

SUPREME COURT OF INDIA

Shaji Kuriakose

Vs.

Indian Oil Corpn. Ltd.

C.A.No.3190-3192 of 2000

(V. N. Khare and B. N. Agrawal JJ.)

14.08.2001

JUDGEMENT

V. N. Khare, J.

1. A large track of land in the village Manakunnam in the district of Cochin was sought to be acquired for setting up a bottling plant by the respondent Indian Oil Corporation Ltd. A notification under Section 4 of the Land Acquisition Act (hereinafter referred to as the 'Act') was issued on 23-8-1990 which was followed by issue of notification under Section 6 of the Act on 22-2-1991. The appellants land measuring 7.13 acres is covered by the aforesaid notifications. The Collector on 5-5-1992 gave an award and offered compensation to the claimants @ Rs.1225/- per acre Rs. 500 per cent. The claimants sought reference for enhancement of the compensation. The Additional Sub-Judge, Ernakulam enhanced the compensation to @ Rs.7000/- per cent. Aggrieved, the respondents filed appeals before the High Court. The High Court was of the view that the compensation awarded by the reference Court was on higher side and, therefore, reduced the compensation @ Rs.4000/- per cent for the wet land and Rs.6500/- for dry land. In that view of the matter, the appeals filed by the respondents were allowed. The cross-objections filed by the claimants were rejected by the High Court. Aggrieved, the claimants have referred these appeals against the judgment of the High Court.

2. Mr. Mathai M. Paikeday, learned Senior Counsel appearing for the appellants urged that the High Court having proceeded to give compensation for the acquired land on the basis of Comparable Sales Method of valuation of land, it was not open to the High Court to fix the rate of compensation less than the market value of the land covered by Ex. A-4. Learned Counsel relied upon a decision of this Court in *Printers House Pvt. Ltd. v. Mst. Saiyadan (deceased) by Lrs.*¹. The second submission of the learned Counsel is that once the appellants herein opted and agreed for accepting compensation for their acquired land on the basis of Comparable Sales Method of valuation of land, it was not open to the High Court to fix the rate of compensation of the acquired land on the basis of the valuation of the land on the capitalisation assessment of the land. Shri D.A. Dave, learned Senior Counsel, however, argued that the principle adopted by the High Court in lowering the compensation for

acquired land than what was the value of land contained in Ex. A-4, is based on relevant considerations and these appeals do not require any interference and deserve to be dismissed.

3. It is no doubt true that Courts adopt Comparable Sales Method of valuation of land while fixing the market value of the acquired land. While fixing the market value of the acquired land, Comparable Sales Method of valuation is preferred than other methods of valuation of land such as Capitalisation of Net Income Method or Expert Opinion Method. Comparable Sales Method of valuation is preferred because it furnishes the evidence for determination of the market value of the acquired land at which a willing purchaser would pay for the acquired land if it has been sold in open market at the time of issue of notification under Section 4 of the Act. However, Comparable Sales Method of valuation of land for fixing the market value of the acquired land is not always conclusive. There are certain factors which are required to be fulfilled and on fulfillment of those factors the compensation can be awarded, according to the value of the land reflected in the sales. The factors laid down inter alia are : (1) the sale must be a genuine transaction, that (2) the sale-deed must have been executed at the time proximate to the date of issue of notification under Section 4 of the Act, that (3) the land covered by the sale must be in the vicinity of the acquired land, that (4) the land covered by the sales must be similar to the acquired land and that (5) the size of plot of the land covered by the sales be comparable to the land acquired. If all these factors are satisfied, then there is no reason why the sale value of the land covered by the sales be not given for the acquired land. However, if there is a dissimilarity in regard to locality, shape, site or nature of land between land covered by sales and land acquired, it is open to Court to proportionately reduce the compensation for acquired land than what is reflected in the sales depending upon the disadvantages attached with the acquired land. In the present case, what we find is that the first two factors are satisfied. The sale transaction covered by the sale Ex. A-4 is genuine, inasmuch as sale was executed in proximity to the date of notification under Section 4 of the Act. However, there is a difference in the similarity in the land acquired and the land covered by Ex.A-4. The land covered by Ex. A-4 is situated at Kottayam and Ernakulam, PWD Road, whereas the acquired land is situated at a distance of 3 furlong from the main road. There is no access to the acquired land and there exists only an internal mud road which belonged to one of the claimants, whose land has also been acquired. Further, the land covered by Ex.A-4 is a dry land and whereas the acquired land is a wet land. After acquisition, the acquired land has to be re-claimed and a lot of amount would be spent for filling the land. Moreover, the land covered by Ex.A-4 relates to a small piece of land which do not reflect the true market value of the acquired land. If it is often seen that a sale for a smaller plot of land fetches more consideration than larger or bigger piece of land. For all these reasons, the High Court was fully justified in lowering the rate of compensation than what was the market value of the land covered by Ex.A-4. We, therefore, do not find any infirmity in the judgment of the High Court.

4. So far the second argument is concerned, the High Court has granted compensation on the basis of Comparable Sales Method of valuation of land and the reference regarding Capitalisation Method of valuation of the land was only by way of illustration. We, therefore, do not find any merit in this submission.

5. For the aforesaid reasons, the appeals fail and are accordingly dismissed. There shall be no order as to costs.

Appeals dismissed.

¹(1994) 2 SCC 133