2026 INSC 1296

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS. 8998-9000 OF 2026

TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED, REPRESENTED BY ITS DIRECTOR **...APPELLANT(S)**

VERSUS

JALADI SITA RAMA KOTESWARA RAO & ORS. **...RESPONDENT(S)**

J U D G M E N T

NONGMEIKAPAM KOTISWAR SINGH, J.

THE CHALLENGE

1. The present Civil Appeals have been preferred by the Transmission Corporation of Andhra Pradesh Limited (hereinafter referred to as **"the appellant-Corporation"**), the successor-in-interest of the erstwhile Andhra Pradesh State Electricity Board **("the Board"**, for short), against the judgment and order dated 19.04.2018 passed by a Division Bench of the then High Court of Judicature at Hyderabad for the State of Telangana and the State

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Reason:

of Andhra Pradesh **("the High Court"**) in Writ Appeal No. 2163 of 1998, and the two consequential judgments of even date in L.A.A.S. No. 1610 of 2005 and L.A.A.S. No. 444 of 2007.

2. By the impugned judgment, the High Court set aside the order dated 08.09.1998 of the learned Single Judge in Writ Petition No. 33513 of 1997, and held that the possession of the lands of the private respondents **("the respondent-landowners"**), taken by the Board with their consent before the publication of any notification under Section 4(1) of the Land Acquisition Act, 1894 (**"the Act"**), was *dehors* the said Act; that the acquisition proceedings stood lapsed under Section 11-A of the Act; and that Award Nos. 11 and 12 of 1999, both dated 15.09.1999, were *non est*. A mandamus was issued to initiate fresh acquisition proceedings and to determine and pay compensation as per the law of land acquisition in force on the date of such initiation, within three months. The two L.A.A.S., arising out of the rejection of the respondent-landowners' claims for enhancement by the Reference Courts, were consequently disposed of as infructuous.

FACTUAL MATRIX

3. The facts essential for the adjudication of these appeals lie in a narrow compass. The respondent-landowners or their predecessors-in-interest held about Ac. 4.00 of land in T.S. Nos. 209, 210/4, 211 and 214, Ward No. I, Block No. 9 of Tenali Town, Guntur District (**"the subject land"**). Pursuant to a decision taken on 07.01.1990 to establish a 132 KV/33 KV sub-station and staff quarters at Tenali, the Divisional Engineer, Operation, Tenali of the Board, by letter dated 25.09.1990, informed the landowners that land acquisition proposals had been sent to the Revenue authorities and, as the construction was to be taken up "*immediately*" and "*in view of delay in finalisation of land acquisition by Revenue Authorities*", requested them to consent to hand over the sites pending such finalisation, assuring that the amount fixed by the Revenue authorities would be deposited with the Revenue Divisional Officer, Tenali (**"the RDO"**). The landowners, by identically worded letters dated 05.10.1990, consented, subject *inter alia* to the following conditions:

> *"a) compensation solatium, interest etc. are acceptable to me, when they are finally fixed by the highest court or as per my choice*

b) I retain with my self the right to receive the compensation under protest, and prefer reference to court, appeal etc. to the higher courts.

c) whether Gazette publication etc. and other procedures are gone through or not, as per the land acquisition Act, you abide by the said Act, for payment of the compensation, solatium, interest etc.

xxx xxx xxx

e) Whether the acquisition is treated as under the act or not, the provision of the act with regards to payment of compensation, solatium, interest etc. are to be made as per the provisions of the Act."

4. Acting on the said consent, the Board took over the land in two phases, about Ac. 2.95 on 22.01.1991 and about Ac. 1.12 on 08.07.1991, recording in each case that the land was taken over "*subject to final handing over by Revenue Authorities*". The sub-station and staff quarters were constructed thereon, and the sub-station has, according to the appellant-Corporation, been continuously operational since 1993.

5. The statutory process followed thereafter was in two stages. **For Stage-I**, a notification under Section 4(1) of the Act vide G.O.Rt. No. 613, Energy, Forest, Environment, Science and Technology (P.R.II) Department, was published in the Andhra Pradesh Gazette on 30.09.1991 for about Ac. 2.40946[1], and the

[1] The extents in the notifications, declarations and awards are expressed in acres and square feet, and not in decimal acres. Thus, 'Ac. 3.00156' denotes 3 acres and 156 sq. ft. (14,537.31 sq. yards), and the total extent covered by the two awards (Ac. 4.00591) corresponds to about 4.0136 acres in decimal terms.

declaration under Section 6 of the Act was published on 15.10.1992. **For Stage-II**, a notification under Section 4(1) of the Act vide G.O.Rt. No. 568 dated 31.07.1992 was published on 15.10.1992 for Ac. 1.05227; on 09.11.1993, an extent of 5,227 sq. ft. was withdrawn from acquisition under Section 48(1) of the Act, and the declaration under Section 6 of the Act for the remaining extent was published on 12.11.1993. Neither notification invoked the urgency provisions under Section 17 of the Act; on the contrary, both appointed an officer to perform the functions of the Collector under Section 5-A of the Act. The Board deposited a sum of Rs. 1,75,000/- with the RDO towards Stage-II on 06.04.1992, but no deposit was made towards Stage-I.

6. Pursuant to notices under Sections 9(3) and 10 of the Act, the landowners appeared at the award enquiry held on 27.12.1993 and 03.01.1994, and claimed Rs. 600/- to Rs. 800/- per sq. yard. However, no award followed. The parties then negotiated, the State having permitted the Board by G.O.Rt. No. 1728 dated 12.11.1993 to acquire up to Ac. 5.00 by direct negotiation, but without success; at the meeting held on 12.07.1996, the Board's committee proposed Rs. 34,94,700/- and Rs. 33,46,200/- per

acre for the two stages, while the landowners insisted upon Rs. 50,62,500/- per acre.

7. In the meantime, the period stipulated under Section 11-A of the Act expired. According to the report of the Anti-Corruption Bureau, the Executive Engineer of the Board had, on 31.01.1995, requested the RDO to republish the proposals in acres and cents, as otherwise the land cost might increase. By letter dated 09.01.1996, the Executive Engineer of the Board himself informed the RDO that the proceedings for Stage-I had lapsed in November 1994 and the declaration for Stage-II had lapsed for want of an award before 11.11.1995, and sought fresh proposals. By letter dated 19.02.1996, the RDO informed the Board that the proceedings in both stages had lapsed as sufficient funds had not been provided, and called upon the Board to deposit Rs. 5,11,09,900/- (computed at a basic value of Rs. 1,000/- per sq. yard) for fresh proceedings. The Board did not make the deposit, regarding the amount as excessive, and no fresh notification was issued. An enquiry by the Anti-Corruption Bureau into the proposed payment of compensation followed in 1997.

8. The landowners thereupon filed Writ Petition No. 33513 of 1997 on 15.12.1997, seeking a mandamus for the determination

and payment of compensation under the Act, contending that the notifications had lapsed and that the State, having retained the land, was obliged to issue fresh notifications. In their counter affidavits, the RDO and the Board did not dispute the facts and admitted that the notifications had lapsed; the RDO attributed the failure to pass the awards to the prolonged correspondence of the Board seeking revision of the extents from "acres and square feet" to "acres and cents". In its additional counter affidavit, the Board offered to shift the sub-station and return the land with compensation for its use and occupation, which the landowners declined.

9. The learned Single Judge, by order dated 08.09.1998, held that though the urgency clause had not been invoked, possession taken with consent prior to the notifications was to be treated as possession under Section 17(1), whereupon the land vested in the State; that Section 11-A, therefore, had no application; and that the admissions of lapse were made under a misconception of law. The respondents were directed to pass the awards with reference to the market value on the dates of the notifications, along with solatium and interest. The landowners preferred Writ Appeal No.

2163 of 1998 on 06.11.1998, in which no interim order was passed.

10. In compliance with the order of the learned Single Judge, the RDO-cum-Land Acquisition Officer passed Award No. 11 of 1999 (Stage-I, Ac. 3.00156) and Award No. 12 of 1999 (Stage-II, Ac. 1.00435)[2] on 15.09.1999, fixing the market value at Rs. 60/- per sq. yard (Rs. 2,90,400/- per acre), and awarding solatium at 30%, additional market value at 12% and interest from the respective dates of taking possession, i.e., 22.01.1991 and 08.07.1991. The compensation under the two awards was determined at Rs. 30,36,119/- and Rs. 9,63,976/-, respectively, aggregating to Rs. 40,00,095/-. Four of the landowners received their share under protest on 12.10.1999; the demand drafts dated 12.10.1999 for the share of the others were deposited in the Court of the District Judge, Guntur on the same day, which was intimated to the Office of the Accountant General on 20.03.2002.

11. The writ appeal was dismissed for non-prosecution on 19.07.2002, and was restored on 10.08.2004 in W.A.M.P. No. 2093 of 2004. The references under Section 18 were rejected by

[2] The extents were revised upon a re-survey of the lands actually taken over by the Board, and the amended extents were adopted in the awards.

the Reference Courts on 30.04.2005 (L.A.O.P. No. 83 of 2000), 09.02.2007 (L.A.O.P. No. 87 of 2000) and 03.10.2007 (L.A.O.P. Nos. 88 and 89 of 2000), the Reference Court in L.A.O.P. No. 83 of 2000 finding the sale exemplars relied upon by the claimants to be unreliable. Against the judgments in L.A.O.P. Nos. 83 and 87 of 2000, L.A.A.S. No. 1610 of 2005 and L.A.A.S. No. 444 of 2007 were preferred.

12. By the impugned judgment, the Division Bench, relying upon *R.L. Jain (D) by LRs.* v. *DDA*[3], held that possession taken before any step under the Act was *dehors* the Act, distinguished *Satendra Prasad Jain* v. *State of U.P.*[4] as a case where the entire procedure under Sections 4(1), 17(4), 9, 10 and 17(1) had been followed, and issued the mandamus noticed above.

13. Before this Court, by order dated 03.07.2019, notice was issued, and the operation of the impugned judgment was stayed. The appellant-Corporation was directed to deposit the awarded sum, with liberty to the respondents to withdraw it under protest, without either the deposit or the withdrawal creating any additional rights; on 29.07.2019, counsel for both parties stated

[3] (2004) 4 SCC 79.
[4] (1993) 4 SCC 369.

that the direction stood complied with even before the said order. At the hearing on 08.10.2026, the learned Additional Solicitor General offered alternative land, and the appellant-Corporation, by an affidavit dated 16.10.2026, offered agricultural parcels aggregating Ac. 7.14 near Tenali, stating that the sub-station serves, *inter alia*, the traction loads of the South Central Railway and sixteen 33/11 KV sub-stations in Tenali town, and that fresh acquisition would cost about Rs. 154.88 crores. By order dated 26.10.2026, this Court noted that the land offered belonged to private individuals; recorded that the respondents were not agreeable to alternative land and that, if the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (**"the 2013 Act"**) were applied, the liability would exceed Rs. 154 crores; and directed the appellant-Corporation to place a monetary offer on record. By affidavit dated 03.11.2026, a lump sum of Rs. 47,72,32,560/- was offered, computed at Rs. 12,000/- per sq. yard as on 01.01.2014 with solatium at 100% and additional market value at 12% for one year on Ac. 4.0136 (Rs. 49,41,92,963/-), less a credit of Rs. 1,69,60,403/- towards the awarded amount of Rs.

40,00,095/- together with interest thereon at 12% per annum from 2000 to 2026.

SUBMISSIONS ON BEHALF OF THE APPELLANT

14. Ms. Aishwarya Bhati, learned Additional Solicitor General appearing for the appellant-Corporation, made the following submissions, both orally and by way of a written note:

> ***Firstly***, the landowners voluntarily handed over possession "*irrespective of the formalities, technicalities etc.*", retaining only the right to compensation under the Act; the proceedings under Sections 4 and 6 were undertaken only to determine the compensation, and the rigour of compulsory acquisition ought not to apply. Reliance was placed on *Balakrishnan* v. *Union of India*[5] and *Mangalore Electric Supply Co. Ltd.* v. *CIT*[6].
>
> ***Secondly***, the requirement of notice under Section 4 stood substantially complied with, since the landowners had actual notice of the intended acquisition and had consented to it, and the notifications were issued only for the determination of compensation, reliance being placed

[5] (2017) 3 SCC 634.
[6] (1978) 3 SCC 248.

on *Urban Improvement Trust* v. *Vidhya Devi*[7] and *Sunder* v. *Union of India*[8]. Possession taken with consent before the notification does not invalidate the acquisition: *Lt. Governor of H.P.* v. *Avinash Sharma*[9].

Thirdly, the letter dated 25.09.1990 and the consent letters show that the acquisition was, in substance, one under Section 17 of the Act, reliance being placed on Section 17(2), which provides for urgent acquisition for a system pertaining to electricity; possession having been taken after notice and with the consent of the landowners, the requirements of Section 17(1) stood satisfied, the land vested absolutely, and Section 11-A had no application: *Satendra Prasad Jain* (supra). Even without the deposit under Section 17(3-A), possession does not become illegal where the land loser concedes the position: *Delhi Airtech Services (P) Ltd.* v. *State of U.P.*[10]. The landowners, by negotiating, waived any challenge,

[7] 2024 SCC OnLine SC 3725.
[8] (2001) 7 SCC 211.
[9] (1970) 2 SCC 149.
[10] (2024) 17 SCC 610.

and the awards cured any prejudice by granting additional market value and interest.

Fourthly, the admissions of lapse were concessions on a point of law, not binding on the State: *B.S. Bajwa* v. *State of Punjab*[11]; and inter-departmental communications, such as the RDO's letter dated 20.03.1995, cannot found a right: *Mahadeo* v. *Sovan Devi*[12].

Fifthly, the writ petition, filed in December 1997 after the negotiations failed, was belated, and the writ appeal was itself dismissed for default in 2002: *Banda Development Authority* v. *Moti Lal Agarwal*[13]. Having received compensation and sought references, the landowners were estopped from pleading lapse.

Sixthly, the higher compensation claimed rested on sham sales among family members, as found by the Reference Courts: *Trishala Jain* v. *State of Uttaranchal*[14]. The acquisition, for a public purpose and on payment of compensation, did not infringe the right to property: *State*

[11] (1998) 2 SCC 523.
[12] (2023) 10 SCC 807.
[13] (2011) 5 SCC 394.
[14] (2011) 6 SCC 47.

of Bihar v. *Maharajadhiraja Sir Kameshwar Singh of Darbhanga*[15] and *Kolkata Municipal Corporation* v. *Bimal Kumar Shah*[16].

Seventhly, under *R.L. Jain* (supra), possession taken before the notification entitles the landowner, at best, to rent or damages, which too stood waived under the consent letters, and not to a fresh acquisition, which was not even prayed for: *Land Acquisition Officer & Asstt. Commissioner* v. *Hemanagouda*[17].

Lastly, and without prejudice, a fresh acquisition for a critical public utility would cost the exchequer more than Rs. 150 crores, and the relief ought to be moulded: *Gauri Shankar Gaur* v. *State of U.P.*[18], *Competent Authority* v. *Barangore Jute Factory*[19], *Savitri Devi* v. *State of U.P.*[20], *Noida Industrial Development Authority* v. *Ravindra Kumar*[21], *Special Agricultural Produce Market Committee* v. *N. Krishnappa*[22] and *Delhi Airtech* (supra).

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[15] (1952) 1 SCC 528.
[16] (2024) 10 SCC 533.
[17] (2005) 12 SCC 443.
[18] (1994) 1 SCC 92.
[19] (2005) 13 SCC 477.
[20] (2015) 7 SCC 21.
[21] (2022) 13 SCC 468.
[22] (2017) 13 SCC 239.

SUBMISSIONS ON BEHALF OF THE RESPONDENTS

15. Mr. R. Basant, learned Senior Counsel appearing for the respondent-landowners, supported the impugned judgment and submitted as follows:

> ***Firstly***, Section 17 of the Act was never invoked. Both notifications contemplated an enquiry under Section 5-A of the Act, no direction of urgency was issued, nothing was tendered under Section 17(3-A), and possession was taken by the Board, not the Collector, before any notification. The land never vested, and the proceedings lapsed under Section 11-A.
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> ***Secondly***, the lapse was admitted by the Board in its letter dated 09.01.1996, by the RDO in his letter dated 19.02.1996, and by both in their counter affidavits. The awards passed in 1999, after the lapse, were void and incapable of binding the landowners, and were in any case passed mechanically.
>
> ***Thirdly***, the handing over of possession was not a voluntary transfer. The consent was expressly conditioned on acquisition and payment of compensation in accordance with the Act, and whatever amounts were

received under the awards were received under protest. The landowners have been deprived of their property for over three decades on payment of a mere Rs. 60/- per sq. yard.

Lastly, the landowners are not agreeable to alternative land and seek compensation in accordance with law. The direction of the High Court for a fresh acquisition, which preserves the sub-station while securing such compensation, ought to be affirmed.

ISSUES FOR CONSIDERATION

16. Upon hearing the parties, the following questions arise for our consideration:

(i) Whether the High Court was justified in holding that the acquisition proceedings lapsed under Section 11-A of the Act and that the awards dated 15.09.1999 were non est, and, if so, what is the consequence of such lapse; and

(ii) Whether, notwithstanding such lapse, the direction of the High Court to initiate fresh acquisition proceedings under the law in force on the date of such

initiation ought to be interfered with, and the relief moulded, as prayed for by the appellant-Corporation.

ANALYSIS

A. Whether the acquisition proceedings lapsed

17. The Act provides only two modes by which the State may take possession of land proposed to be acquired: under Section 16, after the award, or under Section 17, in cases of urgency. A three-Judge Bench of this Court in *R.L. Jain* (supra) explained the position thus:

> *"11. … The scheme of the Act does not contemplate taking over of possession prior to the issuance of notification under Section 4(1) of the Act and if possession is taken prior to the said notification it will be dehors the Act. It is for this reason that both Sections 11(1) and 23(1) enjoin the determination of the market value of the land on the date of publication of notification under Section 4(1) of the Act for the purpose of determining the amount of compensation to be awarded for the land acquired under the Act. These provisions show in unmistakable terms that publication of notification under Section 4(1) is the sine qua non for any proceedings under the Act. …*
>
> *xxx xxx xxx*
>
> *18. In a case where the landowner is dispossessed prior to the issuance of preliminary notification under Section 4(1) of the Act the Government merely takes possession of the land but the title thereof continues to vest with the landowner. …"*

18. Section 17(1) permits possession to be taken before an award only where two conditions are met: first, there must be a direction that the case is one of urgency; and secondly, the Collector may then take possession on the expiration of fifteen days from the publication of the notice under Section 9(1). Neither condition is made out in the present case. No direction under Section 17(1) was ever issued, and both notifications contemplated an enquiry under Section 5-A. Possession was taken by the Board itself, and not by the Collector, before the publication of any notification under Section 4(1), let alone a notice under Section 9(1). Nor was any amount tendered under Section 17(3-A). The foundation of *Satendra Prasad Jain* (supra), on which the learned Single Judge relied, is the statutory vesting that follows a valid exercise of the urgency power. This Court in that case held as follows:

> *"15. … In the ordinary case, therefore, when Government fails to make an award within two years of the declaration under Section 6, the land has still not vested in the Government and its title remains with the owner, the acquisition proceedings are still pending and, by virtue of the provisions of Section 11-A, lapse. When Section 17(1) is applied by reason of urgency, Government takes possession of the land prior to the making of the award under Section 11 and thereupon the owner is divested of the title to the land which is vested in the Government. … Clearly, Section 11-A can have no*

application to cases of acquisitions under Section 17 because the lands have already vested in the Government …"

19. The present case falls squarely within the "ordinary case" described above. The reliance on Section 17(2) of the Act is equally misplaced. That provision applies where, in the provided circumstances, the appropriate Government considers it necessary to acquire the immediate possession of land for maintaining, *inter alia*, any structure or system pertaining to electricity. In such a case, the Collector may enter upon and take possession of the land "*immediately after the publication of the notice mentioned in sub-section (1) and with the previous sanction of the appropriate Government*". None of these conditions is present here. The new sub-station was a planned project, decided upon on 07.01.1990; no sanction under Section 17(2) was ever accorded; and possession was taken by the Board itself, months before any notification. A letter of a Divisional Engineer cannot take the place of a statutory power that the Government never chose to invoke.

20. Nor does *Avinash Sharma* (supra) assist the appellant-Corporation. There, a notification under Section 17(1) and (4) had in fact been issued, and this Court held, in paragraph 4, that

"*when a notification under Section 17(1) is issued*", the possession previously obtained would be deemed to be the possession of the Government on the expiration of fifteen days from the notice under Section 9(1). The deeming operates on the strength of the urgency notification. In its absence, as here, there is nothing on which the previously obtained possession can be grafted. The view of the learned Single Judge that the consensual possession "should be held as possession taken by the Government" under Section 17(1) would amount to reading into the notifications a power that the Government consciously chose not to exercise.

21. The decision of the three-Judge Bench in *Delhi Airtech* (supra) puts the matter beyond doubt. It holds that even where Section 17(1) is invoked, non-compliance with Section 17(3-A) prevents absolute vesting and attracts the lapsing provision under Section 11-A:

> *"22. … Therefore, even if possession is taken, such possession cannot be considered as legal so as to vest the land absolutely if the prerequisite condition for payment of 80% before taking possession is not complied with. In such circumstance, by legal fiction it loses its character as an acquisition under Section 17 and since the absolute vesting does not take place, it will lapse if the further process is not complied with and the award is not passed within two years from the date of declaration.*
>
> *23. However, even when the precondition is not complied with, if the land-loser does not challenge*

> *the acquisition and/or taking of possession as illegal, but concedes to the position, the possession taken does not become per se illegal and the vesting will be absolute and in such event it cannot be considered to have lapsed until the land-loser exercises the right. …"*

22. If the lapse under Section 11-A operates where the urgency clause is invoked without compliance with Section 17(3-A), it must operate *a fortiori* where the urgency clause was never invoked at all. The appellant-Corporation's reliance on paragraph 23 of *Delhi Airtech* (supra) is misplaced. The landowners did not concede the position. The negotiations between the parties were confined to the quantum of compensation, and were conducted on the footing of the consent letters dated 05.10.1990, which expressly preserved the rights of the landowners under the Act. Such negotiations cannot, by any stretch, be construed as an acceptance by the landowners that the land had vested in the State. The landowners invoked the lapse in their writ petition, filed within about two years of the expiry of the period stipulated for the Stage-II award, and have diligently pursued their claim since. Nor can the awards made in 1999, years after the period had expired, be said to have cured the absence of the deposit;

proceedings that had lapsed by operation of law could not be revived by a subsequent award.

23. The submission that the transaction was a voluntary transfer outside the rigours of the Act cannot be accepted either. The letter dated 25.09.1990 sought only interim possession pending acquisition. The consent letters were expressly conditioned on compensation under the Act. The Board itself recorded that the land was taken over "subject to final handing over by Revenue Authorities", and no instrument of conveyance was ever executed. Title could, therefore, pass to the State only upon the land validly vesting in it through the statutory process. Further, *Balakrishnan* (supra) does not advance the case of the appellant-Corporation. In that case, which arose under the Income Tax Act, 1961, the State Government had initiated acquisition proceedings under the Act, and a notification under Section 4, a declaration under Section 6 and an award had followed. Thereafter, instead of seeking a reference, the landowner negotiated the quantum of compensation with the beneficiary, Techno Park, and executed a sale deed in its favour. This Court nevertheless held that the acquisition remained compulsory, because the entire procedure prescribed under the Act had been

followed, and the settlement related only to the amount of compensation. It was in that context that this Court observed:

> *"8. In our view, insofar as acquisition of the land is concerned, the same was compulsorily acquired as the entire procedure prescribed under the LA Act was followed. The settlement took place only qua the amount of the compensation which was to be received by the appellant for the land which had been acquired. … Merely because the compensation amount is agreed upon would not change the character of acquisition from that of compulsory acquisition to the voluntary sale. …"*

24. In the present case, the position is different. No agreement on the compensation was ever arrived at between the landowners and the Board or the State, and the statutory procedure, though initiated, was not carried to its conclusion within the period prescribed. The mere fact that the landowners handed over possession of their land at the initial stage, pending acquisition, cannot dispense with the statutory requirements for a valid acquisition, nor can it result in the land vesting in the State.

25. Nor does the decision in *Urban Improvement Trust* (supra) assist the appellant-Corporation. That decision concerned the adequacy of service of notice where the owners had participated in the proceedings; it does not hold that land can vest in the State

before, or without, any notification. The reliance placed by the appellant-Corporation on *B.S. Bajwa* (supra) is also misplaced. In that case, the Division Bench of the High Court, having found the claim to seniority barred by laches, nevertheless granted relief on the basis of a concession made by the Additional Advocate General, without considering its effect or its inconsistency with its own finding, and this Court held that the concession, being one on a point of law, could not bind the State. The principle is not attracted here. Our conclusion does not rest on any concession or admission made on behalf of the State. We have held that the acquisition proceedings lapsed because no award was made within two years from the publication of the declarations under Section 6, as mandated by Section 11-A, and because the land never vested in the State under Section 17. That conclusion follows from the statutory scheme itself, independently of what the Board or the RDO may have stated. For the same reason, *Mahadeo* (supra) is of no avail to the appellant-Corporation. That decision holds that inter-departmental communications, being part of the process of consideration towards a decision, cannot be relied upon as a basis to claim a right. The right of the respondent-landowners does not arise from the letters dated

09.01.1996 and 19.02.1996, or from any other inter-departmental communication. It arises from the lapse of the acquisition proceedings by operation of Section 11-A. The admissions in those letters and in the counter affidavits filed before the High Court merely show that the authorities themselves, at the relevant time, correctly understood the consequence of Section 11-A.

26. Nor can the respondent-landowners be non-suited on the ground of delay or estoppel. In *Banda Development Authority* (supra), the landowner approached the High Court nine years after the declaration under Section 6, seeking to quash the acquisition after the land had been utilised for a residential scheme and third-party rights had been created. It was in that context that this Court held the delay to be fatal. The position here is materially different. The respondent-landowners have never sought to undo the acquisition or to recover the land; they declined the land when the Board offered to return it, and sought only compensation, the denial of which is a continuing wrong. They approached the High Court on 15.12.1997, within about two years of the expiry of the period stipulated for the Stage-II award and within seventeen months of the failure of the negotiations,

and no third-party rights have intervened in the meantime. As regards estoppel, the amounts under the awards were received, if at all, under protest, in terms reserved as early as 05.10.1990, and the references under Section 18 related only to the quantum. Such conduct cannot breathe life into proceedings that had lapsed by operation of law, for there can be no estoppel against a statute. The amounts so received must, however, be adjusted.

27. We, therefore, find merit in the submissions of the respondent-landowners and hold that the High Court rightly concluded that the acquisition proceedings had lapsed under Section 11-A of the Act, and that the awards dated 15.09.1999 could not bind them.

28. The consequence of such lapse flows from the statute itself. Section 11-A provides that, if no award is made within the stipulated period, "*the entire proceedings for the acquisition of the land shall lapse*". Upon such lapse, there remains no proceeding under which the land could vest in the State. The land did not vest under Section 16, since no valid award was made and possession was not taken thereunder; nor did it vest under Section 17, since that provision was never invoked. Possession having been taken before any notification under Section 4(1), the

Board merely took possession of the land, while the title thereto continued to vest with the respondent-landowners, as held in *R.L. Jain* (supra). The respondent-landowners, therefore, continue to be the owners of the subject land, though they have been out of possession since 1990–91 and have not been paid for it in accordance with law. If the State requires the land for the public purpose for which it is being used, the only course open to it is to acquire the land afresh in accordance with the law in force. This Court, in *Laxmi Devi* v. *State of Bihar*[23], having held that the acquisition proceedings had lapsed under Section 11-A, adopted the course of directing the issue of a fresh notification.

29. Once it is held, in agreement with the High Court, that the acquisition proceedings lapsed, the legal consequence that follows is evident. Since the title to the subject land never vested in the State and continues to vest in the respondent-landowners, only two courses are open in law: either the land must be restored to its owners, or, if the State requires it for the public purpose, it must be acquired afresh in accordance with the law in force, which today is the 2013 Act. In the present case, the restoration

[23] (2015) 10 SCC 241.

of the land is not a course that commends itself. The land has been in the occupation of the appellant-Corporation for over three decades, and the sub-station constructed thereon serves an important public purpose, catering, inter alia, to the traction loads of the South Central Railway and to the sub-stations supplying Tenali town. Its dislocation, in our opinion, ought not to be directed. Nor have the respondent-landowners ever sought the return of the land; indeed, they declined it when the Board offered to return it, ostensibly because the character of the land had changed. The only course that remains, therefore, is the one adopted by the High Court, namely, a direction to initiate fresh acquisition proceedings. Notably, the High Court also did not direct the restoration of the land or the removal of the sub-station. It preserved the public utility and left only the compensation to be determined under the law in force. The first question is answered accordingly.

B. Whether the relief ought to be moulded

30. It is in this context that the learned Senior Counsel on behalf of the appellant-Corporation vehemently contended that a fresh acquisition under the 2013 Act would entail a huge outlay

by way of compensation and would cost the public exchequer dearly. It was submitted that the liability would exceed Rs. 150 crores, and, according to the affidavit dated 16.10.2026, would be about Rs. 154.88 crores, which would be an exorbitant price for land of which possession was taken as far back as 1991. The appellant-Corporation, therefore, prays that this Court ought not to sustain the direction for a fresh acquisition, but should mould the relief by confining the respondent-landowners to rent or damages, to alternative land, or to a lump sum.

31. We are unable to accept this contention. To begin with, the direction for a fresh acquisition is the very course which was followed in *R.L. Jain* (supra), where, the earlier acquisition proceedings having been declared void, fresh proceedings were initiated in order to save the construction, and the three-Judge Bench held the landowner to have been adequately compensated by the award made in those proceedings:

> *"20. … It is in such circumstances that in order to save the construction the land acquisition proceedings were initiated again by issuing a notification under Section 4(1) of the Act on 9-9-1992. Under the award given by the Collector on 11-6-1994 he has been awarded Rs 16,54,175 as the market value of the land and Rs 4,96,252 as solatium. …"*

Similarly, in *Hemanagouda* (supra), possession had been taken between 1968 and 1970, but acquisition proceedings were initiated only on 02.02.1999, and the compensation was determined with reference to that notification. Even in *Gauri Shankar Gaur* (supra), on which the appellant-Corporation relies, this Court recognised, in paragraph 48 of the said judgment, that the acquiring body "*could have acquired the land by issuing fresh notification*".

32. The direction of the High Court also accords with Article 300-A of the Constitution. In *Kolkata Municipal Corporation* (supra), on which the appellant-Corporation itself relies, this Court identified, among the sub-rights constituting the right to property, "*the duty of the State to restitute and rehabilitate — the right of restitution or fair compensation*" and "*the duty of the State to conduct the process of acquisition efficiently and within prescribed timelines of the proceedings — the right to an efficient and expeditious process*". Neither was honoured here. In *Urban Improvement Trust* (supra), this Court in paragraph 69 thereof

reiterated the following observations from *Ultra-Tech Cement Ltd.* v. *Mast Ram*[24]:

> *"46. … This Court held in Tukaram Kana Joshi and Ors. thr. Power of Attorney Holder v. M.I.D.C., (2013) 1 SCC 353 that in a welfare State, the statutory authorities are legally bound to pay adequate compensation and rehabilitate the persons whose lands are being acquired. …*
>
> *xxx xxx xxx*
>
> *48. … The State cannot abdicate its constitutional and statutory responsibility of payment of compensation by arguing that its role was limited to initiating acquisition proceedings … We find that the delay in the payment of compensation to the landowners after taking away ownership of the subject land from them is in contravention to the spirit of the constitutional scheme of Article 300A and the idea of a welfare State.*
>
> *49. Acquisition of land for public purpose is undertaken under the power of eminent domain of the government much against the wishes of the owners of the land which gets acquired. When such a power is exercised, it is coupled with a bounden duty and obligation on the part of the government body to ensure that the owners whose lands get acquired are paid compensation/awarded amount as declared by the statutory award at the earliest."*

33. The moulding of relief is an equitable discretion of the Court, exercised to prevent an unjust result. It is not a right that a party in default may claim. The question, therefore, is whether affirming the direction of the High Court would produce an unjust

[24] 2024 SCC OnLine SC 2598.

result. The decisions relied upon by the appellant-Corporation do not support such a conclusion.

34. In *Gauri Shankar Gaur* (supra), the acquisition came to an end for want of a timely declaration, but housing colonies had been constructed and sold, and the landowners had no interim order in their favour. In the said case, R.M. Sahai, J., observed as follows:

> *"48. But this is not the end. Even though the law is in favour of the petitioners but equity stands in their way since in pursuance of these proceedings the Avas Evam Vikas Parishad entered into possession and constructed housing colonies as there was no interim order in favour of land owners during pendency of the writ petitions in the High Court. Therefore the individual interest of the land owners is faced with public interest of those large number of middle class persons who must have invested their life's savings in purchasing these houses … Larger social interest therefore requires this Court to mould the relief in such manner that justice may not suffer. …"*

The equity there lay with the large number of purchasers whose homes would otherwise be demolished. No such third-party interest arises here. The land remains with the appellant-Corporation itself, and the direction of the High Court does not disturb it.

35. In *Barangore Jute Factory* (supra), where the notification was invalidated but a national highway had been constructed on the land, this Court held:

> *"14. … No useful purpose will be served by quashing the impugned notification at this stage. … Therefore, the ultimate question will be about the quantum of compensation payable to the landowners. … Balancing the rights of the petitioners as against the problems involved in quashing the impugned notification, we are of the view that a better course will be to compensate the landowners, that is, the writ petitioners appropriately for what they have been deprived of. …"*

The Court there moulded the relief to avoid quashing the notification and dismantling a completed highway, and, in paragraph 15, moved the date for determining compensation forward to the date of dispossession, noting that in similar situations this Court had "*shifted the date of the notification so that the landowners are adequately compensated*". The moulding thus enured to the benefit of the landowners. Here, the High Court has already preserved the public utility, and nothing would be achieved by moulding the relief except a reduction in the compensation payable to the landowners.

36. In *Savitri Devi* (supra) and *Noida Industrial Development Authority* (supra), the challenges were brought belatedly, after

vast extents of land had been developed and allotted to third parties. Even so, in *Savitri Devi* (supra), the landowners received an enhancement of 64.7% and an allotment of developed land, with the clarification, in paragraph 50, that the directions "*would not form precedent for future cases*". In *Noida Industrial Development Authority* (supra), this Court approved compensation under the 2013 Act itself:

> *"17. In Sahara India Commercial Corpn. Ltd. v. State of U.P., this Court found that invocation of urgency clause under Section 17 was invalid and illegal. This Court moulded the relief and directed payment of compensation in terms of the 2013 Act by treating the relevant date as the date of its judgment. Therefore, we find no error in the approach of the High Court when it directed payment of market value computed as per the 2013 Act to those landowners who have not accepted the compensation under Karar Niyamawali by taking the date of the judgment as a deemed date after following the 2013 Act. …"*

These decisions, relied on by the appellant-Corporation, far from supporting their case, show that even where the relief is moulded, landowners who have not acquiesced are not to be deprived of compensation at current value.

37. The decision of the three-Judge Bench in *Delhi Airtech* (supra) requires closer consideration. After holding that Section 11-A applied, the Court declined to direct a fresh notification, observing:

> *"33. … Further, the course as suggested in Laxmi Devi to issue a fresh notification also would not be appropriate, since the very scheme of acquisition and determination of compensation under the old regime has undergone a sea change. As such it would be unjust not only to the State exchequer but also the other land-losers under the same notification if the present prevailing process is applied in determining the compensation. …"*

That decision is distinguishable on at least four grounds:

(a) In *Delhi Airtech* (supra), the appellant's land was a small extent of 2-06-1/3-0 bighas within a planned industrial layout of 101-15-17 5/6 bighas, and the other land-losers under the same notification had settled under the old regime. Applying the new regime to one landowner would have been unjust to them. Here, the respondent-landowners are the only land-losers, and no question of parity arises.

(b) There, the acquisition had been initiated under the Act and the urgency clause invoked, the defect being the failure to deposit eighty per cent of the estimated compensation. Here, possession was taken wholly outside the Act, before any notification, without deposit of compensation in respect of the Stage I portion, and the urgency clause was never invoked.

(c) There, the award was made about six years after the notification, and the market value was directed to be re-determined as on the date of the award. Here, more than three decades have passed since possession was taken. Applying the same yardstick would confine the landowners to the market value as it stood in 1999, some twenty-seven years ago, which would render the compensation illusory, the awards of that date having themselves granted only about Rs. 60/- per sq. yard on the basis of the market value in 1991.

(d) The principle underlying the same decision, that the "vice" of non-compliance by the acquiring authority "cannot be permitted to be converted into a 'virtue'" (paragraph 25), applies with equal force here. To fix the compensation at an old value on account of a delay attributable to the acquiring authority would do precisely that.

38. Equity, in the exercise of this discretion, also requires us to weigh the conduct of the parties. We find no mala fides or negligence on the part of the respondent-landowners. They handed over their land in 1990–91 at the Board's own request,

pending acquisition. They participated in the award enquiry and in the negotiations, never sought any interim order against the project, and never sought the return of the land; indeed, they declined it when offered, insisting only on compensation in accordance with law. No doubt, the respondent-landowners were firm in their demand during the negotiations, and declined the rates offered by the Board. That firmness, however, was directed only at securing what they regarded as the true market value of their land, and they remained willing, throughout, to have the compensation determined through the process prescribed by law. The allegation that they effected sales to relatives to inflate the value, made in the Board's counter affidavit in the writ petition, has not been properly established. The two exemplars doubted by the Reference Court were executed by persons other than the respondent-landowners. The enquiry of the Anti-Corruption Bureau was directed against public servants. The allegation that inflated basic value certificates were issued to respondent No. 1 was held not substantiated. The only lapses on their part are procedural: their writ appeal was dismissed for default in 2002 and restored in 2004, and the legal representatives of some deceased landowners were not brought on record before the High

Court, a matter dealt with by this Court on 16.03.2022. Neither caused any prejudice to the appellant-Corporation, nor did either lead to the creation of third-party rights.

39. The conduct of the Board stands on a different footing. It took possession before any notification and never invoked the urgency clause. It deposited nothing towards Stage-I. According to the report of the Anti-Corruption Bureau, placed on record by the appellant-Corporation itself, its Executive Engineer requested the RDO on 31.01.1995 to republish the proposals in acres and cents because, otherwise, "the land cost may increase". According to the RDO, it was the prolonged correspondence of the Board on this aspect that prevented the awards from being passed in time. The Board itself acknowledged the lapse on 09.01.1996, yet deposited nothing and caused no fresh notification to be issued for three decades. We do not find this conduct to be actuated by mala fides, but it was a sustained default on the part of the acquiring authority. To mould the relief so as to fix the compensation at an earlier value would reward the party in default at the expense of the party who was not.

40. It must also be borne in mind that the plea for moulding the relief rests, in substance, on the ground, namely that a fresh

acquisition under the 2013 Act would cast a burden of over Rs. 154 crores on the public exchequer. That is not a circumstance which renders the relief granted by the High Court unjust. It is the direct consequence of the failure of the acquiring authority to acquire the land, or to pay for it, for over three decades. Moreover, to mould the relief as suggested, this Court would have to determine, in substitution of the statutory process, what amount would represent fair compensation for the land. There is no material on record on which such an assessment could be made. The figure of Rs. 154 crores is itself an estimate, unsupported by any valuation, and neither party has placed on record the guideline values or sale statistics. Any amount fixed by this Court would, in these circumstances, be little more than a guesstimate, and it would be hazardous to undertake such an exercise without proper materials on record. Nor would it be fair to the respondent-landowners, who have consistently resisted the determination of their compensation otherwise than in accordance with law. They reserved their right to receive compensation under protest as early as 05.10.1990. In 1999, only four of them received the amounts under the awards, and that too under protest, the amounts due to the others being deposited in court; any subsequent withdrawal

was permitted by this Court only under protest. Before this Court, too, the respondent-landowners have not sought to have the compensation fixed at any particular figure; while submitting that the liability under the 2013 Act would exceed Rs. 154 crores, they have sought only that the compensation be determined in accordance with law. While Rs. 154 crores can be said to be a huge amount, it cannot be said to shock the conscience of this Court to warrant intervention. The determination of compensation is, therefore, best left to the statutory machinery under the 2013 Act, with the remedies it provides, rather than fixed by this Court on conjecture.

41. Equally, no equity lies in favour of the appellant-Corporation. The respondent-landowners have been deprived of the use and enjoyment of their land, and of the benefit of its appreciation, for over thirty-five years, having received only about Rs. 60/- per sq. yard under awards which we have held to be non est. The acquisition proceedings lapsed on account of the default of the acquiring authority, as we have held while answering the first question. To mould the relief so as to fix the compensation below what the law provides would allow the appellant-Corporation to take advantage of its own default, at the expense

of landowners who were not at fault. The alternative land offered at the time of final hearing before us consists of parcels belonging to private individuals, which the landowners are unwilling to accept and cannot be compelled to accept. The lump sum of Rs. 47,72,32,560/- offered freezes the value as on 01.01.2014 and deducts the award amount together with interest thereon at 12% per annum. No acceptance of the said offer has been placed on record by the respondent-landowners, and it cannot be substituted for the determination of compensation under the statute.

42. We, therefore, find no reason to mould the relief as urged. The High Court struck the correct balance: the sub-station is preserved, and the landowners are left to receive compensation in accordance with law. The submissions of the respondent-landowners merit acceptance, and the second question is answered accordingly against the appellant-Corporation.

CONCLUSION

43. In view of the foregoing discussion, we find no merit in these appeals. The impugned judgment dated 19.04.2018 passed by the High Court in Writ Appeal No. 2163 of 1998, whereby the

appropriate authorities were directed to initiate fresh acquisition proceedings in respect of the subject land and to determine and pay compensation in accordance with the law of land acquisition in force on the date of such initiation, and the consequential judgments of even date in L.A.A.S. No. 1610 of 2005 and L.A.A.S. No. 444 of 2007, are upheld. The interim order dated 03.07.2019 stands vacated. Since the operation of the impugned judgment remained stayed at the behest of the appellant during the pendency of these appeals, and the period of three months fixed by the High Court has long expired, the fresh acquisition proceedings shall be initiated within three months, and the compensation determined and paid as expeditiously as possible.

44. The appeals are, accordingly, dismissed. There shall be no order as to costs. Pending application(s), if any, shall stand disposed of.

.....J.
[SATISH CHANDRA SHARMA]

.....J.
[NONGMEIKAPAM KOTISWAR SINGH]

NEW DELHI;
NOVEMBER 27, 2026.