



REPORTABLE

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO. _____ OF 2025
(ARISING OUT OF SLP (C) NO.18305 OF 2023)

PRADYUMNA MUKUND KOKIL

... APPELLANT(S)

VERSUS

**NASHIK MUNICIPAL CORPORATION
AND OTHERS**

...RESPONDENT(S)

J U D G M E N T

AUGUSTINE GEORGE MASIH, J.

1. Leave granted.
2. This appeal arises from a long-standing dispute concerning land situated at Survey No. 8/1, Village Deolali, District Nashik, measuring 1 hectare and 38 Ares (13,800 sq. meters). By Resolution No. 14 dated 03.05.1972, the Nashik Road-Deolali Municipal Council (now Nashik Municipal Corporation) resolved to reserve the entire above-mentioned parcel of land for a high school, playground, and development plan

(DP) roads under the Maharashtra Regional and Town Planning Act, 1966 (“MRTP Act”). On 22.06.1972, the Municipal Council took possession of 37 Ares (3,700 sq. meters) from Survey No. 8/1 for public use, albeit without recourse to the formal acquisition process prescribed under the Land Acquisition Act, 1894. Subsequently, a notification under Section 126(2) of the MRTP Act read with Section 6 of the Land Acquisition Act, 1894 was issued on 02.03.1978, acquiring only 1 hectare and 1 Ares (10,100 sq. meters) for the stated public purpose, leaving the remaining 37 Ares (3,700 sq. meters) outside the acquisition. Nevertheless, the Corporation continued to retain possession and use of the unacquired portion for road purposes, without any legal title as alleged.

3. After the passing of the award, no further steps were taken for acquiring the remaining land measuring 3700 sq. meters. The predecessor in interest of the Appellant (hereinafter referred to as “Original Owner”) submitted an application dated 11.08.1995 along with a development plan under Section 127 of the MRTP Act to the Respondent - Corporation for

development of the land, on the assertion that the reservation upon the land stood lapsed as per the MRTP Act and thus, the title continued to vest with the original owner.

4. When no response was received from the Respondent - Corporation, Writ Petition (Civil) No.4184 of 1995 was preferred by the Original Owner in the High Court for acceptance of the prayer as made in the representation. On 12.11.1998, the High Court accepted the plea of the Original Owner that the reservation over the land in question had indeed lapsed. As regards the development plan and its approval are concerned, direction to submit fresh plans with an observation that the respondents would consider the same without raising the question of reservation were issued. The Original Owner, in pursuance to the above order again approached the Respondent - Corporation and sought sanction of the development of the land measuring 37 Ares. The said request was rejected by the Corporation on 27.12.1999 by observing that the land was owned and possessed by the Respondent - Corporation and therefore the sanction could not be granted.

5. An appeal against the said order as provided under Section 47 of the MRTP Act was preferred on 09.02.2002 which came to be rejected by the State Government on 05.03.2007 on the ground that post the proposed acquisition of the land as per the reservation of site, the possession had been taken by the Corporation and the land in question measuring 37 Ares had gone into construction as a road. Direction was, however, issued to the Corporation by the Appellate Authority to compensate the Original Owner in respect of the said land in cash or through issue of Transferable Development Rights (TDR).
6. Being aggrieved, the Original Owner filed Writ Petition No.3560 of 2009 on 05.03.2009 which came to be decided vide order dated 18.11.2009 by setting aside the order impugned passed by the Appellate Authority and remanded it back to the State Government for fresh hearing and decision. Direction was further issued to the State Government to survey the entire land and clearly identify the acquired land measuring 1.01 hectares both on map and on site. The remaining unacquired land for which development permission was also sought by the

Original Owner was to be identified, with liberty to move a fresh application for the development of the said identified land.

7. A Special Leave Petition was preferred by the State of Maharashtra against this order of the High Court being SLP (Civil) No. CC11311 of 2010, which came to be dismissed vide order dated 20.09.2010.
8. It is at this stage that the Appellant purchased the land measuring 37 Ares in Survey No.8/1 from the original owner vide a registered Conveyance Deed dated 29.07.2011 for ₹1,17,00,000/- (Rupees One Crore Seventeen Lakhs Only).
9. On 15.09.2011, in compliance with the order passed by the High Court on 18.11.2009 in Writ Petition No.3560 of 2009 the Respondents prepared map No.929 of 2011 which depicted 3700 sq. meters of land being used as roads.
10. Before the appeal, as remanded by the High Court could be decided, a fire broke out in the Department of the Government because of which the records were destroyed. Various reminders were submitted by the Appellant but without any result. In these

circumstances, the Appellant again approached the High Court by way of Writ Petition No.11709 of 2012 praying therein for a direction that the land measuring 3700 sq. meters be acquired by the State after it had been utilised for constructing the roads. The Respondent - Corporation took a stand therein that by the efflux of time and being continuously in possession of the said land, it had become the owner of the land by adverse possession. Vide order dated 13.06.2013, the High Court allowed the writ petition returning a finding that the land was in possession of the Respondent - Corporation and hence the same ought to be acquired, leaving it open for the Respondent - Corporation to pursue the plea of adverse possession.

11. The appellant, being aggrieved with the liberty granted to the Corporation to put forth the claim of adverse possession, challenged the order of the High Court by filing SLP (Civil) No.35634 of 2013 which was converted into Civil Appeal No.3874 of 2015. The Civil Appeal was allowed by this Court to the extent of setting aside the liberty granted to the Corporation to pursue the plea of adverse possession

while rest of the order of the High Court was confirmed.

12. When the order of the Court directing acquisition proceedings to be initiated by the State Government was not complied with, Contempt Petition (Civil) No.823 of 2016 was filed before this Court. Upon notice being issued and response having been filed by the respondents, this Court vide order dated 03.01.2017 directed the State Government to expeditiously complete the acquisition and for that purpose granted exemption to the Corporation from complying with Section 4 to 15 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ("2013 Act"). In pursuance of the said directions, preliminary Notification under Section 11 for acquisition of 3700 sq. meters of land forming part of the Survey No.8/1 was issued on 09.01.2017 culminating into the award dated 29.04.2017 by Special Land Acquisition Officer, Nasik (SLAO). According to the said award, total compensation of ₹8,69,46,650/- (Rupees Eight Crore Sixty-Nine Lakh Forty-Six Thousand Six Hundred and Fifty Only) was

assessed as payable. It would not be out of place to mention here that this included extended benefit contemplated under Section 26 and Schedule of 2013 Act, that is, solatium and additional compensation at the rate of 12% per annum from the date of notification till the date of award along with other statutory entitlements.

13. After passing of the award and the amount having been deposited by the Municipal Corporation, the Appellant, while accepting the awarded amount, under protest, issued a Possession Receipt dated 08.05.2017 in execution of the transfer of possession and ownership of the acquired land as per award.
14. The Appellant, being aggrieved with regard to the assessment of the compensation as well as the non grant of any benefit with regard to the illegal occupation of the land by the Municipal Corporation prior to the acquisition of the land i.e., from the year 1972 till 2017 preferred reference dated 26.05.2017 against the said award.
15. The Land Acquisition, Rehabilitation and Resettlement Authority, Nagpur ("Resettlement Authority") allowed the Reference and enhanced the

compensation to ₹20,20,11,533/- (Rupees Twenty Crore Twenty Lakh Eleven Thousand Five Hundred and Thirty-Three Only) vide award dated 18.03.2021. Apart from the said amount resorting to Section 26 Clause (vii) granted rental compensation for the period 22.06.1972 to 22.04.1979 at the rate of 6% per annum and thereafter till the date of notification i.e., 09.01.2017 at the rate of 8% per annum on the amount of enhanced compensation as awarded now i.e., ₹20,20,11,533/- (Rupees Twenty Crore Twenty Lakh Eleven Thousand Five Hundred and Thirty-Three Only) to the tune of ₹238,87,00,000/- (Rupees Two Hundred Thirty-Eight Crores and Eighty-Seven Lakhs only) for illegal occupation/possession of the land in question by the Municipal Corporation. In addition, interest at the rate of 6% per annum for delayed payment of rental compensation from 1973 to 09.01.2017 was also awarded.

16. This award dated 18.03.2021 came to be challenged by the Respondent - Corporation by way of First Appeal No.602 of 2021 before the High Court which finally came to be decided vide the impugned judgment and order dated 04.05.2023 setting aside

the award passed by the Resettlement and Rehabilitation Authority and restoring the award as passed by the SLAO dated 29.04.2017.

17. The learned senior counsel for the Appellant while challenging the impugned judgment has put forth two submissions. First being with reference to the compensation as was awarded by the Reference Court by enhancing the same over and above the one which was awarded by the SLAO making specific reference to Section 26 of the 2013 Act. It is asserted that the SLAO had erred in not taking into consideration the sale instances which were brought on record and pointed out by the Appellant while proceeding to take into consideration the rates as fixed under the ready reckoner by ignoring the same. Referring to the award passed by the Resettlement Authority, senior counsel has pointed out the sale transactions given by the Appellant as references for the evaluation of rate of the property in his application, which sale instances have not been denied by the Respondent - Corporation, the Reference Authority had rightly proceeded to take into consideration the rate per square meters. As per

the provisions of the Statute the three sale instances on the higher rate of the acquired land being of the year 2014 required to be brought at the market rate by enhancing it at 10% increase in the sale price of the deeds. The three sale instances having higher price were referred to by the counsel and asserted that the average as taken comes to ₹26,814/- per square meter. With the said amount having been assessed as per the settlement principles and the Statute along with the grant of the statutory benefits, the amount as assessed and the compensation as awarded totalling ₹20,20,11,533/- (Rupees Twenty Crore Twenty Lakh Eleven Thousand Five Hundred and Thirty-Three Only) cannot be faulted with. He therefore contends that the High Court was not right in interfering with the said findings returned by the Reference Court.

18. Secondly, as regards the setting aside of the grant of rental value in the form of compensation for unauthorised and illegal occupation of the land which was owned by the Appellant at the time of acquisition, learned senior counsel supports the same on the basis of the settlement principle by

making reference to the judgments of this Court and High Court including *Udho Dass v. State of Haryana and Others*¹, *R.L. Jain (D) by LRs v. DDA and Others*², *Dinkar Sandipan Gholve & Others v. State of Maharashtra and Others*³ and government resolutions, which endorse rental relief for unauthorized government occupation of land before acquisition. He presses into service the seventh parameter of Section 28 i.e., benefit to affected families, equity and justice, explicitly authorizing additional compensation of this nature in the form of rent for unauthorised occupation. Senior Counsel submitted that the appellant, being deprived of beneficial ownership from 1972, was entitled to such rental compensation under both statutory and equitable principles. On this basis, prayer has been made that the findings returned by the Reference Court needed to be restored in light of settled jurisprudential principles and the legislative intent.

19. The learned senior counsel for the Appellant has submitted that the personal observations made

¹ (2010) 12 SCC 51

² (2004) 4 SCC 79

³ 2008 SCC OnLine Bom 696 : 2009 Supp Bom CR 891

against the Appellant by the High Court are unjustified and uncalled for as the Appellant was bonafidely asserting his right and claim based on the pleadings. The said observations therefore may be set aside. Similarly, he asserts that the cost as imposed of Rs.10,00,000/- (Rupees Ten Lakhs) may be set aside as these were as a consequence of the observations against the Appellant. On this basis, he prays for acceptance of the present appeal by setting aside the impugned order passed by the High Court.

20. On the other hand, learned senior counsel for the respondents has supported the order passed by the High Court by asserting that the valuation as has been assessed by the SLAO was based upon the records which were made available to him at the time of working out the value of the land. As the instances which were pointed out and were made available to him pertained to small pieces of land or were not in immediate vicinity of the land in question which were sought to be acquired, the resort to the ready reckoner cannot be faulted with. It has further been asserted that the assessment as has been made by the SLAO being in accordance with the rates as has

been assessed and fixed by the competent authority, the same has been rightly relied upon for fixing the market rate and granting the compensation to the Appellant.

21. The senior counsel submits that the High Court was right in denying the Appellant the rental compensation. The rental compensation could not have been granted as the same is not specifically provided for under the 2013 Act. Clause 7(3) of Section 26 of the 2013 Act cannot be expanded to include and grant a benefit which was not specifically made available under the Statute. Had it been the intention of the Legislature to grant such a benefit, it could have been so mentioned as has been mentioned in the earlier clauses. The factors which were required to be taken into consideration have been duly considered by the SLAO and rightly denied the grant of rental compensation as sought for by the Appellant. Prayer has thus been made for dismissal of the appeal by upholding the order under challenge.
22. Having considered the submission made by the counsel for the parties and on going through the records which have been made available and referred

to during the course of hearing, we proceed to decide the case in hand.

23. Facts, as has been narrated above, are not in dispute and therefore the two basic issues as has been raised by the learned counsel for the Appellant need to be considered and decided.

(i) the assessment of the value of the land in question which has been acquired i.e., 3700 sq. meters from the Survey No.8/1, and

(ii) the entitlement or otherwise of the claim of rental compensation and if yes, then the date and amount payable.

24. Taking the first issue first i.e., the assessment of the amount of compensation as claimed by the Appellant. The governing factor would be the provisions as contained under the 2013 Act. Section 26 of the Act, therefore, essentially is required to be looked into, which deals with the determination of the market value of the land by the Collector. The relevant portion thereof would read as follows:-

“26. Determination of market value of land by Collector.”-(1) The Collector shall adopt the following criteria in assessing and determining the market value of the land, namely:—

- (a)
- (b) The average sale price for similar type of land situated in the nearest village or nearest vicinity area; or
- (c)

xxx
xxx
xxx

Explanation 1.—The average sale price referred to in clause (b) shall be determined taking into account the sale deeds or the agreements to sell registered for similar type of area in the near village or near vicinity area during immediately preceding three years of the year in which such acquisition of land is proposed to be made.

Explanation 2.—For determining the average sale price referred to in *Explanation 1*, one-half of the total number of sale deeds or the agreements to sell in which the highest sale price has been mentioned shall be taken into account.
 ...”

25. Section 26(1)(b) read with Explanations 1 and 2 prescribes a statutory method for arriving at the market value by reference to the average sale price of similar lands in the nearest village or nearest vicinity, computed from sale-deeds or agreements to sell registered in the immediately preceding three years; Explanation 2 supplies the selection rule by directing mode to arrive at the average, one-half of the total number of deeds or agreements in which the highest sale price has been mentioned shall be taken into account.

26. The Reference Court, while determining the market value, noted that the claimant had produced six registered sale transactions of lands situated in the vicinity of the acquired land and pertaining to the same period as the acquisition. Upon perusal of the sale deeds, the Court recorded that the said transactions were genuine and undisputed and that they reflected the prevailing market value in the locality at the relevant time. The Court observed that the exemplar sale deeds were of lands similarly situated, abutting the same approach road and possessing comparable potentiality for development. The acquired land is situated in a fully developed area having both residential and commercial localities; it is surrounded by schools, malls and hospitals and is at a distance of about 1 k.m. from Nashik Road Railway Station. Thus, holds high potential for both commercial and residential use.
27. The Reference Court proceeded to compute the average sale price as contemplated under Section 26(1)(b) read with Explanation 2 of the 2013 Act, by making reasonable adjustments keeping in view the size of the plots, their situation and the time-gap

between the sale instances and the notification under Section 11. The sale instances taken into consideration by the Reference Court where the three out of the cited six which were highest in value when taken per square meter. Since these sale instances are of the year 2014 to 2016, with Section 11 notification being of 09.01.2017 to reach at the market price 10% increase was added. The market rate came out to ₹26,814/- (Rupees Twenty-Six Thousand Eight Hundred and Fourteen Only). The said amount being in accordance with the Statutory provisions could not have been interfered with by the High Court. The principles and the judgments as has been relied upon by the High Court would not be applicable to the facts of the case as well as the mandate of the Statute referred to above.

28. As regards the second aspect i.e., claim of the Appellant relating to the rental compensation for the unauthorised occupation of the land in question, the same needs to be looked into from the perspective of the pleadings. Both the parties all through have been claiming possession of the same as is reflected from and culled out in the claims and counter claims

during the course of the *lis*. Although, all through the claim of the Respondent - Corporation has been that it had been in possession of the land in question since the year 1972.

29. The factum with regard to the assertion relatable to the title has been settled by various orders which have been passed by the High Court and this Court in favour of the Appellant till the date of passing of the award and taking over of the possession after the passing of the award i.e., 08.05.2017.
30. On the other hand, there are pleadings as well as the documents on record which indicate that the Respondent - Corporation has not been in exclusive possession of the subject land. This is apparent from the pleadings of the Original Owner as well as the Appellant in the writ petitions which have been preferred by them in the High Court from time to time. Starting with the first writ petition i.e., Writ Petition No.4184 of 1995, where on the basis of the lapse of reservation, notice under Section 127 of the MRTP Act was served upon the Respondent - Corporation for re-development of the land, where the specific assertion was made that the possession

remained with the Original Owner. All through thereafter the possession has been claimed and asserted by the Original Owner which is apparent from the subsequent writ petitions also which have been preferred i.e., Writ Petition No. 3560 of 2009, Writ Petition No. 11709 of 2012, and others where continuous possession and ownership claims by the Original Owner have been maintained and reiterated.

31. Another fact, which has not been disputed by the Appellant, pointing towards the possession of the land in question of the Original Owner is mortgage of the property including the subject property contained in Survey No.8/1/1A for availing loan. It is also not in dispute that the proceedings under the SARFAESI Act 2002 were initiated on default and on order passed by the Debt Recovery Tribunal on 10.09.2008 appointing a Receiver, who, took over the possession of the said property. This much with regard to the possession and utilisation of the land by the Original Owner – the predecessor in interest in title of the Appellant.
32. Now coming on to the date when the title was conferred upon the Appellant vide sale deed dated

29.07.2011. A perusal of this sale deed would clearly depict that the possession of the land in question had all through been with the Original Owner. Reference in this regard can be made to Para 6 of the sale deed, where it is clearly mentioned that the family of Shri Sonwane was residing in the property in question as tenants which got lapsed leading to filing of two tenancy cases which led to the passing of an order of eviction by the Tehsildar on 22.06.2000. Possession of the same was obtained from the tenants. The sale deed further indicates that the possession was handed over to the Appellant by way of the said document which he received and acknowledged.

33. It is, therefore, established from the above documents that the Original Owner had not been deprived of the benefit of possession or usage of the property in question all through, which, as a matter of fact has been claimed by the Appellant. The documents clearly reveal, as has been referred to above, that the property had not been in exclusive possession of the Respondent - Corporation rather actual physical possession of the subject-property was with the Original Owner and utilisation thereof for all intent

and purposes including taking benefit of ownership of the said property either in the form of loan or rent thereof stands admitted and established. The claim of rental compensation advanced by the Appellant, particularly for the period prior to the purchase date 29.07.2011, is untenable in light of the settled position in law which confines the grant of rental compensation to cases involving unlawful and unauthorized occupation. As held in *R.L. Jain (supra)*, rental or damages for use shall be awarded only where possession is unlawfully detained by the acquiring authority prior to notification or acquisition. The claim thus with regard to the rental compensation as put forth by the Appellant at least prior to the date of purchase of the land at the hands of the Appellant cannot be accepted.

34. Section 28 directs the Collector to take into account specified parameters while determining the amount of compensation, and the seventh parameter “any other ground which may be in the interest of equity, justice and beneficial to the affected families” is a residuary provision designed to meet cases of equitable exigency which are not expressly covered by

the first six heads; it empowers the Collector to award such ancillary compensation as may be necessary to do justice between the parties, including compensation for use and occupation or other heads of damage where the facts so warrant.

35. As has been discussed above, there is evidence on record in particular the order dated 22.06.2000 of the Tehsildar ordering eviction of tenant in favour of the Original Owner, together with subsequent SARFAESI proceedings in which a Receiver was appointed which establishes occupation, use and enjoyment of the land which is subject matter of acquisition by the Original Owner – the predecessor of the appellant and thus rental compensation as claimed on the basis of displacement and unauthorised occupation by the Respondent - Corporation is falsified.
36. It is admitted by the Appellant that, acting on the assurance of ownership and to secure the title, the Appellant funded the acquisition by paying ₹1,17,00,000/- (Rupees One Crore and Seventeen Lakh Only). In the circumstances, and having regard to the equitable mandate of Section 28 (seventhly) to do complete justice to the affected parties, the

Appellant is entitled to compensatory mesne-profits/interest on that payment for the period of the State's occupation up to the date of actual payment of compensation. The approach accords with the established practice of this Court to award pre-acquisition interest/mesne-profits where the possession of land is taken by the acquiring Authority prior to completing the process of acquisition as a remedial measure under the equitable limb of the statute. Reference can be made to the judgment of this Court in *Shankarrao Bhagwantrao Patil and Others v. State of Maharashtra*⁴.

37. The Appellant, although, as per the sale deed received possession of the land purchased, but has not claimed that he had utilised the said land for any purpose, rather had approached the High Court to direct the Respondent to acquire the land purchased by him by filing Writ Petition No.11709 of 2012 as the Respondent - Corporation was in possession of the land which fact was not denied rather admitted on the part of the Respondent - Corporation of it being in possession, the benefit, if any, would be available

⁴ (2022) 15 SCC 657 : 2021 INSC 501

to the Appellant with effect from the date of sale deed i.e., 29.07.2011 till the date of passing of the award and receipt of compensation i.e., 08.05.2017.

38. As is admitted at hands of the Appellant that the land in question was sought to be purchased after having been assured of the ownership in the light of the orders passed by this Court, the cost of which as paid by the Appellant was ₹1,17,00,000/- (Rupees One Crore and Seventeen Lakh Only), he would be entitled to compensation in the form of interest at the rate of 8% per annum on the said amount for the period referred to above.
39. In the light of the above, the judgment and order of the High Court with regard to the denial of rental/compensation to the Appellant from the Respondent - Corporation is upheld. However, for the period 29.07.2011 to 08.05.2017 the Appellant is held entitled to compensation to the extent indicated above.
40. As regards, the submission and prayer of the learned senior counsel for the Appellant about the adverse observations recorded by the High Court in the impugned order against the Appellant and the

consequential imposition of costs of ₹10,00,000/- (Rupees Ten Lakh Only) is concerned, we find that the Appellant was prosecuting the remedy as available to him under the Statute and advanced evidence in support of his such claims. In those circumstances the observations and the order for an exaction of costs of ₹10,00,000/- (Rupees Ten Lakh Only) ought not to be permitted to stand.

41. The observation as made against the Appellant by the High Court in the impugned order may not be justified in the given facts and circumstances of the present case, as dealt with above, and therefore needs to be expunged. The cost as imposed would also be waived.
42. In the light of the above discussion, the present appeal is allowed to the extent of restoring the award as passed by the Reference Court dated 18.03.2021 granting enhanced compensation of ₹11,50,64,883/- (Rupees Eleven Crore Fifty Lakh Sixty-Four Thousand Eight Hundred and Eighty-Three Only), total compensation being ₹20,20,11,533/- (Rupees Twenty Crores Twenty Lakhs Eleven Thousand Five Hundred and Thirty-Three Only) with interest on the

awarded amount at the rate of 9% per annum from the date of notification issued under Section 11 i.e., 09.01.2017 for one year and thereafter at the rate of 15% per annum till realisation of the full amount on the awarded amount of ₹20,20,11,533/- (Rupees Twenty Crore Twenty Lakh Eleven Thousand Five Hundred and Thirty-Three Only), deducting compensation awarded and disbursed by Land Acquisition Officer vide Award dated 29.04.2017.

43. As regards the claim of rental compensation of the Appellant, the same is denied by upholding the impugned judgment of the High Court for the period 1972 onwards.
44. Appellant is however, held entitled to grant of interest at the rate of 8% per annum on ₹1,17,00,000/- (Rupees One Crore and Seventeen Lakh Only) as mesne profit/compensation with effect from 29.07.2011 till 08.05.2017.
45. The personal observations as made in the impugned order against the Appellant by the High Court stand expunged in the facts and circumstances of the case and costs as imposed shall stand waived off.

46. The appeal is allowed to the extent indicated above.
47. There shall be no order as to costs.
48. Pending application(s), if any, shall be disposed of.

.....CJI.
[B. R. GAVAI]

.....J.
[AUGUSTINE GEORGE MASIH]

**NEW DELHI;
OCTOBER 15, 2025.**