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A.R. RANGAMANNAR NAJDU  
v.  
SUB COLLECTOR OF CHIDAMBARAM

AUGUST 14, 1992

B [DR. T.K. THOMMEN, V. RAMASWAMI AND S.P. BHARUCHA, JJ.]

*Land Acquisition Act, 1894 :*

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*Ss. 12, 18—Land with road and drainage—Developed for building sites—Acquisition of—Compensation—Proportionate deduction towards roads and drainage—Whether permissible.*

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On State's appeal against enhancement of compensation for a compact area of 10 acres of land laid out as building sites with fully formed roads and drainage, and acquired under the Land Acquisition Act, 1894, the High Court reduced the compensation holdig that since the roads and drainage occupied a part of the area acquired, proportionate deduction in compensation ought to be made. The claimant filed appeal by special leave to this Court.

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Allowing the appeal, this Court,

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**HELD : 1.1.** The High Court was wrong in principle in reducing the compensation on account of roads and drainage. The fact that these improvements had been made on the land acquired shows that what was acquired was more valuable than what it would have been without the improvements. [p. 891E-F]

**1.2.** Accordingly, the judgment of the High Court is set aside and that of the Reference Court is restored. [p. 891F]

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**CIVIL APPELLATE JURISDICTION :** Civil Appeal No. 1210 of 1984.

From the Judgment and Order dated 28.8.1980 of the Madras High Court in Appeal No. 213 of 1978.

K. Ram Kumar for the Appellant.

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R. Mohan, T. Raja and R. Nedumaran for the Respondent.

The following Order of the Court was delivered:

Ten acres of land belonging to the appellant had been acquired under the Land Acquisition Act. The Land Acquisition Officer awarded compensation at the rate of one rupee one paise per sq. ft. On a reference under section 18 of the Act, the Court enhanced the rate of compensation to Rs. 2.25 per sq. ft. On appeal by the State, the High Court by the impugned judgment reduced the compensation to Rs. 2.00 per sq. ft.

The reason stated by the High Court for so reducing the rate of compensation was that the acquired area was a compact plot of 10 acres which was laid out as building sites with fully formed roads and drainage. The High Court held that since the roads and drainage occupied a part of the area acquired, proportionate deduction in compensation ought to be made.

Counsel for the appellant submits that what was acquired was a compact area of 10 acres. The fact that roads and drainage had been laid out does not reduce the value of the land acquired. In fact the appellant had incurred expenditure in preparing the land as building sites, and the High Court ought to have accepted his contention that he was entitled to higher compensation.

We see no reason why the High Court should have reduced the compensation awarded by the Reference Court on the ground that roads and drainage had been laid out. The fact that these improvements had been made on the land shows that what was acquired was more valuable than what it would have been without the improvements. The reason given by the High Court for reducing the compensation awarded by the Reference Court was wrong in principle. Accordingly, we set aside the impugned judgment of the High Court and restore that of the Reference Court.

The appeal is allowed in the above terms. No Costs.