IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 13..06..2025

CORAM

THE HONOURABLE MR.JUSTICE N. SATHISH KUMAR

C.R.P.Nos.2834, 2835, 2836 & 2847 of 2022
and
C.M.P.Nos.15321, 15326, 15330 & 15417 of 2022

The Special Tahsildar (LA),
Tamil Nadu Road Sector Project,
Virdhachalam.

..... Petitioner in all CRPs

-Verus-

Lalithkumar

...... Respondent in C.R.P.No.2834 of 2022

Indira

..... Respondent in C.R.P.No.2835 of 2022

Ganapathy

..... Respondent in C.R.P.No.2836 of 2022

Lavanya

..... Respondent in C.R.P.No.2847 of 2022

Prayer in C.R.P.No.2834 of 2022: Petition filed under Article 227 of the Constitution of India, praying to set aside the decree and judgement dated 30.09.2015 passed by the learned Special Subordinate Judge, Cuddalore, in L.A.O.P.No.455 of 2013.

Prayer in C.R.P.No.2835 of 2022: Petition filed under Article 227 of the Constitution of India, praying to set aside the decree and judgement dated 30.09.2015 passed by the learned Special Subordinate Judge, Cuddalore, in L.A.O.P.No.454 of 2013.

Prayer in C.R.P.No.2836 of 2022: Petition filed under Article 227 of the Constitution of India, praying to set aside the decree and judgement dated 30.09.2015 passed by the learned Special Subordinate Judge, Cuddalore, in L.A.O.P.No.536 of 2013.

Prayer in C.R.P.No.2847 of 2022: Petition filed under Article 227 of the Constitution of India, praying to set aside the decree and judgement dated 30.09.2015 passed by the learned Special Subordinate Judge, Cuddalore, in L.A.O.P.No.453 of 2013.

For Petitioner (s)	:	*Mrs.R.Anitha, Special Government Pleader for sole petitioner in all Revision Petitions*
For Respondent (s)	:	*Mr.A.Nabil Ahamed for respondent in C.R.P.No.2834 of 2022* *Mr.A.Muthukumar for Mr.T.Thiyagarajan for sole respondent in C.R.P.Nos.2836, 2835 & 2847 of 2022*

COMMON ORDER

These Civil Revision Petitions are filed by the Land Acquisition Officer, challenging the common award dated 30.09.2015 passed by the Special Subordinate Judge, Chidambaram, in L.A.O.P.Nos.536, 453, 454, & 455, whereby the learned Special Subordinate Judge (Reference Court) enhanced the compensation for the acquired lands from Rs.2/- per square foot to Rs.60/- per square foot.

2. A total extent of 0.59.33 hectares of land situated in Lalpuram Village, Chidambaram Taluk, Cuddalore District, was acquired under the provisions of the Tamil Nadu Highways Act, 2001 (for short, "the Act") for the formation of the Chidambaram Bye-Pass Road. The lands acquired comprised portions in R.S. Nos. 28/1B1B, 28/1B2B, 28/3A, 28/4A, and 28/5A, all of which belonged to the respondent/claimants in the present proceedings. The notification under Section 15(2) of the Tamil Nadu Highways Act, 2001, was issued on 12.09.2007, and was duly published in the local daily newspaper on 18.09.2007, in accordance with the statutory requirements.

3. The lands were owned by different claimants and the respective ownership is as follows:

- R.S. No. 28/1B1B - Claimant in L.A.O.P. No. 536 of 2013
- R.S. No. 28/1B2B - Claimants in L.A.O.P. Nos. 453 and 454 of 2013
- R.S. Nos. 28/3A, 28/4A and 28/5A - Claimant in L.A.O.P.No. 455 of 2013

4. Pursuant to the completion of statutory procedures under the Act, the Land Acquisition Officer (for short the "LAO") passed Award No. 9 of 2008 dated 09.06.2008, fixing compensation for the acquired lands at Rs.2/- per square feet.

5. The claimants, being aggrieved by the quantum of compensation fixed under the above award, sought reference under Section 22(3) of the Tamil Nadu Highways Act for determination of just and fair compensation The LAO, while fixing the market value, had considered a sale transaction pertaining to a land situated far away from the acquired lands, which was not comparable in location, potential, or surroundings. As a result, the market value determined by the LAO was undervalued and not reflective of the true market value of the acquired lands. The claimants pleaded that the market value of the acquired land was more than Rs.30,000/- per cent at the time of acquisition. Accordingly, the LAO referred the claim of the claimants for enhancement of market value to the Reference court, under the provisions of the Tamil Nadu

Highways Act, 2001, for determination of just compensation. The references were initially made to the Subordinate Court at Chidambaram, and were later transferred to the Special Sub Court for LAOP Cases at Chidambaram, following its constitution.

6. The references under Section 23(2) of the Tamil Nadu Highways Act, 2001, were initially made to the Subordinate Court at Chidambaram, where L.A.O.P. numbers were assigned as L.A.O.P. Nos. 106, 105, 107, and 108 of 2008, respectively. Subsequently, upon the constitution of the Special Sub Court for LAOP Cases at Cuddalore, the said references were transferred to the Special Court at Cuddalore for further adjudication. Upon such transfer, the cases were renumbered as L.A.O.P. Nos. 536, 453, 454, and 455 of 2013, respectively.

7.Considering the nature of the claim and the fact that the lands belonging to the claimants were acquired under a common award, and based on the request made by both parties, the Reference court at Chidambaram conducted a joint trial of all the connected references. The Court treated L.A.O.P. No. 536 of 2013 as the lead case, and proceeded to record oral and documentary evidence therein. On the side of the claimants, Mr. Ganapathy, the claimant in L.A.O.P. No. 536 of 2013, was examined as P.W.1 and marked

Exs.P.1 to P.5 in support of his claim. Mr. Lalith Kumar, the claimant in L.A.O.P. No. 455 of 2013, was examined as P.W.2, though no documentary evidence was adduced on his behalf. On the side of the LAO, Mr. Selvaraju, an Assistant working in the Office of the Sub-Collector, Chidambaram, at the relevant time, was examined as R.W.1, and Exs.R.1 to R.3 were marked in support of the respondent's case.

8. The reference court upon careful consideration of the available oral and documentary evidence found the compensation of Rs.2/- per sq.ft. awarded by the LAO to be inadequate, noting that the acquired lands were advantageously located, adjacent to the East Coast Road, and surrounded by developed residential areas. Relying on Exs.P1 to P5, particularly Ex.P5-a court-conducted auction sale, the reference court held that the sale was genuine and indicative of market value. Though some sales were post-notification, they were deemed reflective of the prevailing trend. The Court further took into account the escalation in price between 24.02.2006 (the date of auction sale under Ex.P5) and 12.09.2007 (the date of notification under Section 15(2) of the Act), and rejected the exemplar relied upon by the LAO as remote and non-comparable. Accordingly, the market value was fixed at Rs.60/- per sq.ft., and the respondent was directed to pay the enhanced compensation with 9%

interest on the excess, along with further statutory interest as applicable. This enhanced award passed by the Reference court is now under challenge before this Court in the present Civil Revision Petition filed by the LAO.

9. This court heard both sides.

10. Upon considering the oral and documentary evidence available on record, as well as the order under revision enhancing the market value fixed by the LAO, the point that arises for consideration is:

> Whether the enhancement of compensation by the Reference court is justified and sustainable in law, based on the sale exemplars relied upon by the claimants?

Point:

12. The learned Special Government Pleader for the revision petitioner/LAO contended as follows:

- Ex.P4 and Ex.P5 were executed after the publication of the notification under Section 15(2) of the Tamil Nadu Highways Act (18.09.2007) and therefore cannot be relied upon for determining market value.
- The acquired lands are classified as Government wet lands, lacking immediate developmental attributes, and thus should not be equated with urban plots.

- The LAO fixed compensation based on a sale deed involving 31 cents sold for Rs.27,000/-, identified as Serial No.218, from among 353 sale deeds examined, and claimed that it was a reasonable and representative transaction. The respondents argued that the claimants failed to produce any expert evidence or valuation report to substantiate the alleged high value.
- Merely relying on post-notification sale deeds is insufficient to prove the prevailing market value at the time of acquisition.
- The reference court wrongly applied the principle of price escalation and failed to deduct development charges, which is a well-recognised standard when sale exemplars pertain to small developed plots.
- The enhancement to Rs.60/- per sq.ft. is arbitrary and excessive, and unsupported by any contemporaneous documentary evidence.

She, therefore, prayed for setting aside the enhanced compensation awarded by the Reference court and for restoration of the original award passed by the

LAO.

13. Per contra, the learned counsel appearing for the respective respondent/claimant supported the order of the Reference court and submitted that the compensation awarded by the LAO at Rs.2/- per sq.ft. was grossly inadequate and did not reflect the true market value of the acquired lands.

14. The learned counsel appearing for the respective respondent/claimants further contended that the acquired lands were located adjacent to the East Coast Road, surrounded by developed residential localities, with significant commercial and residential potential. The claimant relied on Exs.P1 to P5, particularly Ex.P5, which was a court-conducted auction sale, to show that the prevailing market value in the area was much higher than what was awarded.

15. According to him, though Exs.P4 and P5 were post-notification, they were executed prior to the award and were genuine transactions, indicative of escalating land values. The reference court rightly applied the principle of escalation from the auction date (24.02.2006) to the date of notification (12.09.2007), and justifiably fixed the compensation at Rs.60/- per sq.ft.

16. The learned counsel for the respective respondent/claimant

furthermore submitted that the data sale deed relied on by the LAO was of a land situated 1.6 km away, without comparable development or access, and hence could not form a valid basis for determining compensation. He, therefore, prayed for dismissal of the revision, affirming the enhanced compensation awarded by the reference court as fair, reasonable, and in accordance with settled legal principles.

17. This Court has carefully considered the rival submissions made on either side and has also perused the records placed before it.

18. The LAO relied upon a single sale transaction, shown as Serial No. 218, involving the sale of 31 cents for Rs.27,000/-, to determine the market value. However, the said sale appears to be a distress transaction and not a true reflection of the prevailing market rate.

19. On the other hand, the claimants produced Ex.P.4 and Ex.P.5, which are registered sale deeds dated 22.11.2007 and 26.12.2007, respectively. Though these were executed after the notification date, it is brought on record that Ex.P.5 arose from a court-conducted public auction held prior to the notification. The auction relating to the said sale was conducted on 24.02.2006. The successful bid was for a sum of Rs.57,90,000/- in respect of an extent of 3.86 acres. This works out to approximately Rs.370.18 per square meter, which

is equivalent to Rs.34.40 per square foot. The execution of the deed post-notification was only a delayed procedural step. This transaction is therefore not vitiated by the notification and reflects genuine market value. The Hon'ble Supreme Court has consistently held that, in determining compensation in land acquisition cases, the highest bona fide sale exemplar should be taken into consideration to ensure just and fair market value for the acquired land.

20. In **Bala Ram Reddy v. State of Telangana, *2025 SCC OnLine SC 878***, the Hon'ble Supreme Court has held that, as a general rule, sale transactions executed after the initiation of acquisition proceedings are not reliable indicators for computing compensation in land acquisition cases. The Court further observed that market value cannot be derived from auction sales of plots in developed areas, or from post-notification sale instances, as they may not reflect the true and fair value of comparable lands at the relevant time.

21. However, in the present case, while it is true that the sale deed under Ex.P5 was executed after the notification under Section 15(2) of the Tamil Nadu Highways Act, the auction itself was conducted well prior to the notification, on 24.02.2006, and the sale price was fixed at the time of auction, not at the time of execution of the sale deed. Hence, the transaction in Ex.P5 cannot be equated with a post-notification sale, and the Reference court rightly

considered it as a bona fide transaction, applying appropriate escalation to determine the market value as of the date of acquisition.

22. This court also finds that the Reference court has rightly applied a reasonable escalation to Ex.P.5 for arriving at the market value as on the date of notification, keeping in view the ground realities and taking judicial notice of the fact that land prices in the surrounding area were on the rise.

23. The Hon'ble Supreme Court has recognised the application of escalation in case of proximate transactions, especially where land values are rising and transactions are genuine. Very recently, the Hon’ble Supreme Court has addressed the principles of escalation and de-escalation in the context of land acquisition, particularly regarding compensation calculations. These principles are applied to adjust land values based on the time difference between the reference sale and the actual acquisition date. If the reference date is earlier, an escalation is applied and if later, a de-escalation is applied. This was the view taken by the Hon’ble Supreme Court in **Ram Kishan (Since Deceased) through His LRs v. State of Haryana and others** [**2025 SCC OnLine SC 715**].

24. It was next contended by the learned Special Government Pleader that a deduction ought to have been made towards development charges. This

Court finds no merit in the said contention. The acquisition in the present case is for the formation of a public road, a linear infrastructure project, where there is no scope for internal development by the acquiring authority.

25. The Hon'ble Supreme Court has, in a catena of decisions, emphasised that the purpose of acquisition is a relevant factor while considering deductions for development.

26. In **Viluben Jhalejar Contractor v. State of Gujarat**, **[(2005) 4 SCC 789],** the Hon'ble Supreme Court held that the nature and purpose of acquisition must be considered in determining the extent of deduction towards development.

27. Similarly, in **Nelson Fernandes v. Land Acquisition Officer**, **[(2007) 9 SCC 447]**, it was held that while deduction may be appropriate where lands are acquired for plotted development, no deduction would arise in cases of acquisition for projects like railways, where internal development is not contemplated.

28. In **C.R. Nagaraja Shetty (2) v. Special Land Acquisition Officer and Estate Officer**, [(2009) 11 SCC 75], the Apex Court categorically ruled that where land was acquired for widening of a national highway, no deduction on account of development charges was justified.

29. Applying these principles, this court holds that no deduction is warranted in the present case, as the acquisition is for the purpose of forming a bye-pass road and the land is to be used as such without any internal development.

30. In view of the above, this court finds that the compensation fixed by the LAO is grossly inadequate and that the Reference court has rightly enhanced market value to Rs.60/- per square foot, based on valid sale exemplars and after properly applying the escalation principle. The enhancement is just, fair, and legally sustainable, and warrants no interference.

31. Although the acquisition in the present case was made under the provisions of the Tamil Nadu Highways Act, 2001, by virtue of Section 19(6) of the said Act, the compensation payable is to be determined in accordance with Sections 23 and 24 and other relevant provisions of the Land Acquisition Act, 1894.

32. The award passed by the LAO itself acknowledges the claimants' entitlement to additional benefits, including 12% additional market value from 18.09.2007 (date of publication of notification) to 09.06.2008 (date of award), and 30% solatium on the market value so determined, apart from statutory interest as provided under the Land Acquisition Act, 1894.

33. However, the award and decree passed by the reference court do not specifically refer to or provide for these statutory benefits on the enhanced compensation, although statutory interest has been granted.

34. In view of the statutory mandate, the purpose of acquisition, and in the interest of justice, this Court deems it necessary to clarify that the claimants shall be entitled to the following statutory benefits on the enhanced compensation as well:

(i) 12% additional market value under Section 23(1A) of the Land Acquisition Act, 1894;

(ii) 30% solatium under Section 23(2) of the said Act;

(iii) Statutory interest, as awarded by the Reference court.

In the result, the civil revision petition is dismissed, however, with the above directions and observations. No costs. Consequently, the connected CMPs are closed.

Index : yes / no 13..06..2025
Neutral Citation : yes / no

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To

1.The Special Subordinate Judge, Cuddalore, Cuddalore District.

N.SATHISH KUMAR.J.,

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