculate the fair market value, predates the Acquisition Notification of June 2007 by approximately 18 months. Ordinarily, the landowners would be entitled to an annual appreciation to arrive at the fair market value as on the date of the Acquisition Notification. However, guided by the approach adopted by the Supreme Court in *Baljeet Singh (supra)*, this potential appreciation may be balanced against 'a portion' of the necessary deductions that ought to be made against development costs.

45. Usually, the Courts have adopted a deduction of 1/3rd of the market value towards development cost; however, considering the semi-developed nature of the land and the fact that the 18-month appreciation effectively offsets a significant portion of the development cost, this Court finds that a 25% deduction towards development cost is fair and equitable in the facts of the present matter.

Fair Market Value

46. Applying a 25% deduction to the rate of Rs.14,233.2/- per sqm reflected in the concerned exemplar, the fair market value for the extended *Lal Dora* land on the date of the Acquisition Notification is determined to be Rs.10,674.9/- per sqm.

CONCLUSION

47. In the result, this Court passes the following order:-

- i. The impugned judgments passed by the Reference Court are quashed and set aside;



- ii. The compensation granted to the landowners *qua* the extended *Lal Dora* land is enhanced from Rs.5,175/- per sqm to Rs.10,674.9/- per sqm;
 - iii. The landowners would be entitled to solatium and interest as per statute and as clarified in *Sunder Vs. Union of India*¹⁶.
 - iv. Wherever the Award amounts are deposited with the Registry, the same shall be released to the landowners.
48. The present appeals, along with pending applications, if any, are disposed of in the above terms.

MANOJ KUMAR OHRI
(JUDGE)

MAY 04, 2026
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¹⁶ (2001) 7 SCC 211