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JAWAJEE NAGNATHAM

THE REVENUE DIVISIONAL OFFICER, ADILABAD, A.P., ETC.

JANUARY 25, 1994

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[K. RAMASWAMY AND N. VENKATACHALA, JJ.]

Lands Acquisition Act, 1894: S. 23—Acquisition of Land—Compensation—Matters to be considered in determination of—Held, Basic valuation Register maintained for purposes of collecting stamp duty had no evidentiary value in that it had no statutory force and it would not be a basis to determine market value of lands acquired—Onus is always on claimant to prove prevailing market value.

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The Stamp Act, 1899: S. 47-A inserted by Andhra Pradesh Act 22 of 1971—Held, the section conferred no express power on government to determine market value of lands and to maintain Basic Value Register—The Register cannot form any basis to determine market value of acquired land under s. 23 of the Land Acquisition Act, 1894.

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Certain land of the appellant-landowner situated in a Municipality was acquired under the Land Acquisition Act, 1894. The compensation was awarded on the basis of letting value. On reference under s. 18 of the Act, the compensation was enhanced to Rs. 75 per sq. yard. The appellant filed an appeal in the High Court claiming compensation at the rate of Rs. 300/- per sq. yard. The claim was dismissed.

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In appeal to this Court, it was contended on behalf of the claimant-appellant that the High Court erred in dismissing his claim as the acquired land was situated in the commercial area and the Basic Valuation Register showed that for stamp duty the Revenue authorities fixed the market value in commercial area at Rs. 300 per sq. yard and since the respondents did not produce contra evidence, the Basic Valuation Register formed foundation to determine the market value of the acquired land at Rs. 300 per sq. yard.

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Dismissing the appeal, this Court

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HELD: 1.1. The High Court rightly held that the Basic Valuation

Register prepared and maintained for the purpose of collecting stamp duty had no evidentiary value in that it had no statutory base or force. It cannot form a foundation to determine the market value mentioned thereunder in instrument brought for registration, nor would it be a basis to determine the market value under s. 23 of the Act of the lands acquired. [374-F] A

1.2. Section 47-A of the Stamp Act, 1899 enacted by Andhra Pradesh State Legislature, empowering the registering officer to levy stamp duty on instruments of conveyance etc., conferred no express power on the Government to determine the market value of lands prevailing in a particular area and to maintain Basic Valuation Register for levy of stamp duty for registration of an instrument. [373-G] B

Jawajee Nagnathan v. Revenue Divisional Officer, Adilabad, A.I.R. 1983 A.P. 155, upheld. C

Gulzara Singh & Ors. v. State of Punjab & Ors., [1993] 4 S.C.C. 245, relied on. D

M/s. Sagar Cements Ltd., Mattampalle v. The State of Andhra Pradesh, (1989) 3 A.L.T. 677, *P. Shashidhar v. Sub-Registrar*, (1989) 3 A.L.T. 677, *Land Acquisition Officer v. Venkateswara Prasad*, A.S. No. 880 of 1980 dated Nov. 11, 1981 & *Vasireddi Bharata Rao & Anr. v. Revenue Divisional Officer, Guntur*, (1992) 1 A.L.T. 591, approved. E

Govt. of A.P. v. Sohan Lal, (1988) 2 A.L.T. 306, disapproved.

Director of Survey-cum-L.A.O. v. Mohammed Ghouse, (1965) 1 M.L.J. 115, in-applicable.

2. In order to determine the market value of the land acquired, the Court has to take into account one of the three methods, namely, (1) opinion of experts, (2) 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 (3) a number of years purchase of the actual or immediately prospective profits of the lands acquired. Generally the second method of valuation is accepted as the best. Evidence of *bona fide* sales between willing prudent vendor and prudent vendee of the lands acquired or situated near about that land possessing same or similar advantageous feature would furnish basis to determine market value. [373-C-E] F
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A *Special Land Acquisition Officer, Bangalore v. Adhinarayan Setty*, A.I.R. 1959 S.C. 429; *Tribeni Devi & Ors. v. Collector of Ranchi*, [1972] 3 S.C.R. 208 & *Periyar and Pareekanni Rubbers Ltd. v. State of Kerala*, relied on.

B 3. The burden of proof is always on the claimant to prove, in each case the prevailing market value as on the date of notification published in the State Gazette under s. 4(1) of the Act with reference to the sale deeds of the same lands or neighbouring lands possessed of same or similar advantages and features executed between willing vendor and willing vendee or other relevant evidence in the reference court. [375-G-H]

C 4.1. The claim of the appellant that the lands acquired are to be treated as of commercial area cannot be accepted to be totally correct. Admittedly the appellant had not prepared nor got approved any lay out demarcating as sites either for commercial purpose or for residential purpose. The entire land acquired cannot be treated as capable of being sold only for commercial purpose. Besides, the entire land cannot be earmarked for sites unless some land is set apart under Building Rules for laying roads. Deduction ought equally to be made for further development purposes. The entire land cannot be treated to be possessed of commercial value. [372-F-H; 373-A]

E 4.2. The State did not file any appeal against the award of the reference court which itself is a matter gone in favour of appellant. There is no justification to further enhance the market value. [375-H; 376-A]

F 5. It cannot be said that the appellant was discriminated in the payment of interest at 4% on enhanced market value. No distinction was made between lands acquired either for public purpose of the Central Government or the State Government. Besides, s. 33 of the State Amendment Act, 1953 amended the interest payable under the Act and reduced the rate of interest from 6% to 4% and the same is uniformly being awarded for all the acquisitions in the State. [376-B-C]

G CIVIL APPELLATE JURISDICTION: Civil Appeal Nos. 1920-21 of 1989.

H From the Judgment and Order dated 29.10.1982 of the Andhra Pradesh High Court in Appeal No. 44 of 1981 & W.P. No. 6031 of 1979.

A.K. Ganguli, T.V.S.N. Chari, Nikhil Nayyar and Ms. Promila Choudhary for the Appellant. A

R. Venugopal Reddy and G. Prabhakar for the Respondents.

The following Order of the Court was delivered:

1. The appellant is the owner of 18 Guntas of land, i.e. 2178 sq. yards, situated in Ward No. 5, Block No. 7 in Adilabad Municipality of Andhra Pradesh, which was proposed for acquisition under notification issued under s. 4(1) of the Land Acquisition Act and published on April 17, 1975, for a public purpose. The Land Acquisition Officer awarded compensation on the basis of letting value. On reference under s. 18, the Addl. District Judge, Adilabad in his award and decree announced the market value to Rs. 75 per sq yard. Not having been satisfied, the appellant filed the appeal in the High Court and claimed Rs. 300 per sq. yard. The High Court by the impugned judgment and decree dated 29.10.1982 (A.I.R. 1983 A.P. 155), dismissed the appeal. B
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2. Sri A.K. Ganguli, the learned senior counsel for the appellant contended that the High Court having accepted that the acquired lands were situated in the heart of the municipal area; the State Bank of Hyderabad and the Andhra Bank were located on the eastern and western sides across the roads; Gandhi Chowk Market and Ambedkar Chowk Market also existed on the National Highway towards Nagpur each at a distance of 200 yards from the land; two cinema theatres were situated at a distance of 50 to 60 yards from the acquired site; three co-operative consumer's stores were situated at a short distance of 10 years from the acquired land; the Basic Valuation register showed that for stamp duty the Revenue authorities had fixed the market value in commercial area at Rs. 300 (on complaints being reduced to Rs. 250) and for residential area Rs. 75 per sq. yard, it should have seen that the land had a very high market value. The revenue authorities themselves having determined market value in that area at Rs. 300 per sq. yard for purposes of stamp duty, unless the respondent produced contra evidence, which was not done, the Basic Valuation Register formed foundation to determine the market value of acquired land at Rs. 300. The fixation of market value at Rs. 75 per sq. yard was unjust and arbitrary. It is also contended that the appellant is entitled to interest at 6% under the Act. The State Act has no application to and the owner cannot be discriminated in payment only at the rate of E
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A 4%, while other land acquired for Central Govt. would get interest at the rate of 6%.

B 3. Having given anxious consideration to the contentions we find them to be without force. Though the district Court fixed the market value at the rate of Rs. 75 per sq. yard, the State did not file any cross objection or appeal. So the need for the High Court to go into the question whether fixation of the market value at Rs. 75 per sq. yard was high did not arise. The High Court held that the post notification sale deeds were not admissible as none of the persons connected with them were examined to establish the genuineness of the sales or of similarity of the lands acquired and those covered in the sale transactions. It also rejected the agreements of sales finding them to be those fabricated to inflate the market value. We cannot find fault with the approach made by the High Court in the facts and circumstances of the case. The sales claimed to be comparable were rightly not acted upon.

D 4. The High Court found that Basic Valuation Register had no evidenciary value, in that it had no statutory basis. Therefore, the entries in the Basic Valuation Register cannot form the basis to enhance the market value. The contention of Sri Ganguli, as stated earlier was that the Basic Valuation Register, prepared in official capacity by Revenue Department having been acted upon to collect stamp duty and registration charges at Rs. 300 per sq. yard for commercial use, the government cannot ask the court to adopt different standards to award market value under section 23(1). Having regard to the fact that the lands are situated in commercial area of the busy town, the appellant is entitled to the market value at Rs. 300 per sq. yard. Firstly, the contention that the lands are to be treated as of commercial area cannot be accepted to be totally correct. Admittedly, the appellant had not prepared nor got approved any lay out demarcating as sites either for commercial purpose or for residential purpose. The entire extent of 2178 sq. yard cannot be treated as capable of being sold only for commercial purpose. May be the lands abutting the main road were capable of being sold for commercial purpose. But the entire land, unless there is proof of lay out and demarcation for commercial purpose, cannot be treated as and available for commercial purpose. In addition the entire land cannot be earmarked for sites unless some land is set apart under the Building Rules for laying roads. Deduction ought equally to be made for further developmental purposes. The entire land cannot be

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treated to be possessed of commercial value. Under s. 24 clause sixty of the Act, in fact, the future potential use is not relevant but decided cases show that it may be a factor to be kept in view in an appropriate case for determining the market value. In this case, there is no evidence on record except the Basic Valuation Register admittedly maintained by the authorities.

5. The question, therefore, is whether the Basic Valuation Registration is evidence to determine the market value. This court in *Special Land Acquisition Officer, Bangalore v. T. Adhinarayan Setty*, A.I.R. 1959 S.C. 429, in paragraph 9 held that the function of the Court in awarding compensation under the Act is to ascertain the market value of the land at the date of the notification under s. 4(1). The methods of valuation may be (1) opinion of experts; (2) 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 (3) a number of years purchase of the actual or immediately prospective profits of the lands acquired. Same was the view in *Tribeni Devi & Ors. v. Collector of Ranchi*, [1972] 3 S.C.R. 208. It was reiterated in catena of decisions, vide, *Periyar and Pareekanni Rubbers Ltd. v. State of Kerala*, (1991) 4 S.C.C. 195. Therefore, it is settled law that in determining the market value, the Court has to take account either one or the other three methods to determine market value of the lands appropriate on the facts of a given case to determine the market value. Generally the second method of valuation is accepted as the best. The question, therefore, is whether the Basic Valuation Register would form foundation to determine the market value. The Indian Stamp Act, 1899 provides the power to prescribe stamp duty on instruments, etc. Entry 44 of List III, Concurrent List, of the Seventh Schedule read with Art. 254 of the Constitution empowers the State Legislature to amend the Indian Stamp Act, 1899. In exercise thereof all the State Legislatures including the legislature of Andhra Pradesh amended the Act and enacted s. 47-A empowering the registering officer to levy Stamp Duty on instruments of conveyance, etc, if the Registering Officer has reason to believe that the market value of the property, covered by the conveyance, exchange, gift, release of right or settlement, has not been truly set forth in the instrument, he may refuse registering such instrument and refer the same to the Collector for determination of the market value of such property and the proper duty payable thereon. On receipt of such opinion, he may call upon the vendor as per the Rules

A prescribed, to pay the additional duty thereon. If the vendor is dissatisfied, he has been given the right to file an appeal and further getting reference made to the High Court for decision in that behalf. Section 47A would thus clearly show that the exercise of the power thereunder is with reference to a particular land covered by the instrument brought for registration. When

B he has reasons to believe it to be under valued, he should get verified whether the market value was truly reflected in the instrument for the purpose of stamp duty; the Collector on reference could determine the same on the basis of the prevailing market value. Section 47A conferred no express power to the government to determine the market value of the lands prevailing in a particular area, village, block, District or the region

C and to maintain Basic Valuation Register for levy of stamp duty for Registration of an instrument, etc. No other statutory provision or rule having statutory force has been brought to our notice in support thereof. Whether an instrument is liable for higher stamp duty on the basis of valuation maintained in the Basic valuation Register, came up for consideration in *M/s. Sagar Cements Ltd., Mattampalle v. The State of Andhra Pradesh*, (1989) 3 A.L.T. 677. B.P. Jeevan Reddy, J., as he than was, considered the question and held that the government has unilaterally fixed the valuation of the lands, the Basic Valuation Register had no statutory foundation and therefore it does not bind the parties. Neither the Registrar

D nor the vendor is bound by it. The market value of the land for proper stamp duty has to be determined as per the law under s. 47A itself. That view was followed by another learned single Judge in *P. Shashidhar v. Sub-Registrar*, (1989) 3 A.L.T. 677. It is, therefore, clear that the Basic Valuation Register prepared and maintained for the purpose of collecting stamp duty has no statutory base or force. It cannot form a foundation to

E determine the market value mentioned thereunder in instrument brought for Registration. Equally it would not be a basis to determine the market value under section 23 of the Act, the lands acquired in that area or town or the locality or the Taluk etc. Evidence of *bona fide* sales between willing prudent vendor and prudent vendee of the lands acquired or situated near

F about that land possessing same or similar advantageous features would furnish basis to determine market value. The Division Bench followed, in support of its view a decision of another division bench in *Land Acquisition Officer v. Venkateswara Prasad*, A.S. No. 880 of 1980 dated Nov. 11, 1981, which also decided that Basic Valuation Register cannot be relied on to

G determine the market value. It would appear that in *Govt. Of Andhra*

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Pradesh v. Sohan Lal, (1988) 2 A.L.T. 306, a division bench of that High Court, without noticing these two binding decisions, held that the Basic Valuation Register would form foundation to determine the market value and directed to determine the compensation on that basis. The entire controversy was considered by yet another division bench in *Vasireddi Bharata Rao & Anr. v. Revenue Divisional Officer, Guntur*, (1992) 1 A.L.T. 591. The Division Bench, after considering the case law disagreeing with Roshan Lal's view as per incurium, also reiterated that the Basic Valuation Register maintained by the registering authority has no statutory foundation to determine market value and cannot form the base under section 23(1) to determine the market value. This Court in *Gulzara Singh & Ors. v. State of Punjab & Ors.*, [1993] 4 S.C.C. 245, held that mutation entries of the land transactions in the revenue records are not evidence unless the parties to the transactions have been examined in proof of documents. In *Director of Survey-cum-L.A.O. v. Mohammed Ghouse*, (1965) 1 M.L.J. 115, relied on by Mr. Ganguli, the Division Bench of Madras High Court, relying upon the instructions issued by the Government to determine the market value for the purpose of registration of the instrument under section 47-A, held that it would form basis to determine the market value under s. 23 in an appropriate case, subject to proof of the market value. What were the instructions issued by the Government and whether they had any statutory foundation, have not been stated by the Division Bench. If the broad proposition of law that under s. 47-A of Stamp Act such instructions could be issued, as contended for the appellant herein, as appears to be the view of the High Court, it is not correct law. As we have already noted, Section 47-A being local amendment, made by each State Legislature did not find any such statutory basis. Like Andhra Pradesh Act, Tamil Nadu Act are also referable to transactions inter vivos and not as general guidelines. If they are based on evidence inter parties it would be consistent with Section 47-A. Accordingly we hold that the basic value of registration has no statutory base. It cannot form any basis to determine the market value of the acquired lands under s. 23 of the Act. The burden of proof is always on the claimant to prove, in each case the prevailing market value as on the date of notification published in the State Gazette under s. 4(1) of the Act with reference to the sale deeds of the same lands or neighbours lands possessed of same or similar advantages and features executed between willing vendor and willing vendee or other relevant evidence in the reference court. The State did not file any appeal against

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A the award of the reference court which itself is a matter gone in favour of appellant. We do not find any justification to further enhance the market value.

B 6. The question of discrimination in the payment of interest at 4% on enhanced market value also has no foundation. No Doubt, the reasons given by the Division Bench to deny the claim may not be sound but the fact remains that no distinction was made between lands acquired either for public purpose by the Central Government or the State Government. Section 33 of the State Amendment Act, 1953 amended the interest payable under the Act and reduced the rate of interest from 6% to 4% uniformly

C being awarded for all the acquisitions in the State of Andhra Pradesh. Under these circumstances, the view of the High Court in that behalf, though the for different reasons, is correct and accordingly it is upheld. The appeals are accordingly dismissed. But in the circumstances parties are directed to bear their own costs.

R.P.

Appeals dismissed.