IN THE HIGH COURT OF JUDICATURE AT MADRAS

Reserved on: 06.02.2026

Pronounced on: 06.03.2026

CORAM

THE HONOURABLE MRS.JUSTICE K.GOVINDARAJAN THILAKAVADI,J.

C.M.A.No. 3799 of 2025

M/s. Palace Investments
Represented by its Managing Partner
Mr. Gokul R. Bathija
Having Office at:
Metro Tower, 5F-1 & 2,
5th Floor, No. 147, EVR Periyar Salai,
Chennai 600 084. …Appellant

Vs.

1. Inspector General of Registration,
   100, Santhome High Road,
   Chennai 600 028

2. The District Collector,
   M. Singaravelar Maaligai
   62, Rajaji Salai, Chennai Collectorate,
   Chennai 600 001

3. The District Revenue Officer (Stamps),
   Office of the District Revenue Officer (Stamps)

M. Singaravelar Maaligai,
62, Rajaji Salai, Chennai Collectorate,
Chennai 600 001.

4. The Sub Registrar,
Office of the Sub Registrar,
Neelankarai, Kazura Garden,
Neelankarai, Chennai 600 041. …Respondents

Prayer: This Civil Miscellaneous Appeal is filed under Section 47A(10) of the Indian Stamp Act, 1899, to set aside the order dated 27.05.2025 in Na.Ka.En.11009/N1/2024 passed by the 1st respondent, consequently direct the respondents to release the Sale deed registered in Doc. No.6495 of 2023, on the file of the 4th respondent.

For Appellant	:	Mr. R. Shunmugasundaram, Senior Advocate for Mr. K. Azhagu Raman
For Respondents	:	Mr.P. Gurunathan, Additional Government Pleader.

JUDGMENT

This appeal is at the instance of the appellant partnership firm, represented by its Managing Partner, seeking to challenge the order passed by the 1st respondent / Inspector General of Registration, dated 27.05.2025, in

Na.Ka.En.11009/N1/2024.

2. According to the appellant firm, represented by its Managing Partner, the firm had purchased the subject property by virtue of a sale deed dated 18.05.2023, i.e., 1/25th undivided share in properties comprised in S.Nos. 57/1A2, 57/1B, 65/1, 65/2, 65/3, 66/1, 66/2 and 66/3 situate at No.191, Uthandi Village, Sholinganallur Taluk, Chengalpattu District, measuring approximately 10.00 cents. The sale deed was registered as document No.6495/2023 on the file of the 4th respondent / Sub Registrar, Neelankarai, Chennai, for a sale consideration of Rs.64,00,000/- on which the applicable stamp duty of 7%, i.e., Rs.4,48,000/- was duly paid. While so, the appellant firm was served with a Form-I notice under Section 47A of the Indian Stamp Act, 1899, alleging undervaluation of the subject property based on the guideline value of East Coast Road, and seeking payment of differential stamp duty to the tune of Rs.11,54,300/-. In response, the appellant appeared before the 3rd respondent / The District Revenue Officer (DRO) (Stamps) on 20.06.2023, submitted a written representation explaining that the subject property, although proximate to East Coast Road, is neither accessible directly nor indirectly via that road, but only through Bajanai Koil East Street and

Sangothaiamman Koil West Street, where the guideline values are Rs.1,500/- and Rs.2,000/- per sq. ft. respectively. Thereafter, the firm was served with a Form-II notice along with an order dated 11.01.2024, wherein the provisional market value was mechanically fixed as Rs.5,250/- per sq. ft., again relying on the guideline value of East Coast Road, without addressing the firm's prior objections or giving cogent reasons for the same. Hence, the appellant firm was constrained to file the present appeal against the order passed by the 1st respondent / IG of Registration, dated 27.05.2025 in Na.Ka.En.11009/N1/2024.

3. Mr.R. Shunmugasundaram, learned Senior Advocate appearing for Mr.K.Azhagu Raman, learned counsel on record for the appellant would submit that, the provisional market value for the subject property was mechanically fixed as Rs.5,250/- per sq. ft. by the authorities. The provisional market value of the subject property has been determined on the basis of the guideline value of East Coast Road. Such a determination is spurious and remiss the location of the subject property and viable access thereof. The subject property is situate in the mud road running adjacent to the Buckingham canal. The subject property, though proximate to the East Coast Road, neither

has any roads or pathways for it be accessed via East Coast Road. Further, it is bounded on east by pond and other properties abutting East Coast Road, and as such, there is no direct connection with East Coast Road. It is further submitted that, the street running to the south of the subject property is a private road connecting the East Coast Road to the Indian Maritime University, which cannot be accessed by private individuals. As such, the only means of accessing the subject property are through the Bajanai Koil East Street or through Sangothaiamman Koil West Street. It is further contended that the guideline values of the aforementioned streets ought to have been utilised for determining the market value of the subject property and not that of East Coast Road, which cannot be used to access the subject property either directly or indirectly. The guideline values of the above streets are fixed at Rs.1,500/- per sq. ft. - Rs.2,000/- per sq. ft. Therefore, it is made clear that the highest stamp duty that can be imposed on the sale deed dated 18.05.2023 is that of Sangothaiamman Koil West Street, at Rs.2,000/-, being one of the two streets rendering access to the subject property. While so, the DRO, erred in taking into account the guideline value of East Coast Road, which has no bearing or relevance to the present proceedings, being inaccessible to and from the subject property. The learned counsel further submitted that the order providing for provisional determination of market value states that, the appellant firm failed to provide its objections to the determination of the market value and consequently, the market value was provisionally determined as Rs.5,250/- per sq. f., which is the guideline value of East Coast Road. Such a determination is *per se* false as the Managing Partner of the firm had appeared in person before the DRO and has also submitted a written representation on 20.06.2023. Further, the order is devoid of any merit or reasoning, and consequently is in contravention of Rule 4(4) of the 1968 Rules, which stipulates the basis of ascertaining the provisional market value. The order dated 11.01.2024 was passed mechanically stating that the market value would be Rs.5,250/- without furnishing any reason thereof, without addressing the contentions raised on behalf of the firm in the written representation dated 20.06.2023. Further, it is submitted that, the order dated 11.01.2024 is solely based on the guideline value of East Coast Road, without taking into account any of the factors enumerated in Rule 5 of the 1968 Rules, which *inter alia*, include points mentioned by the parties requiring special consideration, value of adjacent properties, nearness to road, and general value of house sites in locality. Moreover, it is settled law that the guideline values cannot be the sole consideration for determining the market value. Therefore, the provisional determination, merely on the basis of guideline value, and remiss of other factors is in gross violation of the provisions of the 1968 Rules. It is further submitted that, prior to the execution of the sale deed on 18.05.2023, the appellant has verified with the Sub Registrar Office (SRO), Neelankarai and purchased the subject property at Rs.1,467/- per sq. ft. The SRO, Neelankarai, and the DRO after conducting physical inspection of the subject property, found that the same is not accessible through East Coast Road. While so, the DRO has erred in determining the market value of the subject property solely on the basis of the guideline value of East Coast Road. Without considering the above mentioned facts, the 1st respondent / Inspector General of Registration confirmed the order of DRO, without independent analysis, despite the appellant furnishing evidence of neighbouring guideline values and comparable sale transactions.

3.1. The learned counsel would further submit that, it is condition precedent that, there must be a reason for the Registering Authority to believe that market value of property not truly set forth in the document presented for registration. It is the duty of the Registering Authority to record reasons for his belief. Thereafter alone, matter to be referred to Collector. His further contention is that, the valuation must be done based on the opinion of experts, the price paid within a reasonable time in bona fide transactions of purchase of the lands acquired or the lands adjacent to the lands acquired and possessing similar advantages, number of years purchase of the actual or immediately prospective profits of the lands acquired. It is settled law that, in determining the market value, either one of the above three methods has to be taken to determine the market value of the lands appropriately. Moreover, in the absence of any material to show fraudulent evasion of stamp duty or lack of bonafides, power under Section 47A cannot be invoked. To support his contentions he has relied upon the following judgments:

1. Hindustan Petroleum Corporation Ltd., vs. The Inspector General of Registration, Chennai and others reported in 2008 (6) CTC 759.

2. S.P. Padmavathi vs. The State of Tamilnadu represented by its Secretary to Government Commercial Taxes and Religious Endowment Department and another reported in 1997-2-L.W. 579.

3. Jawajee Nagnatham vs. Revenue Divisional Officer, Adilabad, A.P. and others reported in (1994) 4 Supreme Court Cases 595.

4. Mr. P.Gurunathan, the learned Additional Government Pleader, on written instructions by the Sub Registrar (Incharge), Neelankarai, would submit that, the market value of the subject property was based on field inspection by the Registering Authority. The Sub Registrar, Neelankarai, on receipt of the sale deed, declined to register the document on the premise that the sale consideration shown in the sale deed is undervalued. The matter was accordingly referred by the Sub Registrar, to the District Revenue Officer (Stamps), for the purpose of determining the correct market value of the property. A notice in Form-I was issued to the appellant firm under Section 47A to pay the differential stamp duty to the tune of Rs.11,54,300/-. The District Revenue Officer (Stamps) issued Form-II to the appellant firm fixing the value of the property in document No.6495/2023 at Rs.5,250/- per sq. ft. The appellant firm, being dissatisfied with the order passed by the 3rd respondent / DRO (Stamps), preferred a statutory appeal before the Inspector General of Registration. The appeal came to be dismissed. In such circumstances, the appellant firm has preferred the present appeal under Section 47(A)(10) of the Stamp Act. The learned Additional Government Pleader would contend that, the subject property is having access only through the East Coast Road and by conducting spot inspection, it was found

that the properties lying near to the ECR Road was sold at the rate of Rs.20,00,000/- per cent during the relevant period. His further contention is that, in the near vicinity, approximately 300 meters from the subject property, lies residential houses and godowns. Hence, the market value of the subject property was fixed at Rs.5,250/- per cent. Thus, he would submit that, the guideline value for the East Coast Road is applicable to the subject property and therefore, prays for dismissal of the present appeal.

5. Heard on both sides. Records perused.

6. The subject matter of this litigation is the valuation shown in the sale deed registered as Document No. 6495/2023 on the file of the Sub Registrar, Neelankarai, dated 18.05.2023. The appellant firm is the purchaser. He got the sale deed executed through the original owner of the property in question. The market value of the property covered in the sale deed is Rs.64,00,000/-. It appears that, the 4th respondent / the Sub Registrar, Neelankarai, on receipt of the sale deed declined to release the document on the premise that the sale consideration shown in the sale deed was undervalued. The matter was accordingly referred to the 3rd respondent / DRO (Stamps) under Section

47(A) of the Act, for the purpose of determining the correct market value of the property. It also issued notice in Form-I, seeking payment of differential stamp duty to the tune of Rs.11,54,300/-. The 3rd respondent / DRO (Stamps) on conclusion of the inquiry fixed the market value of the property at Rs.5,250/- per sq. ft., relying of the guideline value of East Coast Road. The appellant herein being dissatisfied with the orders passed by the DRO (Stamps) preferred a statutory appeal before the 1st respondent / Inspector General of Registration. The appeal came to be dismissed.

7. In such circumstances referred to above, the appellant herein preferred the present CMA under Section 47(A)(10) of the Indian Stamp Act, 1989.

8. At the outset, the determination of the market value of the property in question is in pursuance of the reference made by the Registering Authority under Section 47 A of the Stamp Act. On a perusal of the provisions of Section 47-A of the Stamp Act, as amended by the Tamil Nadu, it is manifest that these provisions empower the Registering Authority, while registering any instrument of conveyance to refer the matter to the Collector for determination of market value of the property and the proper duty payable on the instrument, if the Registering

Authority has reason to believe that market value of the property which is the subject-matter of such instrument has not been rightly set forth in the instrument. The object of the provision is only to neutralise the effect of undervaluation of property with a view to evading payment of stamp duty. However, the condition precedent for making such reference is, there must be reason for the Registering Authority to believe that the market value of the property has not been truly set forth in the document presented for registration and the reasons must be recorded, however short it may be. It is the duty of the Registering Authority to record reasons for his belief that true market value has not been set out in the document, complete the registration and thereafter refer the matter to the Collector for determination of the market value of the property and the proper duty payable thereon. Therefore, it is essential to point out that before registration, the Registering Authority has to record that he has reasons to believe that the value of the property has not been duly set forth in the instrument. Only after recording such reasons, the Registering Authority has to complete registration of the instrument in question and thereafter alone, he could refer the same to the Collector under sub-section (1) of Section 47-A of the Indian Stamp Act. All the above procedures have to be followed by the Registering Authority in referring the document under Section 47-A of the Stamp Act. But, without following the procedure laid down under the Act and without performing the statutory obligation cast upon the Registering Authority and the respondents 1 and 2, the market value of the subject property could not be enhanced. Upon perusing the materials on records, it is seen that without any basis and based on irrelevant consideration and assumption and presumption and without application of mind, the market value of the subject property is determined. Further, as onus to prove that the instrument was undervalued, is on the Department and the same has not been satisfactorily discharged by the respondents. Form-I must contain some reasons for saying that the document is undervalued.

8.1. In the Full Bench decision of this Court in ***G. Karmegam vs. The Joint Sub Registrar, Madurai*** reported in ***2007 (5) CTC 737***, it is held as follows:

> *"7 . Registration of document is a sine qua non for referring the matter to the Collector, if the Registering Officer believes that the property is undervalued. No jurisdiction has been conferred on the Registering Officer to refuse registration, even if the document is undervalued. Besides, there is no authority for him to call upon the person concerned to pay additional stamp duty. Collector is the prescribed authority to determine the market value, after affording a reasonable opportunity of hearing the parties. The Registering Officer cannot make a roving enquiry to ascertain the correct market value of the property by examining the parties. However, it is expected that he has to give reasons for his conclusion for*

undervaluation, however short they may be. He can neither delay nor refuse registration of the instrument, merely because the document does not reflect the real market value of the property. In order to reach a conclusion, there is no bar for the Registering Officer to gather information from other sources, including official or public record. Valuation guidelines, prepared by the revenue officials periodically, are intended with an avowed object of assisting the Registering Officer to find out prima facie, whether the market value set out in the instrument has been set forth correctly.
x x x x x

26. When the Collector exercises powers Under Sub-sections (2) and (3), he shall be deemed to be a quasi-judicial authority, as the detailed procedure prescribed in the relevant Rules evidently portrays that the Collector's decision is relatable and verifiable by the materials on evidence, which he beings into record, on making an enquiry after hearing the parties concerned. The Collector has been conferred with such powers by the statute, whereas the Registering Authority is not. The powers of the Registering Officer are remarkably limited i.e. to say, he cannot at all hold any enquiry to ascertain the quantum of Stamp Duty payable on an instrument. As adverted to supra, he shall not undertake a detailed enquiry by examining the parties, which powers are exercisable by the Collector alone. The relevant Rules would indicate that the procedures have to be adopted for an enquiry by the Collector. A detailed procedure has been formulated in Rule (4) for the Collector

> *to act on receipt of reference Under Section 47-A in Tamil Nadu Stamp (Prevention of Undervaluation of Instrument) Rules, 1968. It does not lay down any procedure as to what are the duties to be performed by a Registering Officer, while ascertaining the market value of the property. The necessary upshot would be, the legislature thought it appropriate to curtail the powers of the Registering Officer, probably for the reason that allowing the Registering Officer to make a roving enquiry would lead to loss of time for registration, resulting in accumulation of documents for registration with him. Further, prescribing an authority for the special purpose of conducting enquiry is very much essential, who shall not be the Registering Authority.*

Therefore, it is not permissible for the Registering Officer to undertake a roving enquiry for the purpose of ascertaining the correct market value of the property. If the Registering Officer is *bona fide* of the view that the sale consideration shown in the sale deed is not correct and the sale is undervalued, then it is obligatory on the part of the Registering Authority as well as the Special Deputy Collector (Stamps) to assign some reason for arriving at such a conclusion. In such circumstances, if the document in question is straight away referred to the Collector without recording any *prima facie* reason, the same would vitiate the entire enquiry and the ultimate decision. In the case on hand, it is not in dispute that the Form I notices did not contain any reason. It also appears that the Collector (Stamps) in his order also failed to indicate the basis on which the sale consideration shown in the sale deed was undervalued.

8.2. Further the Registering Authority, having refused to release the document on the ground that it was undervalued, referred the same to the DRO (Stamps) under Section 47(A)(1) of the Act, for determining the correct market value of the property and also issued notice in Form-I. The DRO (Stamps) issued Form -II notice to the appellant for enquiry before him. The appellant's Managing Director, who is the purchaser of the property has filed the objections. But, in the order dated 11.01.2024 passed by DRO (Stamps), it is mentioned as if the appellant firm failed to provide any objections to the determination of the market value of the subject property. Moreover, the order passed by DRO (Stamps) failed to stipulate the basis for ascertaining the provisional market value of the subject property as contemplated under Rule 4(4) of the 1968 Rules.

8.3. The relevant portion of the Rule 4(4) of the 1968 Rules, is extracted hereunder:

"(4) After considering the representations, if any, received from the person to whom notice under sub-rule (1) has been issued, and after examining the records and evidence before him, the Collector shall pass an order in writing provisionally determining the market value of the properties and the duty payable. The basis on which the provisional market value was arrived at shall be clearly indicated in the order."

The authorities failed to establish that the subject property has access through the East Coast Road directly. According to the appellant firm, the subject property has no direct connection with East Coast Road and it has access only through Bajanai Koil East Street and Sangothaiamman Koil West Street. The above facts are not rebutted by the Authorities. On perusal of records it is found that, the guideline value of East Coast Road is not similar to the guideline values for the above streets. While so, the DRO (Stamps) erred in taking into account the guideline value of East Coast Road, which is in accessible to and from the subject property. Even in the order dated 11.01.2024 passed by DRO (Stamps), fixing the market value of the subject property at Rs.5,250/- per square feet, is without any reason and without addressing any of the contentions raised on behalf of the appellant firm in the representation dated 20.06.2023. The DRO (Stamps) has solely relied on the guideline value of the East Coast Road, without taking into account any of the factors enumerated in Rule 5 of the 1968 Rules, which *inter alia*, includes value of the adjacent properties, nearness to road, a general value of house sites in locality. Nothing is on record to show that the Authorities have sought for expert opinion. Moreover, for determining the market value, the guideline values cannot be sole consideration. Evidence of *bona fide* sales between willing prudent vendor and prudent vendee of the subject property and the land situated near about the subject property possessing same or similar advantageous features would furnish basis to determine market value. The Basic Valuation Register prepared and maintained for the purpose of collecting stamp duty has no statutory base or force. It cannot form a foundation to determine the market value. Therefore, the provisional determination, merely on the basis of guideline value, and remiss of other factors is in gross violation of the provisions of the 1968 Rules. The Authorities have failed to take into consideration the other factors as pointed out by the learned counsel for the appellant firm before determining the market value of the subject property.

8.4. Without taking into account the above mentioned facts, the 1st respondent has mechanically passed the impugned order, which is liable to be set aside.

9. In the result,

i. The Civil Miscellaneous Appeal is allowed. No costs

ii. The order dated 27.05.2025 in Na.Ka.En.11009/N1/2024 passed by the 1st respondent, is set aside.

iii. The respondents are directed to release the Sale deed registered in Doc. No.6495 of 2023, on the file of the 4th respondent, forthwith.

06.03.2026

bga

Internet:Yes/No
Index:Yes/No
Speaking/Non-speaking order

To

1. Inspector General of Registration,
   100, Santhome High Road,
   Chennai 600 028

2. The District Collector,
   M. Singaravelar Maaligai
   62, Rajaji Salai, Chennai Collectorate,
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   Neelankarai, Chennai 600 041.

K.GOVINDARAJAN THILAKAVADI, J.

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Pre-delivery Judgment in
C.M.A.No. 3799 of 2025

06.03.2026