

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

LPA No. 421 of 1993 (O&M)

Date of Decision: October 16, 2015

The Improvement Trust, Kapurthala
and another

...Appellants

Versus

Siri Ram and others

...Respondents

**CORAM: HON'BLE MR. JUSTICE SATISH KUMAR MITTAL
HON'BLE MR. JUSTICE HARINDER SINGH SIDHU**

Present: - Mr. Samarth Sagar, Advocate
for the appellants.

Mr.R.L.Batta, Sr.Advocate with
Mr. Naresh Prabhakar, Advocate
for the respondents.

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HARINDER SINGH SIDHU, J.

This intra Court appeal under Clause X of the Letters Patent has been filed against the judgment dated 22.01.1993 whereby the CWP No.3227 of 1989 filed by the respondents 1 to 21 has been allowed and the award Annexure P-6 and the notifications Annexure P-1 and P-3 issued under Sections 36 and 41 of the Punjab Town Improvement Act, 1922 (hereinafter referred to as 'the 1922 Act'), whereby, the land of the respondents was acquired, had been quashed.

The relevant facts in brief are that notice (Annexure P-1) under Section 36 of the 1922 Act was issued on 23.2.1984 for acquisition of 42 kanals 7 marlas of land situated on the Mall

Road within the Municipal limits of Kapurthala in pursuance of a development scheme framed by the appellant Trust. The plots of the respondents were situated within that area. They submitted objections within the stipulated time. They also submitted various representations to the authorities including the then Chief Minister against the acquisition but without success. On 20th Feb, 1987 the development scheme was sanctioned under Section 41 of the 1922 Act for an area of 2.38 acres (Annexure P-3). The Collector made the award (Annexure P-6) on 16.2.1989. Thereafter the respondents filed the writ petition impugning the notifications and the award.

The main grounds of challenge to the acquisition as have been recorded by the Ld. Single Judge were as under:-

“(a) that the procedure under Section 36 is totally without jurisdiction because the trust had neither the plan, nor lay-out plan or the scheme at the time of issuing the notices.

(b) that the respondents have not acceded to the request of the petitioners for supply of map, survey plan and the lay out plan as the same were non-existent and the petitioners could not submit any objection to the scheme or to the acquisition.

(c) the acquisition proceedings initiated by the respondents are not bona fide because the earlier scheme was prepared with regard to this very area and was abandoned.

(d) that the nature of the scheme has been changed in as much as it is now for raising of commercial complex whereas earlier purpose was for

residential accommodation which was abandoned by the Trust.

(e) that there was no application of mind in deciding the objections raised by the petitioners and the principle of natural justice has been given a go by.

(f) that the State Govt. while according sanction has not given reason as to why sanction is being accorded when earlier it was declined and reason for change of decision should have been incorporated.”

The appellant Trust had raised the issue of delay and laches in filing of the petition and also argued that any technical flaw in the procedure is to be ignored as no injustice had been caused to the respondents.

The Ld. Single Judge taking note of the fact that despite the question of delay having been raised the writ petition had been admitted, that by the time the petition came up for final hearing, it had remained pending for over three years and the dispossession of the respondents had remained stayed, did not accept this ground and proceeded to dispose of the petition on merits.

Ld. Single Judge accepted the contention of the respondents that there was no scheme in existence on the date when the initial notice was published in The Tribune on 23.2.1984.

In support of their contentions that proceedings for acquisition of land by the Trust could be started only after the

scheme is framed, the Ld. Counsel for the respondents had placed reliance on decision of the Hon'ble Supreme Court in **State of T.N. v. A. Mohd. Yousef, (1991) 4 SCC 224**. Also relied on was a decision of this Court in **Lakhwinder Singh Bajwa Vs. State of Punjab and ors 1992 (1) PLR 602**, wherein, it was held that provisions of Section 36(3) of the 1922 Act, regarding the documents to be supplied is mandatory and in case there is non compliance therewith the acquisition proceedings would be illegal.

Placing reliance on the aforesaid decisions, the Ld. Single Judge held that as there was non compliance with the provisions of Section 36(3), the respondents were denied an effective opportunity to file objections. The Ld. Single Judge also held that there was no reason forthcoming on behalf of the State of Punjab as to why when on a earlier occasion sanction for the same scheme was declined, the sanction had been accorded this time. Accordingly the writ petition was allowed.

Ld. Counsel for the appellant has argued that the appellant Trust had prepared the scheme before the same was published under Section 36 of the 1922 Act. This fact was mentioned in the notice Annexure P-1. The general map of the locality was also prepared before the publication of the scheme. He stressed that in fact the respondents had filed the objections after inspecting the general map and the scheme. The said objections were duly considered and decided. He thus states

that the contention of the respondents that there was no scheme prepared and hence they were not able to file objections is devoid of merit. Alternatively, it has been argued that the judgment of the Hon'ble Supreme Court in ***A. Mohd. Yousef's case (supra)*** has been overruled by subsequent Larger Bench in **State of T.N. v. L. Krishnan, (1996) 1 SCC 250** and accordingly the view that there can be no acquisition by a Trust before a development scheme is prepared is no longer good law.

On the other hand, Ld. Counsel for the respondents supported the judgment of the Ld. Single Judge.

Having heard Ld. Counsel for the parties, we are of the view that there is no merit in the appeal and the same deserves to be dismissed.

The contention of the Ld. Counsel for the appellant that the Trust had prepared the scheme before the publication of the notice under Section 36 and that the respondents had proper opportunity to submit objections is belied by the pleadings of the case.

In this context, it would be proper to reproduce the pleadings in the writ petition.

Para 5 of the writ petition:

“5. That the petitioners submitted objections within the period specified saying (i) that this scheme was earlier notified and had been abandoned in 1980 under orders of the higher authorities and that republication of the part of the area where some

modern construction has come up, has been again taken up for acquisition without bona fide intentions; (ii) that the trust had no sufficient funds to make the payments of the price of plots to the owners and it was intended to peg down the prices and (iii) that despite applications made by the petitioners and their personal efforts, the site plan/general map of the locality comprised in the Scheme was neither prepared nor made available for inspection. Thus, there was no Scheme prepared as contemplated u/s 24 and 36 of the Act. It is submitted that the survey plan was prepared on 11.3.86 and layout plan on 5.9.86. Thus, the entire proceedings culminating into so-called sanction are without jurisdiction.

Despite this, the petitioners filed objections that there was no need for such scheme which was very small in size and the owners of plots had necessary resources to develop the areas with the assistance of Municipal Committee and the Improvement Trust should not undertake this work for purposes which were not at all bona fide. Contents of Notice/ Notification did not disclose the purpose, whether it was residential area scheme or a commercial-cum-residential area/purely commercial, as the lay out and the other details of the scheme were not made available by the office of the Trust. The petitioners were left in a confusion. A copy of the representation filed by one of the petitioners, namely, Surinder Kumar Aggarwal dated 2.3.1984 is Annexure P-2. Objections were also filed by other petitioners.”

The aforesaid facts were admitted by the appellant – Improvement Trust (respondent No.2 in the writ petition) in its written statement:

“5. That the contents of para 5 of the writ petition are admitted.”

The categoric stand of the respondents in para 5 of the petition was that the site plan/ general map of the locality comprised in the scheme was neither prepared nor made available for inspection. This fact was admitted in the written statement.

The alternative ground pressed on behalf of the appellant is also not sustainable.

In **A. Mohd. Yousef's** case, the Hon'ble Supreme Court was construing the provisions of the Madras State Housing Board Act, 1961. It referred to the provisions of the Act and observed:

“4. As is indicated by the preamble of the Housing Board Act, the object of establishment of the Housing Board is to provide for the execution of housing and improvement schemes. The Act envisages eight types of schemes detailed in Section 40, the housing scheme, as in the present case, being one of them. The framing of the schemes is dealt with in Chapter VII (Sections 35 to 69) and Chapter VIII containing Sections 70, 71 and 72 provides for acquisition and disposal of land. Section 70 states that land required by the Board for any of the purposes of this Act may be acquired under the provisions of the Land Acquisition Act and accordingly the present land acquisition proceeding was commenced.

5. The procedure prescribed for preparation of a scheme indicates that before it can be finalised, full publicity has to be given inviting objections; and in case of objections, the same have to be duly considered before granting sanction. Further, if anybody is still aggrieved, he has a right of appeal to the State Government. It is only after this stage is over that the scheme becomes final and enforceable. Admittedly the proposal to build houses in the present case has not been put in the shape of a

scheme at all and as stated on behalf of the petitioner a draft scheme with relevant details will be drawn up after the possession of the land is secured.

*6. The question for decision is whether the acquisition proceeding can be initiated only after the framing of the proposed scheme and not earlier. The learned Attorney General contended that having regard to the provisions of the Act and the other relevant considerations it must be held that the procedure in regard to the preparation of the scheme has to await the conclusion of the land acquisition proceeding. It is only after the possession of the land is delivered to the Board that its engineers and other experts can go over the land, make necessary inspection and collect vital data, on the basis of which the scheme can be drawn up. It is essential to have a clear idea of the area of the land, its boundaries, and the nature of the soil for deciding about the details of the proposed scheme, and this is not possible so long as the owner of the land continues in possession. Any attempt to draw up a scheme earlier has been described by the learned counsel as an exercise in futility. Alternatively it has been contended that even if it be held to be permissible to frame the scheme without waiting for the acquisition and possession of the land, it cannot be further assumed that the land acquisition proceeding has to await the finalisation of the scheme. In other words, both the proceedings may continue simultaneously, or any of the proceeding including one for land acquisition can be commenced without waiting for the other. In any event, the land acquisition proceeding should not be condemned as premature on the ground that the scheme has not been framed. **We have closely examined the entire Act with the assistance of the learned counsel for the parties and in our view the contention on behalf of the respondents that the proceeding for acquiring land can be commenced only after the scheme is framed, is well founded.***

7. As has been stated earlier, Chapter VII containing Sections 35 to 69 deals with the framing of the scheme. The Act has laid down separate procedures for the different types of schemes, according to necessity and suitability. Some of the schemes do not require acquisition of land, which is, however, essential for constructing residential buildings under the housing scheme. Section 39 of the Act, therefore, while enumerating the matters to be included in the

scheme, specifically mentions acquisition of land in clause (a). If the acquisition is contemplated as a subject matter of the scheme itself, it follows that it must await the preparation of the scheme wherein it will be included.

8. *The Act requires the proposed scheme to be published permitting objections to be made, and if they are found to be valid, under Section 53, the scheme to be modified or abandoned. Sub-section (1) of Section 49 directs the notice of the draft housing scheme to include and specify the following information as contained in clause (b) for the purpose of publication and information to the general public:*

“(b) the place or places at which particulars of the scheme, a map of the area, and details of the land which it is proposed to acquire and of the land in regard to which it is proposed to recover a betterment fee, may be seen at reasonable hours.”

(emphasis added)

The italicised words above reaffirm the position that the acquisition of the land has to be a part of the scheme, which can be executed only after its finalisation. Apart from the provisions of Section 53 mentioned above, Section 56 further clothes the Board with the power to alter or cancel the scheme even after it is finally sanctioned. The language of clause (b) of the proviso to the section, which is quoted below, once more leads to the same conclusion that acquisition of the land has to await the framing of the scheme:

“(b) If any alteration involves the acquisition, otherwise than by agreement, of any land not previously proposed to be acquired in the original scheme, the procedure prescribed in the foregoing sections of this chapter shall, so far as it may be applicable, be followed as if the alteration were a separate scheme;

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xxx

xxx

11. *On the other hand, the order, in which the different steps for the preparation of the scheme and the acquisition of the land, is suggested on behalf of the petitioners to be taken, appears to be impractical and defeating the purpose of Section 5-A of the Land Acquisition Act. If the notification under Section 4 under the Land Acquisition Act is published without waiting for the scheme, as has been done in the*

present case, it will not be possible for the land owners to object to the proposed acquisition on the ground that the land is not suitable for the scheme at all, and therefore does not serve any public purpose, or that another piece of land in the area concerned, is far more suitable, leading to the possible conclusion that the proposed acquisition is mala fide. As discussed above, the provisions of the Housing Board Act also suggest the same. The Board has not been vested with the unrestricted power to frame any scheme, as suggested by its planners. It has to take into account the representation by the local authority as mentioned under Section 50 and the objection of any other person under Section 53 and decide the same on merits before according sanction. The matter is not concluded even at that stage; the aggrieved person may appeal to the State Government and it is only subject to the final result therein that the scheme becomes enforceable. In this set up it will be practical and consistent with common sense to have the scheme finalised before starting an acquisition proceeding. We, accordingly, hold that a proceeding under the Land Acquisition Act read with Section 70 of the Madras Housing Board Act, can be commenced only after framing the scheme for which the land is required. The notification issued under Section 4 in the present case must, therefore, be held to be premature, and it was rightly quashed by the High Court.”

The Hon'ble Supreme Court after examining the provisions of Madras Housing Board Act, dealing with the framing of the scheme and acquisition of land for that purpose concluded that the proceeding for acquiring land can be commenced only after the scheme is framed.

Mohd. Yousef's case has been subsequently considered by the Hon'ble Supreme Court in **Gandhi Grah Nirman Sahkari Samiti Ltd. v. State of Rajasthan, (1993) 2 SCC 662.** In this case, the Hon'ble Court was considering a challenge to the land acquisition proceedings initiated by the

State of Rajasthan under the Rajasthan Urban Improvement Act, 1959. As per Section 29, the Trust shall on the directions of the Government or on its own initiative or on the representation of the Municipality frame scheme for improvement of Urban areas for which it was constituted. As per Section 52, the State Government could acquire land on a representation from the Trust, or otherwise. The Hon'ble Supreme Court held that this obviously means that the land under Section 52 of the Act can also be acquired when there is no representation from the Trust and as such no scheme under Chapter V in existence. In this context the Hon'ble Supreme Court observed as under:

“8. Improvement under the Act means, inter alia, the carrying out of the building, engineering, mining or other operations in, on, over or under the land. The Trust under Section 29 of the Act may frame schemes for the improvement of the urban area on its own initiative or on a representation made by the Municipal Board. Section 29 further makes it obligatory on the Trust to frame a scheme if so ordered by the State Government. Thus the State Government can take a decision at its own level to undertake an improvement and thereafter direct the Trust to frame a scheme in that respect under the Act. Section 72 of the Act further indicates that apart from the Trust any other department of the Government can undertake an improvement in accordance with the Master Plan. Section 52, which deals with compulsory acquisition of land, provides that the State Government may acquire land on a representation from the Trust, or otherwise, which obviously means that the land under Section 52 of the Act can also be acquired when there is no representation from the Trust and as such no scheme under Chapter V in existence.

9. Mr Shanti Bhushan, learned counsel appearing for the appellants, has contended that the framing of a scheme by the Trust under Chapter V of the Act is the sine qua non for invoking the provisions of

Section 52 of the Act. According to him the State Government has no authority to acquire land under Section 52 of the Act unless the same is required for the execution of a scheme framed and sanctioned under Chapter V of the Act. The crux of the argument is that the improvement in the urban area can only be carried out by executing the schemes framed under the Act and in no other way. We do not agree with Mr Shanti Bhushan. Under the scheme of the Act the improvement of the urban area can be undertaken by the Trust and also by any of the departments of the Government. **The framing of the scheme becomes mandatory only when the work is undertaken by the Trust. The State Government, in any of its departments, may decide to develop the urban area under the Act and in that case it would not be necessary for the Government to have a scheme framed under Chapter V of the Act.** The power of the State Government to acquire land under the Act has been designed to meet the scheme of the Act. Under Section 52 of the Act the land can be acquired by the State Government at the instance of the Trust, or a department of the Government or any prescribed authority. The plain language of Section 52(1) of the Act negates the contention raised by Mr Shanti Bhushan. Where on a representation from the Trust or otherwise it appears to the State Government that any land is required for the purpose of improvement or for any other purpose under the Act it can acquire such land by issuing a notification under Section 52(1) of the Act. It is, thus, clear that the State Government has the power to acquire land either for the execution of the schemes framed by the Trust under Chapter V of the Act or for any other public purpose under the Act. No fault can be found with the procedure followed by the State Government in this case. The notification issued by the State Government under sub-section (1) of Section 52 of the Act specifically states that the land was being acquired for the construction of residential, commercial and administrative buildings. The Government — having taken a policy decision to acquire land for the public purpose — was justified in issuing the notification under Section 52(1) of the Act in respect of the land in dispute. We, therefore, see no force in the contention of Mr Shanti Bhushan and reject the same.”

It is noteworthy that the Hon'ble Supreme Court observed that the framing of the scheme becomes mandatory only when the work is undertaken by the Trust. If the State Government, in any of its departments, decides to develop the urban area under the Act, in that case, it would not be necessary for the Government to frame a scheme before proceeding to acquire land in exercise of power under Section 52 of the Act.

In **State of T.N. v. L. Krishnan, (1996) 1 SCC 250**, the question before the Hon'ble Supreme Court was whether a final and effective scheme prepared and published under the provisions of the Tamil Nadu State Housing Board Act, 1961 was a precondition to the issuance of a notification under Section 4 of the Land Acquisition Act, 1894. The Hon'ble Court noticed that as per Sections 35 and 36 of the Housing Board Act, the Housing Board, in addition to executing the housing or improvement schemes framed by it under the Act is also under an obligation to undertake the execution of any such schemes as are transferred to it by the Government, even if such scheme is not provided for under the Act. The Court noted that as per Section 70 of the Act, the State Government may acquire land for the purposes of the Act, which purposes are not confined only to execution of schemes framed by the Board. Thereby, the Hon'ble Court concluded that it would not be right to contend that unless a final and effective scheme is prepared in accordance with the provisions of the Housing Board Act, the Government

cannot issue a notification under Section 4 of the Land Acquisition Act for acquiring land for execution of schemes by the Housing Board. It was observed:

“14. Coming back to the provisions of Chapter VII, it may be noticed that the said Chapter provides for the types of the housing or improvement schemes and the procedure following which housing or improvement schemes have to be finalised and executed. But Sections 35 and 36 make it clear that the duty of the Housing Board does not begin and end with executing the housing or improvement schemes prepared by it under the Act. The Housing Board is under an obligation to carry out certain other schemes also as are provided in these sections. Sub-section (2) of Section 35 states that the Government may, on such terms and conditions as they may think fit to impose, transfer to the Board the execution of any housing or improvement scheme not provided for by the Act. On such transfer, the Board is under an obligation to undertake the execution of such scheme as if such scheme has been provided for by the Housing Board Act. Sub-section (3) of Section 35 similarly provides that the Board may also undertake to execute any housing or improvement scheme undertaken by a local authority on terms and conditions to be agreed upon between it and such local authority. If the Board agrees to execute the said scheme of the local authority, it shall execute that scheme as if it had been provided for by the Housing Board Act. Section 36 then provides that if the Government thinks it expedient or necessary for the purpose of clearance or improvement of any slum, it can transfer any land in such area belonging to it or vested in it or acquired under the provisions of the Tamil Nadu Slum Improvement (Acquisition of Land) Act, 1954 to the Board on such terms and conditions as the Government may think fit to impose and direct the Board to undertake the clearance or improvement of that area and to frame and execute such housing or improvement scheme under this Act as the Government may specify. Section 36 further says that on such transfer and direction by the Government, the Board shall execute the said scheme as if it had been provided for by this Act.

15. These provisions make it abundantly clear that

the duty of the Housing Board is not merely the execution of the housing or improvement schemes prepared and published by it under the Act but extends to executing other schemes as well, as are made over to it or agreed to be undertaken by it. Now, when Section 35(2) speaks of transfer to the Board the execution of any housing or improvement scheme not provided for by this Act, it certainly cannot mean a scheme prepared in accordance with the provisions of the Housing Board Act. Moreover, while transferring the scheme to the Board, the Government is empowered to impose such conditions as they may think fit to impose. Such terms and conditions are not specified in the Act but lie within the discretion of the Government. Similarly, when sub-section (3) of Section 35 speaks of a scheme undertaken by a local authority to be made over to the Housing Board for execution, it cannot again mean a housing or improvement scheme prepared in accordance with the Housing Board Act. Here again, the taking over of the scheme by the Housing Board is subject to such terms and conditions as may be agreed upon by both. Section 36 indeed discloses that what is entrusted to the Housing Board is the job of clearance or improvement of any slum area. The Government while directing the Board to undertake the clearance or improvement of a particular area can also direct the Board to frame and execute "such housing or improvement scheme under this Act as the Government may specify" and the Board is obliged to execute such scheme as if such scheme is prepared by the Act.

16. *In such circumstances, it would not be right to contend that unless a final and effective scheme prepared in accordance with the provisions of Chapter VII of the Housing Board Act is in existence, the Government cannot issue a notification under Section 4 of the Land Acquisition Act for acquiring the land required for execution of the schemes by the Housing Board. To repeat, the Housing Board is obliged to execute not only the housing or improvement schemes prepared under the said Chapter but also certain other schemes referred to in Sections 35 and 36. For example, the Government may conceive of a particular scheme and ask the Housing Board to execute on such terms and conditions as the Government may specify. In such a situation, there is no question of preparing a housing*

or improvement scheme by the Housing Board in accordance with the provisions of the Housing Board over again. So far as the scheme framed by the Government is concerned, there is no enactment governing it. It can, therefore, be a scheme as ordinarily understood. Similar would be the case where the scheme undertaken by a local authority is made over to the Housing Board by mutual agreement.”

Referring to the observations in **Mohd. Yousef's** case, the Hon'ble Supreme Court noted that unfortunately the provisions of sub-sections (2) and (3) of Section 35 and 36 wherein the Government may transfer to the Board the execution of any housing or improvement scheme not provided for in the Act or a scheme undertaken by a local authority may be transferred to it, were not brought to the notice of the Bench in that case.

The Hon'ble Court did not approve of the **Mohd. Yousef's** case to the extent of holding that in no event land can be acquired for the purpose of the Board unless a final and effective scheme is framed by the Board under the provisions of the Act. It held that such a limitation *“applies only where the land is sought to be acquired avowedly for the purpose of execution of a housing or improvement scheme prepared by the Housing Board under Chapter VII of the Tamil Nadu Housing Board Act.”*

The Hon'ble Court observed:

“32. *In our opinion, the observations quoted and emphasised hereinabove, and the broad similarity between the provisions of the Delhi Act and the Tamil Nadu Housing Board Act, establish that the acquisition of the land is not dependent upon the*

preparation and approval of a scheme under Sections 37 to 56 and that the Government's power of acquisition extends to other purposes of the Board and the Housing Board Act referred to in Sections 35 and 36. Moreover, under Tamil Nadu Housing Board too, there is no inhibition against acquisition of land for the purpose of the Board except in accordance with and as a part of the scheme.

33. For all the above reasons, we find it difficult to read the holding in Mohammed Yousef as saying that in no event can the land be acquired for the purpose of the Act/Board unless a final and effective scheme is framed by the Housing Board under the provisions of Sections 37 to 56. The said limitation applies only where the land is sought to be acquired avowedly for the purpose of execution of a housing or improvement scheme prepared by the Housing Board under Chapter VII of the Tamil Nadu Housing Board Act. In other words, unless the notification under Section 4 of the Land Acquisition Act expressly states that land proposed to be acquired is required for executing a housing or improvement scheme (i.e., a final and effective scheme) framed by the Housing Board under the provisions of the Tamil Nadu Housing Board Act, the principle and ratio of Mohammed Yousef is not attracted. Mere statement in the notification that land is required for the purpose of the Housing Board would not by itself attract the said principle and ratio. In the instant appeals, the notifications do not even state that the land proposed to be acquired is meant for the purpose of the Housing Board."

Thus, both in **Gandhi Grah Nirman Sahkari Samiti Ltd.** case and **L. Krishnan** case, the ratio of **Mohd. Yousef's** case has been approved for the limited cases where the acquisition is undertaken for the purpose of execution of an improvement scheme framed by the Trust/ Board.

In the present case, the acquisition is for the purpose of a development scheme framed by the Trust. Thus, the ratio of

Mohd. Yousef's case would fully apply to this case. As is

apparent from the pleadings, no effective and final scheme had been prepared at the time of the issuance of Section 36 notification and there was non-compliance of the mandatory provisions of Section 36(3) of the 1922 Act. Thus, these provisions are mandatory as has been held by a Single Judge of this Court in **Lakhwinder Singh Bajwa Vs. State of Punjab and ors** 1992 (1) PLR 602 which was affirmed in LPA No.816 of 1992 **Pathankot Improvement Trust, Pathankot Vs. Bodh Raj and others** decided on 24.8.2005.

Accordingly, there is no merit in this appeal and the same is dismissed.

(SATISH KUMAR MITTAL)
JUDGE

(HARINDER SINGH SIDHU)
JUDGE

October 16, 2015
Atul