

Brig. Sahib Singh Kalha and Others

Vs

Amritsar Improvement Trust and Others

Special Leave Petitions (Civil) Nos. 1288-1290, 3610 and 6389 of 1979

(A.P. Sen, A. Varadarajan JJ)

01.10.1981

ORDER

A. P. SEN, J. –

1. Notice in these special leave petitions is confined to two points, namely (1) whether interest ought to have been allowed on the enhanced amount of compensation; and (2) - whether a cut of 33 per cent of the market value in one case and 20 per cent in the other was justified in determining the amount of compensation
2. As to point (1), the question of interest on the enhanced amount of compensation which is common to all the special leave petitions, is concluded by the judgment of Krishna Iyer, J. in Shiv Kumar v. State of Punjab, by which the Court, refused to grant special leave, 'except to clarify the ambiguity, if there be some, in the matter of award of interest on the enhanced portion of the compensation, and observed that 'there is no reason whatever to withhold such payment of interest'. It was rightly conceded by counsel for the Improvement Trust that a similar direction with regard to interest be also made. We accordingly direct that interest at the rate of 6 per cent per annum shall be payable not only on the amount of compensation, but also on the enhanced portion thereof from the date of taking of possession of land till realisation
3. As to point (2), a few facts must be stated. An area of 269 kanals and 9 marlas out of a total area of 118.5 acres had been acquired. The Collector based the award on the 'belting' principle and classified the acquired area into two belts, namely, 'A' and 'B'. An area measuring 48 kanals and 18 marlas abutting the roads on three sides to a depth of 40 karams was classified as belt 'A' and the remaining 200 kanals 11 marlas as belt 'B'. The land acquired is situate undoubtedly in the vicinity of a developed locality, but is itself undeveloped, although it is bounded by four roads. The 45 bungalows and five factories which the claimants speak of, are, as the High Court observes, situate outside the acquired area. Extensive as it is, it has to be plotted out into small house sites with amenities. These amenities will consist of roads, drainage, lighting and so on, and roads will require space and laying of roads will mean expenditure. The High Court, while upholding a cut of 33 per cent of the market value in one case and 20 per cent in the other towards the cost of developments made by the Tribunal, observes :

For the purpose of converting the big plot into small plots, it would be necessary to provide roads, parks etc. The benefit of such roads and parks etc. would accrue to the plot holders without payment of any extra price. In other words, the price of the land under roads and parks etc. would be included in the price of the smaller plots made out of the big one. It is in this background that while assessing the market price of the

acquired area measuring 269 kanals 9 marlas, the Tribunal applied the 20 per cent cut on the price otherwise assessed....

It is a well-settled principle of valuation that where there is a large are of undeveloped land under acquisition, provision has to be made for providing the minimum amenities of town life such as water connections, well laid-out roads, drainage facility, electric connections etc. The process necessarily involves deduction of the cost of factors required to bring the undeveloped lands on a par with the developed lands. An extent of 20 per cent of the total land acquired is normally taken as as reasonable deduction for the space required for roads. This is part from the cost of laying roads themselves and the cost of providing other amenities like electricity, water, underground drainage etc. In Tribeni Devi v. Collector of Ranchi the Court allowed a deduction of 33 1/3 per cent towards the cost of development. The cost of development may range from 20 to 33 per cent depending on the nature of the land, its situation and the stage of development etc. The Tribunal had before it material on which it directed a cut of 33 per cent of the market value in one and 20 per cent in other. It cannot be said that the aforesaid deductions were arbitrary or unreasonable having regard to the fact that the land acquired is an undeveloped area and the award of the Tribunal is based on the "belting' principle.

4. Subject to the directions as to payment of interest at six per cent per annum on the enhanced amount of compensation, the special leave petitions are dismissed, but without any order as to costs.

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