

Indore Development Authority v. Manoharlal & Ors.

COURT: Supreme Court of India

CITATION: S.L.P. (C) NOS.9036-9038 OF 2016)

DECIDED ON: 06.03.2020

BENCH: ARUN MISHRA, J.

LAW APPLIED: [Land Acquisition, Rehabilitation and Resettlement Act 2013](#)

FACTS OF THE CASE:

In this case Indore development Authority had acquired the land and deposited the compensation in government treasury, but the land owners refused to accept the compensation. The question was whether the deposit of compensation in the treasury is regarded as payment or not within the meaning of [Section 24\(2\) of Land Acquisition, Rehabilitation and Resettlement Act 2013](#). Consequently, case involved the interpretation of [Section 24\(2\) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act 2013](#).

The same type of case which held in 2014 was referred in which a three-judge bench in Pune Municipal Corporation case took the decision that if the land owners are not willing to accept the compensation, mere deposit of compensation in treasury cannot be regarded as payment as per Section 24(2). In other words, land acquisition proceedings under the 1894 Act will lapse.

After the Pune Municipal Corporation Case the two judges Arun Mishra and Amitava Roy doubted its correctness and referred it to larger bench. The larger bench consists of three judge benches held the decision in Pune Municipal Corporation to be careless. Ultimately the case was referred to Chief Justice of India.

ISSUES RAISED:

- (i) Whether the word “or” in Section 24(2) of the Act of 2013 used in between possession has not been taken or compensation has not been paid?
- (ii) What meaning is to be given to the word “paid” used in Section 24(2) and “deposited” used in the provision to Section 24(2)?
- (iii) What are the consequences of payment not made?
- (iv) What are the consequences of amount not deposited?
- (v) What is the effect of a person refusing to accept the compensation?

RELEVANT LEGAL PROVISIONS AND RULES:

- (i) In case possession has been taken, compensation has not been paid then there is no lapse. Similarly, if compensation has been paid, possession has not been taken then there is no lapse.”
- (ii) Non-deposit of compensation (in court) does not result in the lapse of land acquisition proceedings. In case of non- deposit with respect to the majority of holdings for five years or more, compensation under the Act of 2013 has to be paid to the “landowners” as on the date of notification for land acquisition under [Section 4 of the Act of 1894](#).
- (iii) In case a person has been tendered the compensation as provided under [Section 31\(1\) of the Act of 1894](#), it is not open to him to claim that acquisition has lapsed under Section 24(2) due to non-payment or non-deposit of compensation in court. The obligation to pay is complete by tendering the amount under Section 31(1). Land owners who had refused to accept compensation or who sought reference for higher compensation, cannot claim that the acquisition proceedings had lapsed under [Section 24\(2\) of the Act of 2013](#).

- (iv) The mode of taking possession under the Act of 1894 and as contemplated under Section 24(2) is by drawing of inquest report/memorandum. Once award has been passed on taking possession under Section 16 of the Act of 1894, the land vests in State there is no divesting provided under [Section 24\(2\) of the Act of 2013](#), as once possession has been taken there is no lapse under Section 24(2).

CONCLUSION

The Indore Development Authority- II judgement has put some crucial interpretation issues. It might be seen as escape route for government because acquisition proceedings initiated under the 1894 Act can now be saved since the Government may have only tendered or offered remuneration to the landowner.



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