

**HON'BLE SRI JUSTICE R. SUBHASH REDDY**  
**AND**  
**HON'BLE SRI JUSTICE A. SHANKAR NARAYANA**

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**L.A.A.S. No.61 OF 2006**  
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**JUDGMENT:** (Per Hon'ble Sri Justice A. Shankar Narayana)

Feeling aggrieved by the enhancement of compensation from Rs.15,000/- (Rupees fifteen thousand) per acre to Rs.2,50,000/- (Rupees two lakhs and fifty thousand) per acre in respect of the lands acquired in Thukivakam village in various survey numbers for the purpose of establishment of Railway Carriage Repair Workshop, Railway Line and road near Tirupati, by the award and decree, dated 05-09-2005, in L.A.O.P. No.20 of 2004, passed by the learned Principal Senior Civil Judge, Tirupati, the Land Acquisition Officer – cum – Revenue Divisional Officer, Tirupati, Chittoor District, preferred the instant appeal under Section 54 of the Land Acquisition Act, 1894.

2 . At the outset, we would like to mention that the extent involved in the instant appeal is confined to Acs.39-55 cents, comprised of survey Nos.860, 862 to 866, 868 and 872 with sub-divisional numbers.

3. A notification was published under Section 4(1) of the Land Acquisition Act, 1894 (hereinafter referred to as 'the Act') on 28-09-1981 for acquisition of a chunk of agricultural land admeasuring Acs.143-75 cents comprised of Survey Nos.844, 847 to 849, 852 to 868 and 870 to 872 with various sub-divisions for the

aforesaid purpose.

4. In view of the urgency then prevailing, advance possession of the lands was taken on 03-11-1980. The Land Acquisition Officer (hereinafter referred to as 'the LAO') passed an award on 13-10-1983, categorizing the entire lands in to two categories. The first category which has potentiality for industrial establishment, and the second category relates to Arable (Cultivable) lands. LAO fixed the market value for the first category at Rs.42,000/- per acre and for the second category at Rs.15,000/- per acre.

5. The subject matter herein relates to an extent of Acs.39-55 cents owned by respondent Nos.1 to 4 – claimants. The said extent of land involved in the instant appeal was arable land falling in second category.

6. The LAO passed a Supplementary Award bearing Award No.3/1988-89 on 20-02-1989 in the light of amended provisions of the Land Acquisition (Amendment) Act, 1894.

7. Dissatisfied by the award of the LAO, the claimants filed a reference under Section 18 of the Act for enhancement of compensation. On such reference, the learned Principal Senior Civil Judge, Tirupati (hereinafter referred to 'the Civil Court') passed the award and decree, dated 05-09-2005, in L.A.O.P. No.20 of 2004, on its file, which are under challenge in the instant appeal.

8. Before the Civil Court, the 3<sup>rd</sup> claimant, Sri Mekala Pedda Chengaiah, besides examining himself as RW.1 on behalf of all the four claimants, examined the neighbouring land owners, Sri S. Ramanujulu and Sri Y. Dayananda Gupta, as RWs.2 and 3,

respectively, and exhibited 27 documents as Exs.B-1 to B-27, to substantiate their claim. Whereas, the LAO, Sri B. Rami Reddy, examined himself as PW.1 and exhibited two documents as Exs.A-1 and A-2, which are copies of Award No.5/1983, dated 13-10-1983 and supplementary award No.3/1988-89, dated 20-02-1989, resisting the request for enhancement made by the claimants.

9. In their claim statements before the Civil Court, the claimants stated that the entire extent of Acs.143-75 cents is a contiguous block with similar potentiality or proximity, but only on the ground that a Railway Track is intercepting both categories of land and since the claimants' land is situate to the north of the said railway track, it was classified as second category by the LAO and fixed the market value at Rs.15,000/- per acre. It was also their case that for the reasons, firstly, that both categories of land were acquired for the very same purpose of establishment of Railway Carriage Repair Workshop etc., which constitutes Industrial Purpose; second, fixation of market value by the LAO was very low without considering the comparative sales in the very same village and the vicinity; third, the acquired land is situate adjacent to Tirupati Town, which is a Pilgrim Centre of World-wide repute with Universities surrounded by Spinning Mills, Mopeds India, APIIC, STELL, ECIL etc. and that the value of the land is being increased by leaps and bounds with the passage of a day; and lastly, while referring to the Awards and Judgments in respect of comparable sales that have attained finality, the claimants sought to fix the market value at Rs.3,00,000/- (Rupees three lakhs) per acre, by according all statutory benefits.

10. The Civil Court having heard the arguments and on appraisal of evidence let in by the Referring Officer and the claimants, both, oral and documentary, in order to substantiate their respective stands, mainly relied on Exs.B-5, B-16, B-18, B-19 and B-20.

Ex.B-16 is a certified copy of common order in O.P. Nos.2 of 1982

and 116 of 1989, dated 19-04-1990, on the file of the very same Civil Court. In O.P. No.2 of 1982, an extent of Ac.1-06 cents in Survey No.841/1 of Thukivakam village of Chandragiri Taluq was the subject matter which was reference under Section 30 of the Act. Whereas, O.P. No.116 of 1989 relates to the very same extent acquired under Award No.3 of 1981, dated 31-03-1981, but the reference was under Section 18 of the Act. The said extent is situated in Thukivakam village, which is the subject village for the instant acquisition proceedings even. The draft notification was published on 11-12-1974. The Land Acquisition Officer fixed the market value at Rs.9,000/- (Rupees nine thousand) per acre. Since the said extent is situated within the village proper, the Reference Court fixed the market value at Rs.50/- (Rupees fifty) per square yard.

i) Aggrieved by the fixation of the said market value, the LAO preferred A.S. No.107 of 1992 on the file of this Court under Section 54 of the Act. This Court confirmed the fixation of market value by the Civil Court at Rs.50/- per square yard. The Reference Court, therefore, observed that the judgment in A.S. No.107 of 1992 has attained finality, since the matter was not carried further to the Hon'ble Supreme Court. Certified copy of the judgment in A.S. No.107 of 1992 is marked as Ex.B-5 by the claimants.

11. Next set of documents relied on by the Reference Court was, Exs.B-18, B-19 and B-20. Ex.B-18 is a certified copy of common order in O.P. Nos.47, 67, 68, 85 and 86 of 1989, on the file of the very same Reference Court, dated 03-07-1999. In the said case, a chunk of land, admeasuring Acs.57-41 cents comprised in Survey No.516 of Eerramareddipalem village was acquired for expansion of III Phase of APIIC through Award No.3 of 1983, dated 01-06-1983, fixing the market value at Rs.25,929/- (Rupees twenty five thousand nine hundred and twenty nine) per acre. The very same Reference Court enhanced the market value from Rs.25,929/- per acre to Rs.31,100/-

(Rupees thirty one thousand and one hundred) per acre, which is Ex.B-18. When the matter was carried to this Court in A.S. Nos.2576 to 2580 of 1999, a Division Bench of this Court enhanced the compensation to Rs.2,50,000/- (Rupees two lakhs and fifty thousand) per acre basing on the earlier judgment rendered in A.S. No.107 of 1992 covered by Ex.B-5. The certified copy of judgment is exhibited as Ex.B-19 by the claimants.

i) Aggrieved by the fixation of market value at Rs.2,50,000/- by this Court, the LAO carried the matter to the Hon'ble Supreme Court in S.L.P. Nos.3523 to 3527 of 2001. The Hon'ble Supreme Court confirmed the market value fixed at Rs.2,50,000/-. The certified copy of the judgment is marked as Ex.B-20 by the claimants.

12. Thus, the Civil Court placing reliance on these two sets of documents and referring to the dates of notification under Section 4(1) of the act for the acquisition of land under Ex.B-18, which was on 30-12-1976, whereas the notification under Section 4(1) of the Act in the instant acquisition was issued on 28-09-1981, and taking into consideration the time lag of five (05) years, 10% escalation per year was considered and, thus, worked out the market value at Rs.3,75,000/- (Rupees three lakhs and seventy five thousand) per acre. Relying on the observation of the Hon'ble Supreme Court in Ex.B-20, wherein, Hon'ble Supreme Court subjected to deduction by 15% on the grounds that the acquired land therein was a large chunk and agricultural land and also assigning the reason that the acquired lands herein are situate beyond railway track when compared to the lands covered by Exs.B-16 to B-20, and further considering the proximity of the lands under acquisition herein, observing that further deduction is quite justified, allowed 1/3<sup>rd</sup> deduction and worked out the compensation at Rs.2,50,000/-(Rupees two lakhs and fifty thousand), and, accordingly, fixed the market value at Rs.2,50,000/-

per acre with all statutory benefits.

13. (a) It is the said award and decree which are under challenge in the instant appeal, contending mainly that the Reference Court omitted to notice that the claimants have not discharged the onus resting on them as plaintiffs by proving the market value of the acquired land as on the date of notification under Section 4(1) of the Act. It is stated that the judgments of the Hon'ble Supreme Court, referred to by the Reference Court, cannot be made applicable to the land under acquisition since they are situated in different survey numbers of different villages. It is stated that the LAO has passed award in respect of the acquired land after taking sale registration statistics obtained from Sub-Registrar, at the time of acquisition making a detailed enquiry, *inter alia*, as to the location, nature of fertility, prevailing market value and utility of the lands acquired into consideration, awarded just and adequate compensation, but, the same was overlooked by the Reference Court.

(b) It is also stated that the extents covered by Exs.B-25 to B-27 are post-notification transactions and the sale transactions under Exs.B-6 to B-9 pertain to small extents of house plots, which cannot form basis for comparison, especially, when a larger extent of land admeasuring Acs.143-75 cents was being acquired. It is further stated that the Reference Court has no jurisdiction to grant compensation more than what has been claimed before the Land Acquisition Officer, at Rs.70,000/- per acre, as the claim was made prior to the amendment Act coming into force, as regards Section 25 of the Act, and, as such, enhancement is totally without jurisdiction and vitiated. Hence, sought to set aside the award and the decree passed by the Reference Court and confirm the compensation granted by the LAO.

14. (a) The learned Advocate General would contend that determination of the market value by the Reference Court on the basis of Exs.B-18 to B-20 is not correct, since the land acquired under Exs.B-18 to B-20 was having frontage on the highway and will have a better value than the lands under acquisition, which are situated beyond the railway track and are categorized as arable lands by the LAO, and, therefore, the Reference Court was not right in enhancing the market value from Rs.15,000/- to Rs.2,50,000/- per acre.

(b) The learned Advocate General has drawn our attention to Exs.B-21 to B-24, which are certified copies of combined topo sketch of Thukivakam and Erramreddypalem villages showing the lands acquired in LA OP No.47 of 1989, LA OP 67 OF 1989, the geographical location of the land acquired herein and compensation particulars of the neighbouring land situated in Thukivakam and Erramareddypalem villages respectively.

(c) With reference to the applicability of system of belting in determining compensation, the learned Advocate General placing reliance on the judgment of the Hon'ble Apex Court in **Andhra Pradesh Industrial Infrastructure Corporation Limited v.**

**G. Mohan Reddy and others**, would submit that when different lands with different survey numbers belonging to different owners and having different locations were acquired, they cannot be considered to be a compact block and the land having a frontage of the highway will always have a better value than the other lands and farther the lands from the highway lesser the value and, thus, in cases where large piece of land having different locations was acquired, a system of belting would have to be applied. It is, therefore, his submission that even fixation of market value at uniform rate by the Reference Court was improper.

15. (a) In answering the contention of the learned Advocate General with regard to applicability of system of belting, learned counsel for the claimants would submit that when acquired land has the potentiality of being developed into an urban land, merely because some portion of it abuts the main road, higher rate of compensation should be paid while in respect of the lands on the interior side compensation should be at lower rate, may not stand to reason, because when sites are formed those abutting the main road may have its advantages as well as disadvantages and, thus, placed reliance on a judgment of the Hon'ble Supreme Court in **Land Acquisition Officer, Revenue Divisional Officer, Chittoor v. Smt. L. Kamalamma (dead) by LRs. and others.**

(b) The learned counsel, in the context of admissibility of previous judgment not inter parties determining the value of the land in the vicinity in a subsequent case, placed reliance on the decision of a Division Bench of this Court in **Assistant Collector and Land Acquisition Officer (RDO), Gadwal and others v. Pandu Rangaiah and others.**

(c) Further, in the context of determining the market value based on potentialities, and as to how the increase accruing to value owing to potentialities or possibilities to be measured, learned counsel placed reliance on the decision of Privy Council in **Vyricherla Narayana Gajapatiraju v. Revenue Divisional Officer, Vizagapatam.**

(d) Basing on the above decisions, it is his submission that determination of market value by the Reference Court on the basis of earlier awards passed by the very same Reference Court in connection with previous acquisitions and the orders passed by this Court and the Hon'ble Apex Court covered by Exs.B-5 and B-16 as one set and

B-18 to B-20 as the other, cannot be faulted with. Thus, while requesting to uphold the order and decree under challenge, sought to dismiss the instant appeal.

16. The point that arises for consideration is whether the award passed by the Reference Court fixing the market value at Rs.2,50,000/- per acre can be sustained?

17. Perused the order under challenge and the evidence, both, oral and documentary, let in by the parties.

18. Initially, we intend to advert to the ground agitated in the grounds of appeal touching Exs.B-25 to B-27 and Exs.B-6 to B-9. It is according to the appellant that sale transactions under Exs.B-6 to B-9 pertain to small extents of house plots and the extents covered by Exs.B-25 to B-27 are post-notification transactions, and, therefore, they cannot form basis for comparison since the land acquired in the instant acquisition is a huge chunk admeasuring Acs.143-75 cents, and, therefore, the Reference Court was not right in determining the market value at Rs.2,50,000/- per acre. We intend to observe that in fact, the Reference Court excluded Exs.B-6 to B-9 and Exs.B-25 to B-27 from the purview of consideration to treat them as exemplars and as seen from the award under challenge, the Reference Court mainly considered Exs.B-5 and B-16 as one set and Exs.B-18 to B-20 as the other set in determining the market value of the acquired land. The Reference Court while adverting to the contention raised by the learned Assistant Government Pleader, contextually referred to the sale transactions under Exs.B-6 to B-9 stating that the Assistant Government Pleader before it canvassed that the sale transactions under Exs.B-6 to B-9 since pertain to small extents of house plots they were rejected by this Court while considering the judgment in A.S. No.107 of 1992, which is marked as Ex.B-5. Thus, we notice that the reference to Exs.B-6 to B-9 was made only in that context, but the Reference Court has not considered them in fixing the market value,

but observed that Exs.B-6 to B-9, registration copies of sale deeds, were relied to show developmental activities even at the time of notification under Section 4(1) of the Act. Therefore, we are of the view, that the appellant is not right in agitating the said ground intending to project as if the market value was determined basing on the transactions covered by Exs.B-6 to B-9 and acquisitions under B-25 to B-27, and thereby committed wrong.

19. Concerning Exs.B-25 to B-27, which are certified copies of order, dated 19-04-1995, in LAOP No.110 of 1990, passed by the Reference Court, certified copy of the judgment, dated 09-03-2000, in A.S. No.2223 of 1996, passed by this Court and the certified copy of the order, dated 24-01-2003 in SLP No.18785 of 2000 passed by the Hon'ble Apex Court, the Reference Court has not considered the determination of market value of the land therein on the ground that fixation of market value therein relates to the period subsequent to the issue of notification under Section 4(1) of the Act in the instant case.

The Reference Court has made a definite observation that the claimants relied on Exs.B-25 to B-27 only to illustrate the factum of spiralling the land prices in the same area and recorded a finding that they being post-notification transactions cannot be relied on.

20. Before analysing the evidence on record for determination of the market value, we intend to refer to the decision relied on by the learned counsel in **Gajapatiraju's Case** (Supra 4). While explaining the words "market value of land" occurring in Sections 23 and 24 of the Act (1 of 1894), the Privy Council, touching the aspect of land having potentialities while observing that the land is to be valued by reference to the use to which it is reasonably capable of being put to in future, held that it is possibilities of the land and not its realized possibilities that must be considered. The relevant observations are to be found in paragraph No.102 C 1, thus:

“There is not in general any market for land in the sense in which one speaks of a market for shares or a market for sugar or any like commodity. The value of any such article at any particular time can readily be ascertained by the prices being obtained for similar articles in the market. In the case of land, its value in general can also be measured by a consideration of the prices that have been obtained in the past for land of similar quality and in similar positions, and this is what must be meant in general by "the market value" in S. 23. But sometimes it happens that the land to be valued possesses some unusual, and it may be, unique features as regards its position or its potentialities. In such a case the arbitrator in determining its value will have no market value to guide him, and he will have to ascertain as best he may from the materials before him, what a willing vendor might reasonably expect to obtain from a willing purchaser, for the land in that particular position and with those particular potentialities. For it has been established by numerous authorities that the land is not to be valued merely by reference to the use to which it is being put at the time at which its value has to be determined (that time under the Indian Act being the date of the notification under S. 4(1)), but also by reference to the uses to which it is reasonably capable of being put in the future. No authority indeed is required for this proposition. It is a self-evident one. No one can suppose in the case of land which is certain, or even likely, to be used in the immediate or reasonably near future for building purposes but which at the valuation date is waste land or is being used for agricultural purposes, that the owner, however willing a vendor, will be content to sell the land for its value as waste or agricultural land as the case may be. It is plain that in ascertaining its value, the possibility of its being used for building purposes would have to be taken into account. It is equally plain, however, that the land must not be valued as though it had already been built upon, a proposition that is embodied in S. 24 (5) of the Act and is sometimes expressed by saying that it is the possibilities of the land and not its realized possibilities that must be taken into consideration.”

21. Keeping in view the above principle, we intend to examine whether the market value determined by the Reference Court would satisfy the aforesaid principle laid down by the Privy Council.

22. Claimant No.3 examined himself as RW.1. RW.3 is one Y. Dayananda Gupta, claimant in O.P. No.2 of 1982 and O.P. No.116 of 1989 on the file of Reference Court, which award is marked as Ex.B-16 fixing the market value at Rs.60/- per square yard for the acquired land belonging to him situated in Tukivakam village which rate was confirmed by this court in A.S. No.107 of 1992 covered by Ex.B-5. Admittedly, the Land Acquisition Officer has not carried the matter to the Hon'ble Apex Court challenging the judgment under Ex.B-5. RW.2 is one of the claimants, whose land is situated in Erramreddipalem village, which is adjacent to Tukivakam village and the acquired land belonging to him and others was the subject matter of common orders passed in O.P. Nos.47 of 1989, 67 of 1989, 68 of 1989 and 85 of 1989 covered by Ex.B-18 award passed by the very same Court, but fixing the market value at Rs.31,100/- per acre. When the claimants preferred appeal in A.S. No.2576 of 1999 and batch, this Court enhanced the market value from Rs.31,100/- per acre to Rs.2,50,000/- per acre, basing on the fixation of market value by this Court in A.S. No.107 of 1992. Notification under Section 4(1) of the Act issued on 11-12-1974, concerning the extent of Ac.1-06 cents in Survey No.841/1 of Tukivakam Village covered by Exs.B-16 and B-5, whereas notification under Section 4(1) of the Act for the lands acquired, forming part of Erramreddipalem village, was issued on 19-08-1981. The extent acquired was Acs.57.41 cents for extension of Industrial Development Area covered by Exs.B-18 to B-20.

23. Turning to the instant acquisition, the LAO is examined as PW.1. Even in his affidavit in chief examination, he affirms that the sale statistics collected would reveal that there were no major

transactions involving larger extents of lands in category-I and the sales were in the shape of house site plots. According to him, there were 79 sales between 28-09-1978 and 29-09-1981 and he excluded 17 sales of house sites in Survey No.861/B1 as they were also under acquisition. The answers given by him in his cross-examination are seen, they, in fact, substantiate the stand of the claimants. He admits that 17 plots, which were excluded by him, were covered by a layout. It is also according to him that the acquired lands are situated between the railway track and national highway and that both the categories of lands are similar with regard to soil and evenly levelled and both categories of the land were with similar potentiality i.e., for establishment of railway garage repair shop. He admits that the acquired lands are having industrial and residential value and around the acquired lands there were certain industries already in existence. He also admits that the land under acquisition is strategically located for industrial purpose, and, therefore, acquired. He also admits that by the date of notification under Section 4 (1) of the Act, there was much development in the vicinity and Mopeds India Limited, Sri Balaji Spinning Mills, Southern Transformers and Electrical Limited, ECIL, Eenadu and other industries established by APIIC and Industrial Branch of State Bank of India were already existing and that Mopeds India Limited is just hundred yards away from the acquired land. He also admits that Ex.B-10 master Plan was filed in the earlier proceedings in O.P. No.49 of 1997 and that the said Master Plan includes all the villages up to Thukivakam village and the Master Plan was implemented by the Tirupati Municipal Corporation by its resolution, dated 12-07-1974. He admits that the lands under Damineedu and Thukivakam villages are adjacent. These are the positive admissions made by him, which in unmistakable terms prove that the adjacent lands of the acquired land were put to industrial use besides the very purpose of acquisition being for industrial use. Thus, considering the potentialities of the land under acquisition, there cannot be any doubt that the acquired land would fetch more value compared to the market value fixed by the LAO.

24. Since Exs.B-6 to B-9 relate to small extents of house plots and Exs.B-25 to B-27 relate to the acquisition of lands subsequent to notification under Section 4(1) of the Act, the other documents available for determining the market value are the two sets, which are Exs.B-5 and B-16 on one hand and Exs.B-18 to B-20 on the other, in regard to which, we have already adverted to in the above. Exs.B-5 and B-16 relate to the land situated in Tukivakam village in which village, the subject land is situated and, though, the extent was Ac.1-06 cents of land, this Court confirmed the market value fixed by the very same Reference Court at Rs.50/- per square yard, of course, the said extent is situate in the village proper. Basing on the said rate, even for the acquired lands covered by Exs.B-18 to B-20, when the Reference Court fixed the market value at Rs.31,100/-, this Court enhanced it to Rs.2,50,000/- per acre, which was confirmed by the Hon'ble Supreme Court. The subject land of Exs.B-18 to B-20 is just adjacent to the land under acquisition in the instant case and they are only intercepted by the railway track.

25. In the present context, the decision of this Court in **Pandu Rangaiah's Case** (Supra 3), relied on by the learned counsel for the claimants, would assist the stand taken by the claimants supporting the award passed by the Reference Court basing on Exs.B-5, B-16 and B-18 to B-20. The relevant observations are to be found in paragraph No.17, thus:

“The question of admissibility of previous judgment not inter parties in a land acquisition case determining the value of land in the vicinity in a subsequent case is no longer *res integra*. The view of Shelat, J, as he then was expressed in *Special Land Acquisition Officer vs. Lakhamsi* [AIR 1960 Bombay 78]

“A judgment not inter partes in land acquisition reference and relating to land situate near the land in question is not admissible in evidence either as an

instance or one from which the market value of the land in question cannot obviously fall under Secs.40 to 43 or under Sec.11 or Sec.13 of the Evidence Act.”

But, this view was not approved by the Supreme Court in *City Improvement Trust, Bangalore vs. H. Narayanaiah* [AIR 1976 SC 2404]. M.H. Beg, J speaking for a Bench of three judges, on an exhaustive survey of law on the subject observed:

“...We do not think it necessary to take so restrictive a view of the provisions of Sections 11 and 13 of the Evidence Act as to exclude such judgments altogether from evidence even when good grounds are made out for their admission. In *Khaja Fizuddin vs. State of Andhra Pradesh*, C.A.No.176 of 1962, decided on 10-4-1963 (SC) a Bench of three Judges of this Court held such judgments to be relevant if they relate to similarly situated properties and contain determinations of value on dates fairly proximate to the relevant date in a case.” (para 27)

In *Pal Singh vs. Union Territory of Chandigarh* [AIR 1993 SC 225] the same view has been reiterated by the Supreme Court in the following terms:

“No doubt, a judgment of a Court in a land acquisition case determining the market value of land in the vicinity of the acquired lands, even though not inter partes, could be admitted in evidence either as an instance or one from which the market value of the acquired land could be deduced or inferred as has been held by the Calcutta High Court in *H.K. Mallick's case* (supra) based on the authority of the Judicial Committee of the Privy Council in *Secretary of State vs. Indian General Steam Navigation and Railway Co.* (1909) ILR 36 Cal. 967, where the Judicial Committee did refuse to interfere with High Court Judgment in a land acquisition case based on previous Awards, holding that no question of principle was involved in it....”(para 5)”

Therefore, we are of the considered view, that the Reference Court

was not wrong in placing reliance on Exs.B-18 to B-20 in fixing the market value.

26. Turning to the submission of the learned Advocate General touching the system of belting to fix different rates, the geographical location of the acquired land as can be gathered from Exs.B-21 to B-24, shows that the acquired land has minimal frontage area and, therefore, the system of belting in determination of market value or dividing the acquired land into blocks to fix different prices, does not arise. Viewed in that context, the decision in **Mohan Reddy's Case** (Supra 1), relied on by the learned Advocate General is of any assistance to substantiate the stand of the LAO. On the other hand, the decision in **Smt. Kamalamma's Case** (Supra 2) would assist the stand of the claimants, since the Hon'ble Apex court while observing that many a discerning customer may prefer to stay in the interior and far away from the main road and may be willing to pay reasonably higher price for that site, held in paragraph No.7, thus:

“The argument advanced by Shri Nageshwar Rao that the classification by Land Acquisition Officer was in order and ought not to have been interfered with by the Reference Court or the High Court does not appeal to us. When a land is acquired which has the potentiality of being developed into an urban land, merely because some portion of it abuts the main road, higher rate of compensation should be paid while in respect of the lands on the interior side should be at lower rate may not stand to reason because when sites are formed those abutting the main road may have its advantages as well as disadvantages. Many a discerning customer may prefer to stay in the interior and far away from the main road and may be willing to pay reasonably higher price for that site. One cannot rely on the mere possibility so as to indulge in a meticulous exercise of classification of the lands as was done by the Land Acquisition Officer when the entire land was acquired in one block and therefore classification of the same into different categories does not stand to reason.”

Hence, we are not inclined to accept the said submission.

27. Thus, when viewed the potentialities of the land under acquisition which is capable for industrial use, the existence of various industries even by the date of notification under Section 4(1) of the Act, as admitted by PW.1 and the LAO, referred to in the above, it can be said in definite terms that it indicates the increase in prices of the lands located in the same area and the very purpose for which the land acquired being for establishment of railway track, arriving the market value at Rs.3,75,000/- by the Reference Court by giving 10% escalation per year, taking into consideration the time lag of five years between the date of notification under Section 4(1) of the Act on 30-12-1976 for the lands acquired under Ex.B-18 and the issuance of notification under Section 4(1) of the Act concerning the instant acquisition, and allowing 1/3<sup>rd</sup> deduction, placing reliance on the judgments of the Hon'ble Apex Court in SLP No.3523 to 3527 of 2001 covered by Ex.B-20 and arriving the market value at Rs.2,50,000/- per acre, to which the claimants are entitled, is well reasoned and well appreciated, and, therefore, it does not suffer from any legal infirmity warranting interference by this Court.

28. For the aforesaid reasons, the appeal is dismissed confirming the order under challenge. Thus, we make no order as to costs.

29. As a sequel thereto, Miscellaneous Applications, if any, pending stand closed.

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**R. SUBHASH REDDY, J**

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**A. SHANKAR NARAYANA, J**

**May 1, 2015.**

**Mgr/PV**