

(2012) 02 SC CK 0059

In the Supreme Court Of India

Case No : C.A. No. 1930 of 2012 (Arising from SLP (C) No. 24972 of 2005) ,
C.A. No. 1931 of 2012 (Arising from SLP (C) No. 25309 of 2005) ,
C.A. No. 1932 of 2012 (Arising from SLP (C) No. 4059 of 2006) and
Compt. Petition (C) No. 312 of 2007 in SLP (C) No. 25309 of

B. Anjanappa and Others

APPELLANT

Vs

Vyalikaval House Building Co-operative Society Limited and
Others

RESPONDENT

Date of Decision : 07-02-2012

Acts Referred:

Bangalore Development Authority Act, 1976 — Section 15, 15(1), 15(2), 15(3), 16
Companies Act, 1956 — Section 3
Contract Act, 1872 — Section 23
Karnataka Housing Board Act, 1962 — Section 18
Land

Citation : (2012) 5 KarLJ 462 : (2013) 2 MhLj 10 : (2013) 1 MPLJ 515 : (2013)
1 RCR(Civil) 933 : (2012) 2 SCALE 504 : (2012) 10 SCC 184

Hon'ble Judges : Sudhansu Jyoti Mukhopadhyaya, J;G.S. Singhvi, J

Bench : Division Bench

Final Decision : Disposed Of

Judgement

1. Leave granted.

2. These appeals are directed against judgment dated 6.10.2005 of the Division Bench of the Karnataka High Court, whereby writ appeals tiled by the Appellants against order dated 9.3.2004 passed by the learned Single Judge in Writ Petition No. 27205 of 2001 were dismissed.

3. For the sake of convenience, we have taken the facts from the appeal arising out of SLP (C) No. 24972/2005.

4. By Notification dated 22.12.1984 issued u/s 4(1) of the Land Acquisition Act, 1894 (for short, 'the Act'), the State Government proposed the acquisition of 165 acres. 30 gunthas land of Nagavara and other villages for the benefit of Respondent No. 1. The declaration u/s 6(1) of the Act was issued on 21.2.1986.

Some of the landowners filed writ petitions for quashing the two notifications by contending that the acquisition was not for a public purpose and that the proceedings were vitiated due to arbitrariness and malafides. The writ petitions were allowed by the Division Bench of the High Court by detailed judgment titled *Narayana Reddy v. State of Karnataka*, ILR 1991 Karnataka 2248. In its judgment, the Division Bench considered the acquisition of land made in favor of seven housing societies by different notifications issued between 1984 and 1988 and declared that the acquisition proceedings were vitiated due to arbitrariness, malafide and violation of the provisions of the Act. In paragraphs 25 to 28 of the judgment, the Division Bench of the High Court specifically adverted to the case of Respondent No. 1 and found serious violations of the provisions of the Karnataka Co-operative Societies Act, 1959 and held that Respondent No. 1 had succeeded in securing the acquisition of land despite these violations. The Division Bench also referred to Section 23 of the Contract Act, judgment of this Court in *Rattan Chand Hira Chand Vs. Askar Nawaz Jung (Dead) by Lrs and Others*, and held as under:

Applying the ratio of the above judgment, there can be no doubt that the Agreements entered into between the six Respondent-Societies and their respective agents in which one of the condition was payment of huge sums of money by the Society to the agent in consideration of which the agent had to get the Preliminary and final Notifications issued by the Government, was for the purpose of influencing the Government and to secure approval for acquisition of the lands and therefore opposed to public policy.

The question however, for our consideration is, whether the impugned Notifications are liable to be quashed. In our opinion, once it is clear that the Agreement entered into between the Societies and the agents concerned, under which the purport of one of the clauses was that the agent should influence the Government and to procure Preliminary and Final Notifications under Sections 4 and 6 of the Act respectively are opposed to public policy, the impugned Notifications being the product or fruits of such an agreement are injurious to public interest and detrimental to purity of administration and therefore cannot be allowed to stand. As seen from the findings of G.V.K. Rao Inquiry Report, in respect of five Respondent-Societies and the report of the Joint Registrar in respect of Vyalikaval House Building Cooperative Society, these Societies had indulged in enrolling large number of members illegally inclusive of ineligible members and had also indulged in enrolling large number of bogus members. The only inference that is possible from this is that the office bearers of the Societies had entered into unholy alliance with the respective agents for the purpose of making money, as submitted for the Petitioners. Otherwise, there is no reason as to why such an Agreement should have been brought about by the office bearers of the Society and the agents. Unless these persons had the intention of making huge profits as alleged by the Petitioners, they would not have indulged in entering into such Agreements and would not have indulged in enrolment of ineligible and bogus members. The circumstance that without

considering all these relevant materials the Government had accorded its approval, is sufficient to hold that the agents had prevailed upon the Government to take a decision to acquire the lands without going into all those relevant facts. The irresistible inference flowing from the facts and circumstances of these cases is, whereas the power conferred under the Land Acquisition Act is for acquiring lands for carrying out housing scheme by a housing society, in each of the cases the acquisition of lands is not for a bona fide Housing Scheme but is substantially for the purpose of enabling the concerned office bearers of Respondent-Societies and their agents to indulge in sale of sites in the guise of allotment of sites to the Members/Associate Members of the Society and to make money as alleged by the Petitioners and therefore it is a clear case of colourable exercise of power. Thus the decision of the Government to acquire the lands suffers from legal mala fides and therefore the impugned Notifications are liable to be struck down.

5. Some of the housing societies affected by the judgment of the Division Bench filed appeals, which were dismissed by the three Judge Bench in H.M.T. House Building Co-operative Society Vs. Syed Khader and others, (for short, 'the 1st HMT case'). This Court referred to the provisions of Sections 3(c) and (f), 39 and 40 of the Act and held that in the absence of an approval by the State Government of the housing schemes framed by the cooperative societies, the acquisition of land for their benefit cannot be treated as one made for a public purpose within the meaning of Section 3(f)(vi) of the Act.

6. The appeal filed by Respondent No. 1 and some other housing societies were dismissed by the three Judge Bench vide judgment titled H.M.T. House Building Co-operative Society Vs. M. Venkataswamappa and others, (for short, the 2nd HMT case). In paragraphs 3 and 4 of the 2nd HMT case, the three Judge Bench took cognizance of the findings recorded by the High Court as to how Respondent No. 1 succeeded in influencing the State apparatus to facilitate the acquisition of land and how huge amounts were paid for that purpose. The attempt made by the learned senior counsel appearing for Respondent No. 1 to distinguish the 1st HMT case was repelled by the three Judge Bench. This is evident from paragraphs 3 and 4 of the judgment, which are extracted below:

3. Lands on basis of the notifications issued under Sections 4(1) and 6(1) of the Land Acquisition Act, had been acquired for the Petitioner-House Building Society, treating the said acquisition to be for a public purpose. No order of the State Government as required by Section 3(f)(vi) granting prior approval for acquisition of the lands in question for the housing scheme of the Petitioner-Society has been produced. The Petitioner-Society had also entered into an agreement with the contractor more or less on the same terms and conditions as was in the case of HMT House Building Cooperative Society, assuring that the lands in question shall be acquired on basis of the notification issued by the State Government under Sections 4(1) and 6(1) of the Act. The High Court in its impugned judgment has given details of the allegations made against the Petitioner-Society regarding collection of huge amounts from different applicants

for site who were not even members of the Society and how the Society had entered into an agreement with agents, who with their influence have got the lands acquired. The High Court has also referred to an advertisement issued by the Petitioner-Society inviting persons who want to have mansions in the city of Bangalore. It also gave the name and address of a representative at Dubai. On basis of the aforesaid materials, the High Court has come to the conclusion that the society itself was not a bona fide House Building Society. The High Court has also recorded a finding that the notifications under Sections 4(1) and 6(1) of the Act had been issued at the instance of the agents appointed by the Petitioner-Society, to whom huge amounts had been paid for influencing the Government to issue the aforesaid notifications. Mr. Ramaswamy, appearing for the Petitioner-Society purported to distinguish this case on facts from the case of HMT House Building Cooperative Society. But according to us, the facts of the present case are similar to the case of HMT House Building Cooperative Society and there is no scope to interfere with the order of the High Court, quashing the notifications under Sections 4(1) and 6(1). Accordingly, the special leave petitions filed on behalf of the Petitioner-Society are dismissed. No costs.

4. In the appeals arising out of SLPs (C) Nos. 11482-90 of 1991, after the dismissal of the appeals a direction has been given that as a result of the quashing of the land acquisition proceedings including the notifications in question, the possession of the land shall be restored to the respective landowners irrespective of the fact whether they had challenged the acquisition of their lands or not. A further direction has been given that on restoration of the possession to the landowners, they shall refund the amounts received by them as compensation or otherwise in respect of their lands. We issue a similar direction even in this case. The Petitioner, the Respondents and the State Government including all authorities/persons concerned shall implement the aforesaid directions at an early date.

7. After the judgments of this Court in the 1st and 2nd HMT cases, the Council of Ministers of Karnataka took a policy decision on 30.12.1997 that the house building cooperative societies should be discouraged to seek acquisition of land through the State machinery and they should directly negotiate with the farmers for that purpose. The Council of Ministers also decided that the Government can consider such transactions only for the purpose of grant of exemption under the Land Reforms Act. As a sequel to the Government decision, Circular dated 23.1.1998 was issued by Principal Secretary, Revenue Department, Bangalore, the concluding paragraph whereof is extracted below:

It is hereby directed that in future the acquisition proceedings of the House Building Co-operative Societies shall not be forwarded to the Government. Therefore, I hereby directed you to inform you that in future it is hereby directed you inform all the House Building Co-operative Societies who have made representations to the Government and to other House Building Co-operative Societies.

Undeterred by adverse judgments of the High Court and this Court and the decision of the Council of Ministers, Respondent No. 1 succeeded in persuading the Additional Registrar of Cooperative Societies to submit proposal dated 23.6.1999 for the re-acquisition of land, which was subject matter of earlier litigation. On 5.7.1999, Deputy Secretary to Government, Revenue Department (Land Acquisition) made an endorsement giving an impression that the State Government has approved the re-acquisition of 65.33 acres of land u/s 3(f)(vi) of the Act of Nagavara village. Immediately thereafter, Special Deputy Commissioner, Bangalore issued Notification dated 28.7.1999 which was published in Karnataka State Gazette dated 29.7.1999 u/s 4(1) of the Act.

8. Apprehending that they will be deprived of their land for the benefit of Respondent No. 1, some of the Appellants filed Writ Petition Nos. 30629 and 30630 of 1999 for quashing Notification dated 28.7.1999. The same were dismissed by the learned Single Judge of the High Court as premature vide his order dated 27.10.1999. However, liberty was given to the writ Petitioners to raise all contentions before the authorities holding enquiry u/s 5-A of the Act. The learned Single Judge also allowed four weeks' time from the date of order for the purpose of filing objections. This is evident from paragraph 3 of order dated 27.10.1999, which is extracted below:

3) Petitioners are permitted to raise all contentions taken before this Court before the authorities holding the enquiry u/s 5(A) of the Land Acquisition Act. Such of those Petitioners who have not filed their objections to the 4(1) Notification, are permitted to file the same within four(4) weeks from today and if it is filed, the authorities shall take it on record and enquiry in accordance with law.

9. The aforesaid order was affirmed by the Division Bench of the High Court in Writ Appeal Nos. 488-492 of 2000, which were disposed of on 19.6.2000.

10. However, even before the expiry of the period within which the landowners could file objections, Respondent No. 1 succeeded in persuading the then Revenue Minister of State to issue a direction on 20.11.1999 to the concerned authorities to issue final notification. This directive reduced the exercise required to be undertaken by the competent authority u/s 5A(1) read with Section 5A(2) to an empty formality.

11. The Special Land Acquisition Officer performed the ritual of sending report dated 29.02.2000. At that stage, the State Government appears to have been apprised of the correct legal and factual position and therefore. Notification dated 4.6.2001 was issued incorporating the decision of the State Government not to proceed further with the acquisition proceedings and to cancel Notification dated 28.7.1999.

12. Respondent No. 1 challenged Notification dated 4.6.2001 in Writ Petition No. 27205 of 2001 and prayed for issue of a mandamus to the State Government to proceed with the acquisition of land from the stage it was stopped. The State

Government and other official Respondents contested the writ petition by relying upon the earlier orders and judgments of the High Court and also pleaded that the State Government had not granted permission for the acquisition of land, the concerned authority had issued Notification dated 28.7.1999, which was cancelled in view of the policy decision taken by the Council of Ministers.

13. The learned Single Judge relied upon the direction given by the Revenue Minister and treated the same as the decision of the State Government in terms of Clause 66 of the Karnataka Government (Transaction of Business) Rules, 1977. The learned Single Judge discarded the decision of the Council of Ministers by observing that the xerox copies of the documents produced by the Government counsel do not show that any policy decision had been taken by the State Government not to acquire land for the benefit of the society. The learned Single Judge also held that endorsement dated 5.7.1999 was an approval of the State Government u/s 3(f)(vi) of the Act. Accordingly, he allowed the writ petition, quashed Notification dated 4.6.2001 and issued a mandamus to the official Respondents to proceed with the acquisition from the stage at which it was stopped and to complete the same by issuing notification u/s 6(1).

14. The Appellants, who were directly affected by the mandamus issued by the learned Single Judge, challenged his order in a batch of writ appeals. The Division Bench of the High Court dismissed the appeals by recording detailed reasons, which are ex facie inconsistent with the earlier judgment of the Division Bench in Narayana Reddy's case and the judgments of this Court in the 1st and 2nd HMT Cases. The Division expressed agreement with the learned Single Judge that the direction issued by the Revenue Minister on 20.11.1999 was valid and held that the learned Single Judge did not commit any error by issuing a mandamus for completion of the acquisition proceedings.

15. We have heard Shri P.P. Rao, learned senior counsel appearing for the Appellants in the Civil Appeal arising from SLP (C) No. 24972 of 2005, Ms. Kiran Suri, Learned Counsel for the Appellants in the Civil Appeal arising from SLP (C) No. 25309 of 2005, Shri Rajesh Mahale, Learned Counsel for the Appellants in the Civil Appeal arising from SLP (C) No. 4059 of 2006 and Shri S.N. Bhat, Learned Counsel for Respondent No. 1 and carefully scrutinised the record.

16. One of the questions which arises for consideration in these appeals is whether the acquisition of the Appellants' land was for a public purpose as defined in Section 3(f)(vi) of the 1894 Act. That Section reads thus:

3(f)(vi) the provision of land for carrying out any educational, housing, health or slum clearance scheme sponsored by Government or by any authority established by Government for carrying out any such scheme, or with the prior approval of the appropriate Government, by a local authority, or a society registered under the Societies Registration Act, 1860 (21 of 1860), or under any corresponding law for the time being in force in a state, or a co-operative society within the meaning of any law relating to co-operative societies for the time

being in force in any State.

17. In the 1st HMT case, one of the questions considered by the three Judge Bench was whether the acquisition was for a public purpose and it was held that in the absence of approval by the State Government of the housing scheme framed by the society, land cannot be acquired by issuing notification u/s 4(1) and declaration u/s 6(1). The relevant portions of that judgment are extracted below:

12. There is no dispute that the society with which we are concerned shall not be covered by the expression "corporation owned or controlled by the State", because the said expression shall include a cooperative society, being a cooperative society in which not less than 51 per centum of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments.

13. The substituted definition of the expression "company" in Section 3(e)(iii) will certainly include the Appellant-Society. The substituted definition of the expression 'company' shall include cooperative society, within the meaning of any law relating to cooperative societies other than those referred to in Clause (cc) of Section 3 of the Act. Such cooperative society shall be deemed to be a company, to which provisions of Chapter VII relating to acquisition of land for company shall be applicable.

14. In view of the substituted definition of the expression "public purpose", in Section 3(f)(vi), the provision for carrying out any housing scheme sponsored by the Government or by any authority established by Government for carrying out any such scheme shall be deemed to be a "public purpose". It further says that the provision of land for carrying out any housing scheme with prior approval of the State Government by a cooperative society within the meaning of any law relating to cooperative societies for the time being in force in any State, shall be deemed to be a "public purpose". As such for any housing cooperative society lands can be acquired by the appropriate Government, treating the same as acquisition for the public purpose. But, in that event, there has to be a prior approval of such scheme by the appropriate Government. When the lands are acquired for any cooperative society with prior approval of the scheme by the State Government, there is no question of application of the provisions of Part VII of the Act. Such acquisition shall be on the mode of acquisition by the appropriate Government for any public purpose.

18. Now the question which is to be answered is as to whether in view of the definition of "public purpose" introduced by the aforesaid Amending Act 68 of 1984 in Section 3(f)(vi), is it open to the appropriate Government to acquire land for cooperative society for housing scheme without making proper enquiry about the members of the society and without putting such housing cooperative society to term in respect of nature of construction, the area to be allotted to the

members and restrictions on transfer thereof?

19. According to us, in Section 3(f)(vi) the expression 'housing' has been used along with educational and health schemes. As such the housing scheme contemplated by Section 3(f)(vi) shall be such housing scheme which shall serve the maximum number of members of the society. Such housing scheme should prove to be useful to the public. That is why Parliament while introducing a new definition of "public purpose", said that any scheme submitted by any cooperative society relating to housing, must receive prior approval of the appropriate Government and then only the acquisition of the land for such scheme can be held to be for public purpose. If requirement of Section 3(f)(vi) is not strictly enforced, every housing cooperative society shall approach the appropriate Government for acquisition by applying Section 3(f)(vi) instead of pursuing the acquisition under Part VII of the Act which has become more rigorous and restrictive. In this background, it has to be held that the prior approval, required by Section 3(f)(vi), of the appropriate Government is not just a formality; it is a condition precedent to the exercise of the power of acquisition by the appropriate Government for a housing scheme of a cooperative society.

18. The issue was recently considered in Civil Appeal Nos. 7425-26 of 2002 - Bangalore City Cooperative Housing Society Ltd v. State of Karnataka and Ors. decided on 02.02.2012. After advertng to the relevant provisions of the Act, the Bangalore Development Authority Act, 1976, the Court observed:

An analysis of the definitions noted hereinabove shows that all the cooperative societies have been classified into two categories. The first category consists of the cooperative societies in which not less than 51 % of the paid-up share capital is held by the Central Government or any State Government or partly by the Central Government and partly by one or more State Governments. The second category consists of the cooperative societies other than those falling within the definition of the expression 'corporation owned or controlled by the State' [Section 3(cc)]. The definition of the term company' contained in Section 3(e) takes within its fold a company as defined in Section 3 of the Companies Act, 1956 other than a government company referred to in Clause (cc). a society registered under the Societies Registration Act or under any corresponding law framed by the State legislature, other than a society referred to in clause(cc) and a cooperative society defined as such in any law relating to cooperative societies for the time being in force in any State, other than a cooperative society referred to in clause(cc). The definition of the expression 'public purpose' contained in Section 3(f) is inclusive. As per Clause (vi) of the definition, the expression public purpose" includes the provision of land for carrying out any educational, housing health or slum clearance scheme sponsored by Government or by any authority established by Government for carrying out any such scheme, or with the prior approval of the appropriate Government, by a Local Authority, or a society registered under the Societies Registration Act. 1860 or any corresponding law in force in a State or a cooperative society as defined in any law relating to

cooperative societies for the time being in force in any State. To put it differently, the acquisition of land for carrying out any education, housing, health or slum clearance scheme by a registered society or a cooperative society can be regarded as an acquisition for public purpose only if the scheme has been approved by the appropriate Government before initiation of the acquisition proceedings. If the acquisition of land for a cooperative society, which is covered by the definition of the term 'company' is for any purpose other than public purpose as defined in Section 3(f), then the provisions of Part VII would be attracted and mandate thereof will have to be complied with.

The 1976 Act does provide for framing of various schemes including housing scheme. Section 15 of that Act empowers the BDA to undertake works and incur expenditure for development. In terms of Section 15(1)(a), the BDA is entitled to draw up detailed schemes for the development of the Bangalore Metropolitan Area and in terms of Clause (b), the BDA can with the previous approval of the Government undertake any work for the development of the Bangalore Metropolitan Area and incur expenditure therefore and also for the framing and execution of development schemes. Sub-sections (2) and (3) empower the BDA to make and take up any new or additional development scheme either on its own or on the recommendations of the Local Authority or as per the direction of the State Government. Section 16 of the 1976 Act lays down that every development scheme shall provide for the acquisition of any land which is considered necessary for or affected by the execution of the scheme; laying and re-laying out all or any land including the construction and reconstruction of buildings and formation and alternation of scheme, drainage water supply and electricity. Sub-section (3) of Section 16 envisages construction of houses by the BDA as part of the development scheme. Section 32 which contains a non obstante clause postulates forming of new extensions or layouts by private persons. Though, Sub-section (1) thereof is couched in negative form, it clearly provides for formation of any extension or layout by a private person with the written sanction of the BDA and subject to the terms and conditions which it may specify. Sub-section (2) of Section 32 provides for making of written application along with plans and sections showing various matters enumerated in Clauses (a) to (d). Similar provisions are contained in Section 18 of the Karnataka Housing Board Act.

Although, the Appellant may not have been required to frame a scheme in strict conformity with the provisions of the 1976 Act and the Housing Board Act, but it was bound to frame scheme disclosing the total number of members eligible for allotment of sites, the requirement of land including the size of the plots and broad indication of the mode and manner of development of the land as a layout. The State Government could then apply mind whether or not the housing scheme framed by the Appellant should be approved. However, as mentioned above, the Appellant did not produce any evidence before the High Court to show that it had framed a housing scheme and the same was approved by the State Government before the issue of notification u/s 4(1) of the 1894 Act, Even before this Court,

no material has been produced to show that, in fact, such a scheme had been framed and approved by the State Government. Therefore, the Division Bench of the High Court rightly referred to Section 3(f)(vi) and held that in the absence of a housing scheme having been framed by the Appellant, the acquisition of land belonging to Respondent No. 3 was not for a public purpose as defined in Section 3(f)(vi).

19. In the context of the aforesaid verdicts, we asked Shri V.N. Raghupathy, Learned Counsel for the State whether Respondent No. 1 had submitted a housing scheme for the approval of the State Government. In reply, Shri Raghupathy made a categorical statement that Respondent No. 1 had not submitted any scheme for the approval of the State Government.

20. We then enquired from Shri Bhat whether his client had submitted housing scheme for the approval of the State Government. Shri Bhat responded to the Court's query by relying upon the recommendations made by the State Level Coordination Committee for the acquisition of 179 acres, one and half guntas land. We have carefully gone through the recommendations of the State Level Coordination Committee but do not find any trace of housing scheme which was under the consideration of the Committee.

21. Shri Bhat then relied upon the approval accorded by the State Government for the acquisition of land and the directions issued to Deputy Commissioner, Bangalore to issue notification u/s 4(1) of the 1894 Act. He also relied upon the judgment in *Kanaka Gruha Nirman Sahakara Sangha Vs. Smt. Narayanamma (Since deceased) by Lrs. and Others*,

22. In *Bangalore City Cooperative Housing Society Limited v. State of Karnataka and Ors.* decided on 2.2.2012, this Court considered the question whether the approval granted by the State Government for the acquisition of land can be considered as an approval of the housing scheme within the meaning of Section 3(f)(vi) of the Act and answered the same in negative.

23. The judgment in *Kanak Gruha Nirmana Sahakara Sangha v. Narayanamma (supra)*, if read in the light of the 1st and 2nd HMT judgments and the finding recorded by us that Respondent No. 1 had not framed any housing scheme and secured its approval from the State Government, the direction given to the Deputy Commissioner to issue notification u/s 4(1) cannot be treated as the State Government's approval of the housing scheme framed by Respondent No. 1. It is also apposite to note that in *Kanak Gruha's* case, this Court was not called upon to consider a case in which the State Government had come out with a specific stand that the housing society had not framed any scheme.

24. We also find merit in the Appellants' contention that direction given by the learned Single Judge for issue of a declaration u/s 6(1) was totally unwarranted. As a matter of fact, the entire proceedings leading to the issue of notification u/s 4(1) were vitiated due to the intervention of the extraneous factor, i.e., the proposal prepared by Additional Registrar, Cooperative Societies and approval

thereof by the Revenue Department in total disregard of the decision taken by the Council of Ministers on 30.12.1997. The direction given by the Revenue Minister of State to issue declaration without even waiting for the expiry of four weeks' time specified in the order passed by the learned Single Judge in Writ Petition Nos. 30629 and 30630 of 1999 was not only contrary to the decision of the Council of Ministers, but was ex facie contemptuous of the High Court's order.

25. We may also mention that the direction given by the learned Single Judge on 9.3.2004 was infructuous because the time within which the declaration u/s 6(1) could have been issued had expired on 28.7.2000 and in view of the judgment of the Constitution Bench in Padmasundara Rao and Others Vs. State of Tamil Nadu and Others, the State Government could not have issued notification u/s 6(1) after that date. Unfortunately, the learned Single Judge and the Division Bench completely overlooked the mandate of proviso (ii) to Section 6(1).

26. In the result, the appeals are allowed. The impugned judgment as also the order passed by the learned Single Judge are set aside and the writ petition filed by Respondent No. 1 is dismissed.

27. If Respondent No. 1 is in possession of the acquired land or any portion thereof, then the same shall be returned to the concerned landowners within a period of two months from today. This direction shall apply not only qua the Appellants but other landowners who may not have filed writ appeals or the special leave petitions, may be due to poverty, illiteracy or ignorance.

28. However, it is made clear that the above mentioned directions shall not apply to such of the landowners who have withdrawn the special leave petitions.

29. If any of the landowners has received compensation from the State, then the latter shall be free to recover the same in accordance with law.

30. Respondent No. 1 is directed to submit a report to this Court within three months showing compliance of the aforementioned directions. The Registry shall then list the matter before the Bench.

Contempt Petition (C) No. 312 of 2007 in SLP (C) No. 25309 of 2005:

31. Ms. Kiran Suri, Learned Counsel says that she may be permitted to withdraw the contempt petition because the parties have settled the matter.

32. The contempt petition is dismissed as withdrawn.