2025 INSC 638

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

Civil Appeal Nos. _____/2025
(Arising out of SLP (C) Nos. 9732-9734/2023)

Krishan Kumar ...Appellant(s)

versus

State of Haryana and others ...Respondent(s)

WITH

Civil Appeal No. ____/2025
(Arising out of SLP (C) No. .../2025 – Diary No. 39178/2022)

Civil Appeal No. ____/2025
(Arising out of SLP (C) No. .../2025 – Diary No. 39180/2022)

Civil Appeal No. ____/2025
(Arising out of SLP (C) No. 20055/2023)

Civil Appeal Nos. ____/2025
(Arising out of SLP (C) Nos. 20003-20006/2023)

Civil Appeal Nos. ____/2025
(Arising out of SLP (C) Nos. 20008-20009/2023)

Civil Appeal Nos. ____/2025
(Arising out of SLP (C) No. 9735-9739/2023)

Civil Appeal No. ____/2025
(Arising out of SLP (C) No. 20007/2023)

Civil Appeal Nos. ____/2025
(Arising out of SLP (C) Nos. 23895-23897/2023)

Civil Appeal No. ____/2025
(Arising out of SLP (C) No. .../2025 – Diary No. 48299/2023)

Civil Appeal No. ____/2025
(Arising out of SLP (C) No. .../2025 – Diary No. 50895/2023)

J U D G E M E N T

SURYA KANT, J.

Leave granted.

2. The instant batch of cross-appeals have been preferred by the Haryana State Industrial and Infrastructure Development Corporation (**HSIIDC**) and various landowners, challenging the quantum of compensation awarded by the High Court of Punjab and Haryana at Chandigarh (**High Court**) for the land situated in the villages of Fazalwas and Kukrola, Tehsil Manesar, District Gurgaon, State of Haryana.

3. The High Court has conclusively determined the quantum of compensation through various identical impugned orders. However, for the purposes of lucidity, we have sought to refer to ***HSIIDC v. Pinky Yadav and others***,[1] and ***Kanwar Sain Jain and another v. State of Haryana and others***,[2] which may be considered as the 'lead judgments' for the villages of Kukrola and Fazalwas, respectively.

4. The aforementioned decisions have enhanced compensation for the acquired lands in both villages, specifically for the lands abutting National Highway-8 (Delhi-Jaipur Road) (**NH-8**), up to the depth of 5 acres to INR 87,24,885 per acre for Kukrola and INR 1,21,00,000 per acre for Fazalwas. Further, the High Court has also retained the compensation awarded by the Reference Court for lands situated

[1] RFA-4959-2015 (O&M) and other connected cases.
[2] RFA-4437-2014 (O&M) and other connected cases.

beyond the marker of depth of 5 acres i.e. INR 62,14,421 per acre for both the villages.

A. ***FACTS***

5. At this juncture, it is imperative to briefly advert to the factual circumstances giving rise to the instant appeals:

5.1 The acquisition proceedings for the subject lands commenced *vide* a Notification, issued on 25.04.2008 by the State of Haryana, under Section 4 of the Land Acquisition Act, 1894 (**1894 Act**), proposing the acquisition of a total of 3510 acres 5 kanals and 1 marla of land, spread across the villages of Fazalwas, Kukrola, Kharkhri, Bas Lambi, Mokalwas, Seharavan, and Fakharpur, District Gurgaon. The public purpose of the acquisition was to build Chaudhary Devi Lal Industrial Model Township (**Township**). This Township was planned as an integrated complex for industrial, commercial, and other public utilities in this area.

5.2 Considering that the scope of adjudication in the present batch of appeals is limited to the rates of compensation *qua* the lands of villages of Kukrola and Fazalwas alone, we have deemed it fit to restrict this factual reiteration to these villages only. It is pertinent to mention here that out of the total area sought to be acquired by the common Section 4 Notification, 221 kanals and 4 marlas of land was situated within the revenue estate of Kukrola, and 435 kanals 14 marlas of land was situated within Fazalwas.

5.3 Following the Section 4 Notification, a declaration came to be issued by the State on 09.03.2009 under Section 6 of the 1894 Act, followed by notices under Section 9 thereof. Subsequently, the District Revenue Officer-cum-Land Acquisition Collector, Gurgaon (**LAC**) issued two different Awards under Section 11 on the same date, i.e. on 24.08.2009. The Award No. 20 pertained to Fazalwas, and Award No. 21 dealt with Kukrola. Both Awards uniformly determined the quantum of compensation for these villages to be INR 30,00,000 per acre, based on prevalent rates supplied by the District Collector, Gurgaon. Additionally, solatium at the rate of 30% as well as an additional amount of 12% per annum formed part of the Awards.

5.4 Being dissatisfied with the amount of compensation awarded by the LAC, landowners from both villages filed Reference Petitions under Section 18 of the 1894 Act. The Reference Court, *vide* its common Award passed on 19.10.2013 enhanced the compensation for Kukrola from INR 30,00,000 to INR 62,14,421 per acre. While doing so, the Reference Court primarily relied upon a sale deed, i.e. Ex. P-1 dated 05.06.2006, produced by the landowners. It granted an escalation of 10% per annum over the sale exemplar, noting the high potentiality of the acquired lands, and citing their proximity to the NH-8 as well as the Kundli-Manesar-Palwal Expressway (**KMP Expressway**), which at that time was still at its planning stage. Over and above these considerations, the Reference Court also deemed it fit to apply a development cut of 30% on the determined quantum of compensation.

5.5 Similarly, relying upon the above order enhancing compensation for land acquired in Kukrola and having given due weightage to the fact that these villages existed in close proximity to one another, the Reference Court also enhanced the compensation for Fazalwas from INR 30,00,000 to INR 62,14,421 per acre *vide* the Award dated 15.11.2013. The Reference Court found that in the absence of reliable sale exemplars *qua* Fazalwas, the previously pronounced Award with respect to the closely situated Kukrola was the most appropriate yardstick to determine compensation.

5.6 However, it seems that the Reference Court's Award(s) left both, the State and the landowners, to be equally aggrieved, thus culminating in several Regular First Appeals (**RFA**) before the High Court. In this scenario, the High Court clubbed these RFAs and passed common self-speaking judgments for each of the villages, which we have previously referred to as the 'leading judgments'. Any appeal that was not specifically decided by the 'leading judgments', but related to the same subject-acquisitions were settled thereafter *via* identical order(s) following the same reasoning.

5.7 The High Court has, *vide* the impugned judgments, found it appropriate to partly allow the landowners' appeals, by modifying the compensation for the acquired lands. The High Court arrived at its conclusion having adopting the 'belting' method and assessing different quanta of compensation for lands abutting the NH-8 up to a depth of 5 acres, and for lands situated beyond that depth. In regards to Kukrola,

the High Court determined that lands closer to NH-8 were valued at INR 87,34,885 per acre, and refused to apply any development cut on them, placing reliance on a co-ordinate Bench's decision in ***Jai Singh vs. State of Haryana and others***.[3] Whereas, insofar as Fazalwas was concerned, the High Court diverged from the Reference Court's view of ignoring the sale deeds on record, and relied upon Ex. P-4 dated 13.04.2006 to arrive at INR 1,21,00,00 per acre as the just compensation for lands abutting NH-8, after granting 10% escalation per annum.

5.8 Needless to say, in both these cases, the compensation determined by the Reference Court was sustained for acquired lands that were situated beyond the depth of 5 acres calculated from NH-8, i.e. at INR 62,14,421 per acre. Notably, while the High Court was not inclined towards applying a development cut for these lands, it nevertheless thought it prudent to do so owing to the lack of any other evidence reflecting the true value for such lands.

5.9 Both sides, namely the HSIIDC and the landowners from Kukrola and Fazalwas, have approached this Court assailing the determination of compensation by the High Court.

B. ***CONTENTIONS***

6. Before we proceed to identify the issues requiring conclusive determination, it is apposite to refer to the elaborate contentions

[3] RFA-3000-2016 (15.11.2021).

furthered on behalf of the parties. For convenience, we have clubbed the parties into three distinct groups: (***i***) landowners from Kukrola; (***ii***) landowners from Fazalwas; and (***iii***) HSIIDC/State of Haryana.

7. The landowners from village Kukrola, while assailing the impugned judgment(s) and *inter alia* claiming enhancement of compensation, made the following submissions:

a) The villages of Kukrola and Fazalwas are adjacent to each other and virtually indistinguishable as far as the market value of their land is concerned. This fact was given credence by the LAC and the Reference Court, which assessed the same market value for both the villages. However, the value assessed by the High Court for each village denotes a huge difference of approximately INR 34,00,000 per acre for the lands abutting NH-8 up to a depth of 5 acres, which is untenable and liable to be set aside.

b) Sale exemplar Ex. P-1 dated 05.06.2006 pertains to a large area of 4.5 acres within the acquired land, approximately two years prior to issuance of Section 4 Notification, wherein market value was INR 73,00,000 per acre. Hence, no development cut could be applied on this value. However, the Reference Court arbitrarily applied a 30% development cut on all of the acquired land, which was thereafter accepted by the High Court, albeit only for land beyond the depth of 5 acres. There was no rationale or good reason for applying such a cut.

c) Although village Kukrola is more proximate to the National Capital Region than the village Fazalwas, the compensation for the land acquired in Kukrola has been unjustly assessed at a rate lower than that of Fazalwas.

d) The acquired lands form a compact block with access provided by three roads including the MES Air Force Road (Taoru-Mohammadpur Road). That apart, proximity to the KMP Expressway and NH-8 speak to the high potentiality of these lands. Potentiality of the land is further evident from the fact that the present acquisition had been notified for the development of the Township for industrial, commercial, and other public utilities.

e) The High Court has created an artificial classification and accorded differing values to lands closer to the NH-8, and those farther to the same.

8. The landowners of village Fazalwas, while building upon the contentions of landowners belonging to Kukrola, likewise canvassed the following submissions in a bid to seek further increase in the quantum of compensation awarded by the High Court:

a) As per sale deed Ex. P-10, which is dated 25.07.2008, only 3 months after the preliminary notification, land in Fazalwas had been sold at INR 2,05,71,428/- per acre. This establishes that there was a phenomenal increase in that area in a short span of

time, to the extent of 50%. However, the High Court has merely granted an annual escalation of 10%.

b) Previous judgments of this Court in ***Udho Dass v. State of Haryana & Ors.***,[4] ***General Manager Oil and Natural Gas Corporation Ltd. v. Rameshbhai Jivanbhai Patel & Anr.***,[5] and ***Anjali Molu Dessai v. State of Goa and Anr.***,[6] has well acknowledged that the enhancement/escalation over the sale exemplar can be to the extent of 25% to 30%.

c) It is a well-settled principle of law that landowners are entitled to compensation in parlance with the highest sale transaction. Reliance in this regard was placed on ***Mehrawal Khewaji Trust (Registered) Faridkot & Ors. v. State of Punjab & Ors.***[7]

d) Certain sale deeds dated 21.12.2006, 07.03.2007, and 11.04.2008, which weren't originally exhibited before the Reference Court, showcase that the land in Fazalwas was valued and sold at rates upwards of INR 2 crores.

9. In stark contrast, Mr. Alok Sangwan, learned Senior Additional Advocate General for the State of Haryana, representing the HSIIDC, sought to counter the plea for enhancement of compensation *qua* both the villages. He vehemently advocated for upholding the LAC Award as

[4] 2010 (12) SCC 51.
[5] 2008 (14) SCC 745.
[6] 2010 (13) SCC 710.
[7] 2012 (5) SCC 432.

the just quanta of compensation for the acquired lands. We may, in this regard, advert to his submissions for each village, *in seriatim*:

i. <u>Pertaining to Kukrola</u>

a) Sale exemplar Ex. P-1 dated 05.06.2006, relied upon by the High Court is a sale deed executed for commercial purpose; wherein approximately 4 acres of land was purchased by a developer-company at INR 73,00,000 per acre. Any reliance upon such an instance would be highly unsafe as private developers generally purchase land for speculative gains by maximizing profits on an artificial market-rise.

b) It is settled law that when the market value of a large tract of agriculture land is determined with reference to the sale transaction of a smaller portion of land, as in the present case, it is necessary to make deductions towards development cost to arrive at an appropriate value for the undeveloped large tracts of land.

c) This Court in ***Basavva v. LAO***,[8] ***Kanta Devi v. State of Haryana***,[9] ***and Subh Ram v. State of Haryana***,[10] has imposed a cut of 50% to 75% towards development of such like acquired lands. Despite the subject-land being undeveloped (leading to HSIIDC's added expenditure), the High Court has not imposed

[8] (1996) 9 SCC 640.
[9] (2008) 15 SCC 201.
[10] (2010) 1 SCC 444.

development cuts at an appropriate rate, in adherence with the principles laid down by this Court.

d) *Vide* sale deed Ex. RW1/2 dated 11.01.2007, land in Kukrola was sold at the rate of INR 18,46,153 per acre and *vide* sale deed Ex. RW1/2 dated 12.11.2007, land was sold at INR 25,00,689 per acre. These are the closest sale deeds prior to the date of Section 4 Notification, and thus the High Court ought to have relied upon the same for determining market value of the acquired land(s). The LAC, in this context, had in any case thus awarded more than the just quantum of compensation, and its Award should have been sustained by the High Court.

e) The landowners in the present acquisition do not suffer any imagined 'dual loss' since there are several mitigating factors which assure that their interests are safeguarded: compensation for standing crops or trees at the time of Collector's taking possession; an additional 12% per annum of such market value for the period commencing from the date of publication of Section 4 Notification up to the date of the Collector's Award/date of taking possession of land; a 30% solatium on such market value; were all provided to the landowners to ensure that they do not suffer any loss due to compulsory acquisition of their lands.

ii. <u>Pertaining to Fazalwas</u>

a) *Vide* sale deed Ex. R-4 dated 20.12.2007, more than 2 acres of land was sold in Fazalwas @ INR 29,85,645 per acre. Ex. R-4 and Ex. R-5 are the closest sale deeds prior to the date of notification, which ought to have been made the basis by the High Court for determining compensation. Be that as it may, the LAC has already awarded compensation at a rate higher than the amounts reflected in these exemplars, and it deserves to be upheld by this Court.

b) Sale exemplar Ex. P-4 dated 13.04.2006, which was relied upon by the High Court, is a sale deed executed for a commercial purpose where approximately 2 acres of land in Fazalwas were purchased by one M/s Viroma Infrastructure Pvt. Ltd. at the rate of INR 1 crore per acre. Such a sale instance should have been outrightly eliminated from consideration by the High Court. Similarly, sale deeds Ex. P-3 and P-5 also related to lands purchased for commercial purposes by one Rising Reality Pvt. Ltd.

c) The High Court has erroneously mentioned in para 7.6 of the impugned judgment that the HSIIDC has not filed any appeal against the enhancement of compensation by the Reference Court. It is a fact that HSIIDC also filed RFAs against the Reference Court's Award dated 15.11.2013 and the same were also decided by the High Court *vide* the same impugned judgment(s).

C. ***ISSUES***

10. Having tendered our conscientious consideration to the rival contentions, the material on record and the factual circumstances that contextualise the present appeals, we find that the following issues fall for our deliberation:

i. Whether the High Court erred in awarding differing compensation amounts for lands acquired in the villages of Kukrola and Fazalwas?

ii. Whether the quantum of compensation awarded is appropriate for both these villages; and if not, on what basis should the market value be assessed?

D. ***ANALYSIS***

D.1. Issue No. 1: Concerning the distinctive compensation amounts awarded to landowners from Kukrola and Fazalwas

11. The landowners from Kukrola have earnestly contended for parity with the compensation awarded to landowners from Fazalwas. It is undisputed that both the LAC and the Reference Court uniformly assessed the value of the acquired lands across both villages. The High Court, however, was the first forum to disturb this equality. We shall now examine whether this disparity is justified or if parity ought to be restored.

12. As noted earlier, the High Court, through the 'leading judgments', calculated compensation by adopting the belting method and accordingly awarded differing amounts to lands situated closer to the NH-8, in comparison to those farther away. To further explicate, the High Court essentially categorized the lands acquired from the villages of Kukrola and Fazalwas into 'two belts': the 'inner belt' and the 'outer belt.' The inner belt refers to the lands abutting NH-8 up to a depth of 5 acres, while the outer belt comprises the lands beyond that depth.

13. The High Court created further distinction within the 'inner belt' category of lands by granting different rates of compensation to those situated in the revenue estate of Kukrola from those in Fazalwas. Pursuantly, the compensation was fixed at INR 1,21,00,000 per acre for Fazalwas and INR 87,34,885 per acre for Kukrola.

14. It is trite law that adjacent lands or villages possessing similar potential and advantages must be compensated equitably, unless distinctions are clearly and substantially justified.[11] In this context, this Court in ***Land Acquisition Officer v. Karigowda***,[12] aptly encapsulated the legal position regarding compensation for adjacent villages:

> "***75.*** *It is a settled principle of law that lands of adjacent villages can be made the basis for determining the fair market value of the acquired land.* ***This principle of law is qualified by clear dictum of this Court itself that whenever direct evidence i.e. instances of the same villages are available, then it is most desirable that the court should consider that evidence. But where such evidence is not available court can safely rely***

[11] Mehrawal Khewaji Trust v. State of Punjab, (2012) 5 SCC 432.
[12] 2010 (5) SCC 708.

> ***upon the sales statistics of adjoining lands provided the instances are comparable and the potentiality and location of the land is somewhat similar.*** *The evidence tendered in relation to the land of the adjacent villages would be a relevant piece of evidence for such determination. Once it is shown that situation and potential of the land in two different villages are the same then they could be awarded similar compensation or such other compensation as would be just and fair.*
>
> ...
>
> ***77.*** *In this regard we may also make a reference to the judgment of this Court in Kanwar Singh v. Union of India [(1998) 8 SCC 136 : AIR 1999 SC 317 : JT (1998) 7 SC 397] where sale instances of the adjacent villages were taken into consideration for the purpose of determining the fair market value of the land in question and their comparability, potential and acquisition for the same purpose was hardly in dispute.* ***It was not only permissible but even more practical for the courts to take into consideration the sale statistics of the adjacent villages for determining the fair market value of the acquired land.***"
>
> [Emphasis supplied]

15. Turning to the facts of the case in hand, it is undisputed that the lands in both villages were acquired through a common Section 4 Notification for a common purpose, namely, the establishment of the Township. It is equally incontrovertible that the lands in Kukrola and Fazalwas, which are the subject of these appeals, abut either the KMP Expressway or NH-8, and in some areas, both. This geographical factum also differentiates these villages, from other villages whose lands were also acquired for construction of the subject-Township.

16. We may, in this respect, also advert to the findings of the Reference Court in its Award concerning Fazalwas, wherein it unequivocally relied on the enhancement of compensation in Kukrola and, *mutatis*

mutandis, applied the same to Fazalwas, as can be gleaned from the following passages:

> "***16.*** *… However this court has already assessed the market value of the acquired land of adjoining village Kukrola in award Ex.R1/X of this Court at the rate of Rs.6214421/- per acre alongwith all statutory benefits. A perusal of the said award Ex.R1/X passed by this court on 19.1.13 in case Pinki Yadav Vs. Hr. State clearly shows that the date of notification under section 4 of the Act in that case was identical that is 25.4.08. In this case the date of announcement of award is also identical that is 4.8.2009.* ***The purpose in both the awards is identical and market value as assessed by LAC was also same that is at the rate of Rs.30 lac per acre****.*
>
> ***17.*** *It is evidence from the site plan Ex.R6 placed on file by the respondents that the land of village Fajalwas, involved in this case is opposite to the land of village Kukrola towards the southern side on KMP express highway. National Highway No.8 passes through village Kukrola, Fazalwas, Fakarpur.* ***Both the villages Kukrola and Fazalwas are situated within the close proximity, therefore, I have no hesitation to assess the market value of the acquired land at the rate of Rs.6214421/- per acre****."*
>
> [Emphasis supplied]

17. Viewed collectively, the foregoing facts clearly indicate that the lands acquired from Kukrola and Fazalwas were virtually indistinguishable and that their trajectories before various judicial fora were undeniably intertwined. The LAC initially assessed these lands homogeneously, relying on Circle Rates. Similarly, the Reference Court engaged in a tautological exercise, wherein the compensation awarded for Kukrola formed the basis for that granted to Fazalwas. Despite these considerations, the High Court proceeded to substantially differentiate the compensation awarded to the two villages as far as the lands

abutting NH-8 were concerned, creating a disparity of approximately INR 35 lakhs per acre.

18. The sole apparent justification for this differentiation appears to be the existence of distinct sale deeds for Kukrola and Fazalwas. In ***Karigowda (supra)***, this Court recognized that sale exemplars from adjacent villages may only be relied upon in the absence of direct evidence. However, in our considered view, a rigid adherence to this principle is unwarranted in the present case. We say so for the following reasons:

a) A fundamental principle in land acquisition jurisprudence is that lands with similar locational and developmental potential must be compensated equitably unless clear, objective distinctions justify otherwise. Neither the LAC nor the Reference Court in this case have returned any specific finding that the potential or advantages of the acquired lands in the two villages differ significantly. No cogent evidence or expert report has been placed on record to justify the lower compensation awarded to Kukrola or the higher rate granted to Fazalwas. The 'leading judgments' instead provide no factual basis to support this artificial classification between the two sets of landowners. In such an evidentiary vacuum, the High Court ought not to have relied solely on differing sale deeds to assign vastly disparate compensation rates. Arbitrary differentiation in compensation, based on superficial

considerations, necessarily violates settled constitutional principles of fairness and equality.

b) The High Court should have refrained from proceeding on the basis of a singular sale deed to award widely divergent compensation between the two villages. In the absence of corroborative evidence—such as multiple comparable sale transactions, expert valuation reports, or any factual finding indicating a genuine difference in market potential—the use of an isolated transaction to justify such a disparity is *per se* erroneous. Without further evidence to establish that the lands in Kukrola differ in their developmental potential from those in Fazalwas, the differential compensation lacks a sound logical foundation and cannot be sustained.

c) Moreover, a glaring inconsistency arises in the present case: while lands abutting NH-8 within a depth of 5 acres have been awarded markedly different rates of compensation, lands situated beyond this depth have been treated uniformly. What is particularly problematic is that the most homogeneous and comparable category—namely, the lands adjacent to NH-8—have been assessed disparately, whereas the more heterogeneous lands farther from the highway, which ostensibly vary significantly in terms of location and developmental potential, have been treated alike. Such an approach not only appears incongruous but also contrary to the principles of equality and fairness that must govern

the exercise of determining compensation under the 1894 Act. Consistency, therefore, demands the application of a uniform standard across both villages Kukrola and Fazalwas. This is especially true when we consider their relative distances from the National Capital Region, with Kukrola being closer thereto.

d) In any case, we must caution against an excessively positivist approach in matters of land acquisition. It is well understood that the very exercise of assessing compensation is antithetical to rigid formalism. Compensation cannot be assessed in a mechanical or formulaic manner but must be guided by considerations of equality, equity, and justice.

19. It is thus evident that irrespective of whether the sale deed relied upon pertains to Kukrola or Fazalwas, the same set of exemplars must be applied uniformly across both villages. Artificial boundaries created for administrative convenience cannot be allowed to obstruct the application of the fundamental principle of fairness.

20. Consequently, we find no justification for the disparity in compensation for lands from both villages situated in the inner belt. The High Court itself has offered no factual finding to support the conclusion that lands abutting NH-8 in Kukrola must be valued differently from those in Fazalwas. Accordingly, we hold that the differential compensation is unsustainable and must be set aside. The quantum of compensation across both villages should remain at par.

D.2. Issue No. 2: Ascertaining the quantum of compensation for the acquired lands

21. Having established the interdependent nature of these appeals, we now proceed to examine the correctness of the compensation awarded to the landowners. We find that this issue necessitates a two-pronged inquiry:

i. Whether the High Court was justified in adopting the belting method for determining compensation?

ii. Whether the quantum of compensation awarded for the acquired lands was correct?

D.2.1: Determining the correctness of applying the belting method

22. The 'belting method' is a recognized technique in land acquisition whereby the land is divided into distinct zones based on its proximity to key infrastructural assets, such as a National Highway. This method operates on the principle that lands closer to such assets inherently possess greater market potential and thus warrant a higher compensation as compared to those situated further away.[13] In essence, it constitutes an exception to the general rule of uniformity in awarding equitable compensation. Typically, the belting method is applied in large-scale acquisitions where the land is non-homogeneous and the benefits of proximity to major infrastructure can be clearly delineated.

[13] Bijender v. State of Haryana, AIR 2017 SC 5811.

23. It is well established that the belting method must be grounded in objective evidence of differential developmental potential.[14] We are inclined to endorse its use in the present cases for several reasons. *Firstly*, the tracts of land acquired—approximately 28 acres from Kukrola and 54 acres from Fazalwas—are sufficiently large to warrant an internal sub-classification. *Secondly*, the potential for development varies markedly across these lands, particularly given their proximity to NH-8 and the KMP Expressway. *Thirdly*, the documentary evidence indicates that lands closer to these highways have historically fetched significantly higher sale rates compared to those located further away, where values seemingly approximate the prevailing circle rates. *Fourthly*, market data consistently show that properties within the inner belt command a premium, further justifying a differential valuation. *Lastly*, we may also observe that the yardstick of differentiating the belts being a depth of 5 acres, calculated from NH-8, is reasonable, considering the site plans and the total area sought to be acquired.

24. In light of the foregoing analysis, we find that this is a fit case for the application of the belting method, and the High Court was wholly correct in its artificial division of the acquired lands into two categories for the purposes of awarding differential compensation for the same.

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[14] *Ibid.*

D.2.2. On quantum of compensation

25. Having concurred with the High Court's view on the adoption of the belting method, we shall now test the appropriateness of the amounts of compensation awarded in these appeals.

26. The determination of compensation for compulsory acquisitions under the 1894 Act is fundamentally an exercise in equity. Rather than being a precise science, the law of compulsory acquisition in India strives to uphold the enduring principles of justice, equality, and fairness. This ethos is reflected in the procedural framework of the 1894 Act and has been further refined by its successor-statute, i.e. the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The 1894 Act used to provide clear guidelines for the Land Acquisition Officer/Collector to arrive at a fair quantum of compensation and balance the competing interests of the acquiring authority and the expropriated landowner(s). These guidelines, which are kept deliberately open-ended, therefore, act as a compass for the LAC to navigate the complex task of determining fair compensation for landowners whose property is being appropriated by the State for public purposes.

27. In particular, Section 23 of the 1894 Act enumerates the factors that are to be considered for determining compensation. The foremost consideration this provision mandates is the market-value of the land at the date of the publication of the Section 4 Notification. 'Market

value' itself is as nebulous a term as it is well-defined. This Court has laid down, through its consistent opinions, that the market value must be understood as that price or rate which a willing buyer would pay to a willing seller at any given point in time. That being said, it is important to caveat that this price reflects the land's conditions, advantages, disadvantages, location, and potentialities.

28. There is no gainsaying that the willing buyer-willing seller dynamic as well may invite a lot of subjectivity, due to the fiction it seeks to perpetuate. As a counter-measure, over the course of various decades, this Court has come to recognise the 'comparable sales method' as perhaps the best mode of determining compensation for an acquired land. While the reasons for this may be manifold, it seems to us that the advantage of using the comparable sales method in land acquisition is that it provides the Court with tangible, real-world examples of transactions, eliminating the need for speculation about how a willing buyer and seller might negotiate a price. In ***Shaji Kuriakose v. Indian Oil Corporation Ltd.***,[15] this Court occasioned to lay down certain descriptive factors that must be fulfilled before a sale deed can be used for the comparison set-out hereinabove. These include, *inter alia*: (***i***) temporal proximity of the sale exemplar to the date of the Section 4 Notification of the subject-acquisition; (***ii***) genuineness of the transaction; (***iii***) geographical nearness of the land sold *via* the sale

[15] (2001) 7 SCC 650.

exemplar to the land sought to be acquired; (***iv***) comparable sizes of lands; and (***v***) similarity in the nature of the lands.

29. Reverting to the facts of the case at hand, the parties before us have tendered several sale deeds in evidence, which we shall meticulously examine to ascertain if the High Court's awarded compensation merits interference. However, before we can initiate the comparative process, it seems imperative that we first reproduce the tables prepared by the Reference Court and relied upon by the High Court, concerning the relevant sale exemplars pertaining to Kukrola and Fazalwas. The following tables, thus, aptly summarise the sale instances brought on record:

i. Kukrola

Sr. No.	Ex. No.	Vasika No.	Dated	Area of Land Sold (K-M)	Sale Consideration (INR)	Rate per acre	Village
Sale Deeds Produced by the Landowners:							
1.	P-1	5316	05.06.2006	36-6	3,31,23,750	73,00,000	Kukrola
2.	P-2	951	13.04.2006	17-11	2,19,37,500	1,00,00,000	Fazalwas
3.	P-3	18897	07.12.2006	12-17	1,66,87,500	1,03,89,105	Fazalwas
4.	P-4	18629	04.12.2006	14-5	1,78,12,500	1,00,00,000	Fazalwas
Sale Deeds Produced by the HSIIDC:							
1.	RW1/2	21211	11.01.2007	1-6	3,00,000	18,46,153	Kukrola
2.	RW1/3	16465	12.11.2007	2-18	9,06,500	25,00,689	Kukrola

ii. Fazalwas

Sr. No.	Ex. No.	Vasika No.	Dated	Area of Land Sold (K-M)	Sale Consideration (INR)	Rate per acre	Village
Sale Deeds Produced by the Landowners:							
1.	P-3	18629	04.12.2006	14-5	1,78,12,500	1,00,00,000	Fazalwas
2.	P-4	951	13.04.2006	17-11	2,19,37,500	1,00,00,000	Fazalwas
3.	P-5	18897	07.12.2006	12-17	1,66,87,500	1,03,89,105	Fazalwas
4.	P-10	-	25.07.2008	1-8	36,00,000	2,05,71,428	Fazalwas
Sale Deeds Produced by the HSIIDC:							
1.	R-4	-	20.12.2007	20-18	78,00,000	29,85,645	Fazalwas
2.	R-5	-	05.12.2007	1-6	4,35,000	26,76,923	Fazalwas

30. As mentioned earlier, this Court has found on several occasions that comparable sale deeds may only be considered if they pre-date the Section 4 Notification, which would consequently be truly reflective of the market value of the acquired land at the relevant time. Since the Section 4 Notification in the instant case was issued on 25.04.2008, it is apparent that, with the notable exception of Ex. P-10 dated 25.07.2008, none of the sale deeds produced on record fall beyond that pivotal date. Consequently, we cannot eliminate these sale exemplars on the ground of temporal proximity alone, except for Ex. P-10, which we are inclined to discard. Although a growing body of jurisprudence now favours considering even post-Section 4 Notification sale deeds with the appropriate deductions,[16] the instant case does not call for

[16] Chimanlal Hargovinddas v. Spl. LAO, Poona & anr., (1988) 3 SCC 751.

such a departure because several other sale transactions on record clearly satisfy the criteria of temporal proximity. Having sufficiently characterised this factual context, we now proceed to assess the correctness of the High Court's determination of compensation.

31. In undertaking this inquiry, we find it most appropriate to bifurcate the process of compensation determination, assessing the appropriate compensation for each of the aforementioned 'belts' separately and in turn:

D.2.2.1. The Outer Belt

32. We shall first consider the outer belt, wherein the High Court uniformly maintained the rates finalised by the Reference Court, i.e. at INR 62,14,121 per acre for all lands situated beyond a depth of 5 acres calculated from NH-8. It is best reiterated that to arrive at this figure, the High Court relied upon sale exemplar Ex. P-1 dated 05.06.2006, and applied a uniform escalation of 10% per annum on the same, apart from a 30% development cut. It merits noting that while strictly maintaining the Reference Court's award for the outer belt, the High Court commonly found that there existed no sound evidence on record that spoke about the true market value of these lands.

33. The first question that captures our attention is which sale deed should be considered as the most relevant sale exemplar for the purpose of assigning a fair market value to the outer belt. The relevant exemplars on record which may be examined are Ex. RW-1/2 dated 11.01.2007,

Ex. R-4 dated 20.12.2007, and Ex. R-5 dated 05.12.2007—as these parcels of land do not abut NH-8 or the KMP Expressway, and are also located in the interiors of either of these villages, thus most closely approximating the make-up of the outer belt.

34. We further find that Ex. RW-1/2 and Ex. R-5 merit rejection at the threshold. We say so in view of the well-settled principle that sale transactions involving smaller plots of land do not provide a reliable basis for valuing large-scale acquisitions.[17] The sale deeds in question pertain to plots measuring only 0.1625 acres each, a minute fraction of the vast tracts of land acquired in the present case. This conclusion is further reinforced by the fact that these sale deeds do not constitute the best available evidence, particularly when more appropriate and comparable sale transactions are available on record.

35. Likewise, we find Ex. R-4 to be unreliable, despite its apparent comparability. A brief examination of the relevant site plans and Khasra Nos. clearly establishes that the land covered under this sale deed is situated at a considerable distance from both NH-8 and the then-planned KMP Expressway. This distinguishing factor renders it unsuitable for determining the compensation for the lands acquired from Kukrola and Fazalwas, which enjoy significantly greater locational advantages. Accordingly, Ex. R-4 is also liable to be excluded from consideration.

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[17] Administrator General of West Bengal v. Collector, Varanasi, (1988) 2 SCC 150; ONGC Ltd. v. Rameshbhai Jivanbhai Patel, (2008) 14 SCC 745.

36. Having excluded the aforementioned sale deeds, we are left with the exemplar that was relied upon by both the Reference Court and the High Court, namely, Ex. P-1. Preliminarily, it is noteworthy that this sale deed pertains to the largest tract of land on record, measuring approximately 4.54 acres. Furthermore, a perusal of the site plans confirms that the land conveyed under this transaction not only abuts NH-8 but also extends significantly into the interiors of Kukrola. In our considered view, Ex. P-1 constitutes the best available evidence for determining compensation for the outer belt, a conclusion rightly arrived at by the High Court. This is particularly so given the admitted fact that no other comparable sale exemplar from the relevant time period exists for this region. Indeed, the Courts below have categorically found that no documentary evidence is produced to establish the prevailing market value of lands situated in the interiors of Kukrola and Fazalwas, as also pointed out earlier.

37. Having identified the relevant sale deed for analysis, we now turn to the correctness of the escalation rates applied by the High Court. This Court has consistently held that the determination of market value and corresponding compensation must necessarily factor in the escalation of land prices over time.[18] Given the inherently dynamic nature of real estate markets, any assessment of land value cannot remain static but must reflect prevailing economic conditions, infrastructural developments, and increasing demand. Accordingly, the application of

[18] A. Natesam Pillai v. Special Tahsildar, Land Acquisition, Tiruchy, 2010 INSC 494.

escalation rates serves the critical purpose of ensuring that landowners receive fair compensation aligned with actual market trends, rather than being constrained by outdated valuations.

38. In this instance, the significant temporal gap between the date of the selected sale deed and that of Section 4 Notification necessitates the application of an appropriate annual escalation to the sale price disclosed by the exemplar. This Court has previously sanctioned escalation rates ranging from 7.5% to 15%;[19] here, the High Court has applied a rate of 10%, which seems to be just and fair. It is pertinent to note that the lands in the subject villages were not centres of industrial activities prior to Section 4 Notification—except for a few small factories. The landowners, therefore, could not adduce any compelling evidence to the contrary before the Reference Court. Nonetheless, given the planning of the KMP Expressway, the proposed four-legged intersection between NH-8 and the KMP Expressway and other approach roads such as the MES-Air Force Road, it is inevitable that land prices in these areas would not remain stagnant. We, therefore, affirm the escalation rate of 10% applied over the chosen sale exemplar as a balanced and appropriate adjustment.

39. Lastly, we ought to also analyse the deductions made on the determined compensation, for the purposes of development—colloquially known as a 'development cut'. It goes without saying that to determine the market value of a large tract of undeveloped agricultural

[19] Valliyammal & Anr. vs Spl. Tahsildar (Laq) & Anr., (2011) 10 SCR 293.

land (with potential for development) from a sale exemplar of a smaller plot of land, deductions usually range from 20 to 75%.[20] That is not to say, however, that such cuts are mandatory in all factual scenarios. The rationale for applying such deductions is that smaller, developed plots typically command higher prices, whereas a larger tract of undeveloped land necessitates significant allocation for roads, parks, and essential services. These sale exemplars can thus be relied upon only after making appropriate deductions.[21]

40. The High Court has, *vide* the impugned judgment(s), levied a developmental cut of 30% on the acquired lands of Kukrola and Fazalwas. While doing so, the Court has made an interesting observation in the order pertaining to Kukrola:

> "***7.1 With regard to the land located in the interiors beyond the depth of 5 acres, some amount of deduction is required to be made in order to determine the true market value.*** *Therefore, 30% deduction as ordered by the RC is maintained, though, the reasons given by RC are different.* ***Though, this Court is not inclined to apply 30% development cut, however, keeping in view the fact that there is no evidence to prove the market value of the land located beyond the depth of 5 acres, therefore, going by the thumb rule, this Court applies 30% cut*** *and the assessment made by the RC at the rate of Rs.62,14,421/- is maintained.*"
>
> [Emphasis supplied]

41. Though the High Court has affirmed the 30% development cut without any supporting reasons and only as a thumb rule, there is notably no specific evidence led by the landowners to support the true price of the

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[20] Sajan v. State Of Maharashtra and ors., 2020 INSC 302; Lal Chand v. Union of India, (2009) 15 SCC 769.
[21] Chimanlal Hargovinddas v. Spl. LAO, Poona & anr., (1988) 3 SCC 751.

lands, apart from the factum that the subject-acquisition is quite sizeable. We, therefore, have no hesitation in upholding the reasonable deductions applied by the High Court.

42. In summary, we find no reason to interfere with the High Court's determination of compensation for the outer belt. The sale exemplar relied upon is both valid and comparable, while the escalation rate applied and the development cut levied are fair and reasonable. Accordingly, the compensation awarded for these lands warrants no modification.

D.2.2.2: The Inner Belt

43. We lastly turn to perhaps the most contentious issue in these batch of appeals, pertaining to the compensation awarded to the inner belt. In this vein, the High Court has deemed it fit to award differing compensations to landowners from Kukrola and Fazalwas at INR 87,34,885 and INR 1,21,00,000 per acre, respectively. It is thus apparent that the High Court considered it appropriate to award lands in the inner belt a premium, and interfered with the compensation awarded by the Reference Court to arrive at the final figure.

44. Having already laid out the relevant legal principles and guidelines, apart from having found that the compensation determination for both these villages must be at par, the short question that still remains for our consideration is as to which sale exemplar should be applied to the

inner belt, and what escalation rate or deductions should it be subjected to, to arrive at a fair and just final amount of compensation.

45. To that end, the sale deeds which merit our closer scrutiny are Ex. P-1 dated 05.06.2006, Ex. P-2 dated 13.04.2006, Ex. P-3 dated 07.12.2006, Ex. P-4 dated 04.12.2006, and Ex. RW-1/3 dated 12.11.2007—as these sale deeds abut the NH-8, similar to the geographical make-up of the lands in the inner belt.

46. We first turn to the sale deeds produced by HSIIDC *qua* Kukrola, i.e. Ex. RW-1/2 and RW-1/3, where lands were sold at rates approximating INR 18,46,153 and INR 25,00,689 per acre, respectively. Pertinently, the Reference Court ignored these sale exemplars due to the confines of Section 25 of the 1894 Act, while the High Court refused to rely upon the same as they were statedly on the other side of NH-8, thus disqualifying them from consideration. We are unable to foment agreement with either of these stances, as these findings are largely unsubstantiated.

47. The HSIIDC in this regard has vehemently urged that the aforementioned sale deeds were in all probability the basis of the LAC Award, who had granted compensation higher than that forming these transactions @ INR 30 lakhs per acre. It is thus claimed that that the market value assessed by the LAC deserves to be upheld, being just and fair.

48. Having bestowed our consideration to the reasons assigned by both the Courts for rejecting the sale deeds produced by HSIIDC *qua* Kukrola, we find that the same are not without their lacunae. Having said that, we are also unable to find these sale exemplars reliable for our present determination. We say so as one of the relied upon sale deeds, i.e. Ex. RW-1/2 showcases a transaction at the rate of INR 18,46,153 per acre for land that abuts NH-8, which seems *prima facie* unreliable as this area has otherwise yielded substantially higher prices.

49. Moreover, as already noted above, several dozen acres of land were acquired from village Kukrola alone through a common Section 4 Notification. In stark contrast, sale exemplars RW-1/2 and RW-1/3 both contemplate the sale of lands admeasuring a mere 0.1625 acres and 0.3625 acres, respectively. While sale deeds of substantially smaller plots generally depict higher prices, these sale deeds strangely carry compensation rates which are lower than even the LAC's Award. We are, therefore, not inclined to rely upon these exemplars as well.

50. It seems to us that these errant sale exemplars do not represent the true market value of the sold lands, especially when one considers the statutory criteria of assessment of market value as envisaged under the 1894 Act. The fact that these sale deeds reflect market valuations falling below even the compensation assessed by the LAC further reinforces our determination to exclude them entirely. We hold so also for the reason that the LAC's Award for both villages was based entirely on the Collector's rates, i.e., INR 30 lakhs per acre for all types of land.

It is well-established that the Collector's rates, often referred to as the statutory minimum, serve only as a baseline for compensation and should not ordinarily be relied upon as the sole basis for determining the Award.[22] In our considered view, these instances may have been distress sales or outliers, which cannot be relied upon for arriving at the rate of compensation with any modicum of certainty.

51. Having discarded the sale deeds HSIIDC sought to place reliance upon, we turn to the various exemplars proffered by the landowners before us, across both villages. A closer examination of the tables reproduced in paragraph 29 above provides that Ex. P-3 dated 07.12.2006 denoted the highest sale consideration, at INR 1,03,89,104 per acre, which should be the chosen sale exemplar considering the relevant principles elucidated hereinabove. We have also already put *quietus* on the issue of parity between the villages, and thus it is irrelevant that the parcel of land conveyed *vide* this deed lies in Kukrola or Fazalwas.

52. That being so, we are inclined to agree with the High Court's approach in the case of Fazalwas, where it chose to rely upon Ex. P-2 dated 13.04.2006 by virtue of which land abutting NH-8 was sold at INR 1,00,00,000 per acre. In other words, Ex. P-2 contemplates a marginally lower sale price than Ex. P-3. The reason for this preference lies squarely in the comparable sizes of these lands, with Ex. P-2 dealing with a larger plot of land, i.e. approx. 2.193 acres as compared to the approx. 1.606 acres conveyed by Ex. P-3.

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[22] Ranvir Singh v. Union of India, (2005) 12 SCC 59; Mehrawal Khewaji Trust v. State of Punjab (2012) 5 SCC 432.

53. As regards the escalation rates, we are again unable to find fault with the High Court's reasoning in the case of Fazalwas, which applied a generous escalation of 10% per annum, as there was a gap of about 2 years between the chosen sale exemplar and issuance of the Section 4 Notification in the present instance.

54. Finally, the HSIIDC has also pressed in aid the application of a development cut/deduction on the inner belt, which the High Court refused to apply. However, we are unable to concur with these submissions, and instead see eye-to-eye with the view taken by the High Court in the case of Kukrola. The inner belt—comprising lands abutting NH-8 up to a depth of 5 acres—already commands a premium due to its superior locational advantage and inherent development potential. The sale exemplars for this category reflect a market value that fully incorporates these advantages. Typically, a development cut is applied to account for the deficiencies or the cost of further development in undeveloped land. However, in this instance, the inner belt lands are broadly development-ready due to their proximity to major infrastructure, which naturally elevates their market value. As such, applying a development cut would unjustifiably reduce the compensation, failing to reflect the true, enhanced value of these lands. Consequently, we find no justification for imposing any development cut on the inner belt.

55. Before parting with the consideration of the various sale deeds, we may also at this stage note the submissions advanced on behalf of certain

villagers from Fazalwas, who seek to place additional sale deeds on record and benefit from the same. However, we decline to take any additional evidence on record, which comprises such sale instances which were never exhibited before the LAC or the Reference Court. It is also noteworthy that these novel sale deeds deal with exceptionally small parcels of land, thus necessarily fetching exorbitant prices and rendering them utterly unworkable for any valid comparative effort.

56. Considering the foregoing analysis, it is evident that the differential compensation awarded to Kukrola and Fazalwas for lands in the inner belt lacks a sound evidentiary basis and violates the principle of equal treatment for similarly situated landowners. The High Court's reliance on isolated sale exemplars, without sufficient justification for the disparity, cannot be sustained. Given the established principles that adjacent lands with comparable potential must be awarded parity in compensation, we find it appropriate to rectify this anomaly. Accordingly, the compensation for lands abutting NH-8 up to a depth of 5 acres in Kukrola is enhanced to INR 1,21,00,000 per acre, bringing it at par with Fazalwas. Thus, while the claims for enhancement beyond this rate stand rejected, the appeals concerning Kukrola's inner belt lands succeed to the extent indicated above.

E. CONCLUSION

57. For the afore-stated reasons, we partly allow the appeals preferred by the landowners from the village of Kukrola and modify the impugned

judgment of the High Court dated 30.05.2022, with the following directions:

i. The compensation granted for the 'outer belt', i.e. lands beyond 5 acres from NH-8 by the High Court at INR 62,14,121 per acre, is upheld;

ii. The compensation granted for the 'inner belt' i.e. lands situated in Kukrola and abutting the NH-8 up to a depth of 5 acres are awarded parity with that of village Fazalwas, i.e. INR 1,21,00,000 per acre.

58. The appeals preferred by the landowners of village Fazalwas, and those preferred by the State of Haryana/HSIIDC are dismissed on merits.

59. The instant appeals are thus disposed of in the above terms.

60. Consequently, pending interlocutory applications, if any, are also disposed of.

61. Ordered accordingly.

.....J.
(SURYA KANT)

.....J.
(UJJAL BHUYAN)

NEW DELHI
DATED: 07.05.2025