

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS.7095-7096 OF 2026  
(Arising out of S.L.P.(Civil) Nos.27189-27190 of 2019)

GURDEEP KAUR (SINCE DECEASED) THROUGH  
LRS. & ORS. ETC. ... APPELLANT(S)

VS.

SECRETARY TO GOVERNMENT DEPARTMENT OF  
IRRIGATION AND POWER PUNJAB & ORS. ... RESPONDENT(S)

WITH

CIVIL APPEAL NO.7097 OF 2026  
(Arising out of S.L.P.(Civil) No.7799 of 2020)

CIVIL APPEAL NO.7098 OF 2026  
(Arising out of S.L.P.(Civil) No.6062 of 2021)

CIVIL APPEAL NOS.7099-7105 OF 2026  
(Arising out of S.L.P.(Civil) Nos.29030-29036 of 2019)

O R D E R

1. Leave granted.
2. Heard Mr. Sanjay R.Hegde, learned senior counsel and Ms. Neelam Kalsi, learned counsel appearing for the appellants. As far as Civil Appeal arising out of SLP (Civil) No.7799 of 2020 is concerned, none appeared for the appellants. We have also heard Ms. Aishwarya Bhati, learned Additional Solicitor General appearing for

respondent No.2-Power Grid Corporation of India Limited (PGCIL), the beneficiary.

3. A common question arises in all these appeals, namely, whether the High Court was justified in applying 60% deduction on account of development and smallness on the exemplar value of Rs.15,68,000/- (Exh.P-3-Sale Deed).

4. The brief facts, essential for the disposal of these appeals, are as follows:

5. On 4<sup>th</sup> August, 1995 a Section 4 Notification under the Land Acquisition Act, 1894 (for short, "the Act") simultaneously invoking the emergency powers under Section 17 of the Act was issued by the first respondent-State. The Notification proposed the acquisition of land admeasuring 98 acres (783 Kanals 14 marlas) for public purpose of construction of a 400/220 KV Sub-Station at Kartarpur by respondent No.2/PGCIL. The Sub-Station was to be constructed about four kms. away from Kartarpur, Near Jalandhar, Punjab. This was followed by a Section 6 Notification on 9<sup>th</sup> February, 1996.

6. On 26<sup>th</sup> March, 1997, the Land Acquisition Officer (for short, "the LAO") passed an Award prescribing the per acre value at Rs.3,00,000/-. Apart from this, provision for employment of one member of the land losing family and additional compensation for cases of substantial acquisition were also made.

7. Being aggrieved and dissatisfied with the Award, the appellants sought a Reference under Section 18 of the Act. The Additional District Judge enhanced the compensation to Rs.4,00,000/- per acre for the lands adjoining Jalandhar-Amritsar road and Rs.3,60,000/- per acre for others. The matter was carried further in appeals under Section 54 of the Act by the land-losers.

8. By the impugned order, the High Court after analyzing different exemplars zeroed in on Exh.P-3 which was a transaction dated 10<sup>th</sup> March, 1995 where one Kanal land was sold for Rs.1,96,000/-. Adopting this exemplar, the High Court arrived at a per acre rate of Rs.15,68,000/- as the base figure. Till this point, there is no controversy between the parties.

9. The High Court after adopting Exh.P-3 as the exemplar, in the penultimate paragraph of the judgment while applying 60% cut for both development and smallness and after relying on the judgment of this Court in the case of *Chandrashekar (Dead) by Lrs. & Ors. v. Land Acquisition Officer & Anr.*<sup>1</sup> held as under:

“Thus, keeping in view the close proximity and the fact that there was a cold storage in proximity and housing colony opposite the road and the potentiality of the land, this Court is of the opinion that appropriate deduction should have been applied on the same exemplar dated

1. (2012) 1 SCC 390

10.03.1995. Keeping in view the judgment of the Apex Court in Chandrashekar (D) by Lrs. & others Vs. Land Acquisition Officer & Another 2012 (1) SCC 390 whereby it has been held that deduction could go upto 75%, this Court deems it fit to place a cut of 60% on both accounts (development and smallness) on Rs.15,68,000/- (Ex.P-3) and the amount works out to Rs.9,46,800/-. Therefore, the market value of the land acquired works out @ Rs.6,27,200/- per acre along with all statutory benefits. The said amount of compensation would offset and being inclusive of damages which has been suffered by the landowners, as has also been noticed by the LAC. The present appeals, filed by the landowners are, accordingly, partly allowed, to the above extent."

10. It is this finding which is the bone of contention between the parties here. Mr. Sanjay R.Hegde, learned senior counsel submitted that 60% deduction was on the higher side. According to the learned senior counsel for erecting a Sub-Station, there is no need to set apart large extents of land or to incur expenditure thereon. Learned senior counsel suggested that this Court has allowed development charges up to 67% where the acquisition is for public purpose involving a residential colony where provision will have to be made for roads, electricity, parks, open areas and so on.

11. On the other hand, Ms. Aishwarya Bhati, learned Additional Solicitor General (ASG) appearing for respondent No.2-PGCIL invited the attention of the Court to the counter affidavit filed by the PGCIL wherein it was averred in paragraph 6.14 as under:

“That the answering Respondent is required to construct the Substation as per the Safety standards and guidelines. Moreover, basic civic amenities, roads, parks etc. are required for office complex and residential colony constructed for the staff and their families. Therefore, the cost incurred by the answering respondents for development is significantly high.”

12. Learned ASG submitted that along with the Sub-Station, a whole township was to come up and indeed has come up consisting of office complex and residential colonies. Learned ASG submitted that civic amenities, roads, parks were required to be provided for and that the cost incurred for development was significantly high. Learned ASG also referred to the Award passed by the LA0 wherein apart from monetary compensation, PGCIL was asked to employ one member from each of the families whose land has been acquired. Not only this, landowners whose total or more than  $\frac{3}{4}$  of land were acquired, were awarded extra

compensation of damages @ 10,000/- per acre of land. Apart from this, severance compensation at Rs.10,000/- per acre for the land left from acquisition was also awarded, if the land left behind was less than 2 acres, as it will not be viable for agriculture.

13. Learned ASG also submitted that Award had directed 100 meters wide strip of acquired land along the G.T.Road was to be kept vacant. Since this would not serve any purpose, PGCIL offered to de-notify the 100 meters wide strip along G.T.Road subject to the landowners giving an undertaking that they will not build high rise building as clear path was required for out going power lines. However, since none of the agriculturists gave such an undertaking, the land remained with PGCIL and they have now been compelled to keep 72,828 sq. meters (144 Kanals) as a vacant green area.

14. We have considered the rival submissions. In *Chandrashekar's* case (supra), the judgment relied upon by the High Court this Court explaining the rationale behind the provision for development charges observed as under in 19.1 and 19.2:

"19.1. *Firstly*, space/area which would have to be left out, for providing indispensable amenities like formation of roads and adjoining pavements, laying of sewers and rain/flood water drains, overhead water tanks and water lines, water and effluent treatment plants, electricity sub-stations, electricity lines and street

lights, telecommunication towers, etc. Besides the aforesaid, land has also to be kept apart for parks, gardens and playgrounds. Additionally, development includes provision of civic amenities like educational institutions, dispensaries and hospitals, police stations, petrol pumps etc. This "first component" may conveniently be referred to as deductions for keeping aside area/space for providing developmental infrastructure.

19.2 *Secondly*, deduction has to be made for the expenditure/expense which is likely to be incurred in providing and raising the infrastructure and civic amenities referred to above, including costs for levelling hillocks and filling up low-lying lands and ditches, plotting out smaller plots and the like. This "second component" may conveniently be referred to as deductions for developmental expenditure/expense."

15. Further in paragraph 26, it held that the development charge up to an upper benchmark of 67% would be permissible and for the remaining deduction, the range would be up to 8%. Paragraph 26 is set out herein below:

"26. Another aspect of this matter must also be kept in mind. Market value based on an exemplar sale, from which a deduction in excess of 75% has to be made, would not be a relevant sale transaction to be taken into consideration, for determining the compensation of the acquired land. In such a situation the exemplar land and

the acquired land would be incomparable, and therefore, there would be no question of applying the market value of one (exemplar sale) to determine the compensation payable for the other (acquired land). It however needs to be clarified, that even though on account of developmental activities (under the head "development"), we have specified the upper benchmark of 67%, it would seem, that for the remaining deduction(s), the permissible range would be upto 8%. That however is not the correct position. The range of deductions, other than under the head "development", would depend on the facts and circumstances of each case. Such deductions, may even exceed 8%, but that would be so only, where deductions for developmental activities (under the head "development") is less than 67% i.e. as long as the cumulative deductions do not cross the upper benchmark of 75%. We therefore hold, that the range for deductions, for issues other than developmental costs, would depend on the facts and circumstances of each case, they may be 8%, or even the double thereof, or even further more, as long as, cumulatively all deductions put together do not exceed the upper benchmark of 75%."

16. It will be noticed that as observed in paragraph 19.1, in acquisitions where lands have to be left out for pavements, laying of sewers, street lights, parks, gardens and playgrounds, development charges could be provided for. As is clear from paragraph 19.2 of *Chandrasekhar's* case (supra), the expenditure also is

likely to be incurred for raising infrastructure and civic amenities. Both these factors exist in the case at hand, as is clear from the facts discussed earlier in the judgment.

17. Further in *Subh Ram & Ors. v. State of Haryana & Anr.*<sup>2</sup>, a judgment cited by the learned ASG, it has been held in paragraphs 11, 14, 15 and 16 as under:

“11.What is the concept of deduction of development cost to arrive at market value? If the market value of a large tract of agricultural and or undeveloped non-agricultural land possessing potential for development is to be determined with reference to the market value of a small residential plot situated in a neighbouring residential layout, it becomes necessary to work back the market value of the large tract of undeveloped land from the market value of the small residential plot. This is because the value of one square yard of undeveloped land is not the same as one square yard of developed residential plot. If there is a large tract of agricultural or undeveloped land, obviously the entire extent cannot be sold as residential plots. If the agricultural or undeveloped land has to be sold as residential plots, it is first necessary to make a layout of plots in such land. This would mean that a provision will have to be made for roads to provide access to each plot in the layout.

2. (2010) 1 SCC 444

14. But merely deducting the areas required for roads, drains, parks and community areas, will not convert a large tract of agricultural or undeveloped land into a developed residential layout. For that, considerable financial outlay has to be made. The land will have to be levelled. The land will have to be converted from agricultural use to non-agricultural residential use by paying necessary fees/fine to the Revenue/development authorities. Then the roads will have to be asphalted or concreted. Drains will have to be dug and lined with reinforced cement concrete or stone, for drainage of rainwater. Electricity, water, and sewage lines will have to be laid. Deposits will have to be made to the authorities dealing with electricity, water and sewage removal. The development will also involve the service of surveyors, engineers and developers. All these involve considerable expenditure. Further, as there will be a time gap between the expenditure for development and the actual sale of plots, the cost of development will also have an element of interest on investment. The developer who undertakes the development and invests the monies for development would also expect a reasonable profit when the plots are sold. All these expenditure and factors are standardised into another one-third (33%) deduction towards expenses of development.

15. Thus, if the valuation of a large extent of agricultural or undeveloped land is to be based

on the sale price of a small developed plot in a private layout, then the standard deductions should be one-third (for roads, etc.) plus one-third (for expenditure of development), in all two-thirds (or 67%), as "development cost" from the value of small plot. The percentage of deduction may however vary between 20% to 75% depending on several circumstances.

16. Therefore, when deduction is made from the value of a small residential plot towards the development cost, to arrive at the value of a large tract of agricultural or undeveloped land with development potential, the deduction has nothing to do with the purpose for which the land is acquired. The deduction is with reference to the price of the small residential plot, to work back the value of the large tract of undeveloped land. On the other hand, where the value of acquired agricultural land is determined with reference to the sale price of a neighbouring agricultural land, no deduction need be made towards "development cost".

18. Mr. Sanjay R. Hegde, learned senior counsel for the appellants on the other hand sought to rely on the judgments of this Court in *Chimanlal Hargovinddas v. Special Land Acquisition Officer, Poona & Anr.*<sup>3</sup> And *Lal Chand v. Union of India & Anr.*<sup>4</sup>. Both these judgments do not detract from the concept of deduction for development charges.

3 (1988) 3 SCC 751

4 (2009) 15 SCC 769

19. Applying the law to the facts on hand, we find that the High Court has not committed any error in prescribing the deduction for development and smallness at 60% on the exemplar value of Rs.15,68,000/- per acre and fixing the compensation payable at Rs.6,27,200/- per acre. We also find no illegality in the impugned order of the High Court having denying the interest for the period of delay to the parties who had approached the Court belatedly.

20. For the reasons stated above, we find no merit in these appeals. The appeals are accordingly dismissed.

21. There will be no order as to costs.

.....J.  
(K.V.VISWANATHAN)

.....J.  
(NONGMEIKAPAM KOTISWAR SINGH)

NEW DELHI;  
May 07, 2026

S U P R E M E C O U R T O F I N D I A  
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s).27189-27190/2019

[Arising out of impugned final judgment and order dated 22-07-2019 in RFA Nos.1652/2004 and 2339/2004 passed by the High Court of Punjab & Haryana at Chandigarh]

GURDEEP KAUR (SINCE DECEASED) THROUGH LRS.  
& ORS. ETC.

Petitioner(s)

VERSUS

SECRETARY TO GOVERNMENT DEPARTMENT OF  
IRRIGATION AND POWER PUNJAB & ORS.

Respondent(s)

(IA No. 21313/2025 - ADDITION / DELETION / MODIFICATION PARTIES  
IA No. 158887/2024 - ADDITION / DELETION / MODIFICATION PARTIES  
IA No. 63488/2020 - EXEMPTION FROM FILING AFFIDAVIT  
IA No. 158871/2024 - EXEMPTION FROM FILING O.T.  
IA No. 291895/2024 - PERMISSION TO FILE ADDITIONAL  
DOCUMENTS/FACTS/ANNEXURES  
IA No. 158870/2024 - PERMISSION TO FILE ADDITIONAL  
DOCUMENTS/FACTS/ANNEXURES)

WITH SLP(C) No. 7799/2020

(IA No. 35234/2020 - APPLICATION FOR IMPLEADMENT  
IA No. 99955/2020 - EXEMPTION FROM FILING AFFIDAVIT)

SLP(C) No. 6062/2021

(IA No. 94214/2025 - APPLICATION FOR SUBSTITUTION  
IA No. 65702/2021 - EXEMPTION FROM FILING AFFIDAVIT)

SLP(C) No. 29030-29036/2019

(IA No. 158482/2024 - ADDITION / DELETION / MODIFICATION PARTIES  
IA No. 21730/2025 - ADDITION / DELETION / MODIFICATION PARTIES  
IA No. 67119/2024 - APPLICATION FOR CONDONATION OF DELAY IN FILING  
THE APPLICATION FOR SETTING ASIDE THE ABATEMENT  
IA No. 245967/2023 - APPLICATION FOR SUBSTITUTION  
IA No. 148132/2022 - APPLICATION FOR SUBSTITUTION  
IA No. 148133/2022 - CONDONATION OF DELAY IN FILING SUBSTITUTION  
APPLN.  
IA No. 50700/2024 - DELETING THE NAME OF PETITIONER/RESPONDENT  
IA No. 61881/2020 - EXEMPTION FROM FILING AFFIDAVIT  
IA No. 158965/2024 - EXEMPTION FROM FILING O.T.  
IA No. 158964/2024 - PERMISSION TO FILE ADDITIONAL  
DOCUMENTS/FACTS/ANNEXURES  
IA No. 67118/2024 - SETTING ASIDE AN ABATEMENT

IA No.50700/2024 - FOR DELETING THE NAME OF PETITIONER/RESPONDENT)

Date : 07-05-2026 These matters were called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE K.V. VISWANATHAN  
HON'BLE MR. JUSTICE NONGMEIKAPAM KOTISWAR SINGH

For Petitioner(s) :

Mr. Sanjay R. Hegde, Sr. Adv.  
Mrs. Neelam Kalsi, Adv.  
Mr. Raj Vir Singh, Adv.  
Mr. Anil Kumar, AOR  
Mr. Ankit Tiwari, Adv.  
Mr. Ashish Kumar, Adv.  
Mr. Tanay Hegde, Adv.  
Mr. Ayush Kumar Sharma, Adv.

Mrs. Neelam Kalsi, Adv.  
Mrs. Rani Chhabra, AOR

Mr. Subhasish Bhowmick, AOR (Not present)

For Respondent(s) :

Ms. Aishwarya Bhati, A.S.G.  
Mr. Somesh Chandra Jha, AOR  
Mr. Anand Kumar Singh, Adv.  
Mr. Animesh Rajoriya, Adv.  
Ms. Nilanjani Tandon, Adv.

Mr. Vivek Jain, A.A.G.  
Mr. Karan Sharma, AOR

UPON hearing the counsel the Court made the following  
O R D E R

1. The applications for deletion are allowed at the risk and cost of the petitioners.
2. Delay condoned in filing applications for substitution.

3. Applications for substitution are allowed after setting aside abatement.
4. Application for impleadment is allowed.
5. Cause title be amended accordingly.
6. Leave granted.
7. The appeals are dismissed in terms of the signed order.
8. Pending applications shall also stand disposed of.

(ANITA MALHOTRA)  
AR-CUM-PS

(MANOJ KUMAR)  
COURT MASTER

(Signed order is placed on the file.)