



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

**Civil Appeal Nos. 3234 - 3251 / 2026**  
**(Arising out of Special Leave Petition (Civil) Nos. 13905 - 13922 / 2015)**

The Chennai Metropolitan Development Authority,  
represented by its Member Secretary

...Appellant(s)

versus

Dharmalingam & Ors. etc.

...Respondent(s)

**JUDGMENT**

**SURYA KANT, CJI.**

Delay condoned. Leave granted.

2. The Appellant-Chennai Metropolitan Development Authority is in appeal against the judgment dated 12.07.2013 (**First Impugned Judgment**) and the subsequent order dated 25.09.2014 (**Second Impugned Order**) passed by two different Division Benches of the High Court of Judicature at Madras (**High Court**). *Vide* the first judgment, the intra-court appeals preferred by the respondent-land owners were allowed, with a direction to release the acquired land in purported exercise of powers under Section 48-B of the Land Acquisition Act, 1894 (**LA Act**), as applicable in the State of Tamil Nadu. The second order was passed by the High Court, rejecting the Review Application preferred by the Appellant.

**A. FACTS OF THE CASE**

**3.** The relevant facts giving rise to the instant Appeals are presented hereafter:

**3.1.** The land of the respondent-landowners was sought to be acquired for the public purpose of developing an inter-city bus and truck terminal by the Appellant-Authority in Chennai City. To this end, different notifications under Section 4 of the LA Act were issued in 1982-1985, covering a total land area of 82.86 acres. The State Government, thereafter, issued declarations under Section 6 of the LA Act, formally acquiring an area of 80.92 acres. Compensation was granted through different Awards by Special Land Acquisition Collector. After the land stood vested free from all encumbrances in the State, administrative sanction was also accorded in 1991 to revise the layout and utilise a smaller portion of the land to construct the bus-cum-truck terminal at Madhavaram, Chennai. It may not be out of place to record that some of the respondents-landowners challenged the acquisition proceedings and the same was quashed by a learned Single Judge in 1996 which came to be reversed in 2002 by the Division Bench. Thereafter, possession of the land was taken and after taking possession, the Appellant-Authority utilised only 64.80 acres of the 80.92 acres of acquired land for the notified public purpose. As such, an area of 16.12 acres remained to be developed, out of which the land in dispute comprises 5.06 acres.

- 3.2.** It seems that on 17.09.2005, the Greater Chennai Corporation (**Corporation**) informed the Appellant-Authority that 101 Gunny Bag shops operating in residential areas of Chennai were creating a health hazard for the general public, so the Appellant-Authority was requested to allot suitable land for relocation of such merchants. After some administrative processes, the unutilised land measuring 16.12 acres, referred to above, was earmarked for the shifting and relocation of the Gunny Bag merchants.
- 3.3.** Some of the landowners, meanwhile, submitted a representation dated 02.07.2006 to the State Authorities and the Appellant, seeking re-conveyance of the unutilised land in accordance with Section 48-B of the LA Act. However, owing to inaction on the part of the authorities, the landowners preferred two Writ Petitions before the High Court, which were disposed of on 14.07.2006 with a direction that the representations be considered and disposed of on merits.
- 3.4.** This request was ultimately declined by the State Government through a letter dated 23.10.2006, on account of the allotment of the land in dispute for the relocation of Gunny Bag shops. This gave rise to a second round of litigation, whereby WP Nos. 45821-28/2006 (**2006 Writ Petitions**) came to be filed by the landowners against the rejection of their prayer for re-conveyance.

- 3.5.** The Appellant-Authority, meanwhile, tentatively proceeded with the process for allotment of plots in the identified land to the Gunny Bag traders through its letter dated 21.11.2006.
- 3.6.** Concurrently, another landowner lodged WP No. 8350/2009 (**2009 Writ Petition**) before the High Court, seeking reconveyance of her land under Section 48-B of the LA Act.
- 3.7.** The 2006 Writ Petitions were eventually allowed in part by a learned Single Judge of the High Court on 04.08.2009, issuing, *inter alia*, the following directions:
- (i)** The allotment of land to enable the relocation of the shops of the Gunny Bag merchants does not amount to utilisation of the acquired land for a 'public purpose';
  - (ii)** The Government shall examine the request of the landowners in terms of its obligations under Section 16-B of the LA Act and, accordingly, issue an order of forfeiture of the lands in question in favour of the Government;
  - (iii)** If an order to forfeit the land was passed under Section 16-B, the Government shall examine whether the land in question was required for any other 'public purpose', and if it was found that it could not be so utilised, the Government shall reconvey such land to the land owners under Section 48-B of the LA Act,

provided that the landowners were willing to fulfil the conditions stipulated therein; and

(iv) In any event, the Government shall pass appropriate final orders on the representation of the landowners within a period of six months.

**3.8.** The Respondent-landowners were, however, not fully satisfied with the directions issued by the learned Single Judge. As such, they preferred intra-court appeals bearing WA Nos. 327-334/2010 (**2010 Writ Appeals**).

**3.9.** Pending these appeals, the 2009 Writ Petition was also disposed of on 27.07.2012 by a different learned Single Judge, with a direction to the State Government to consider and dispose of the landowner's representation, seeking action under Section 48-B of the LA Act, within eight weeks. Aggrieved by the non-grant of substantive relief and relying on the findings forwarded by the Coordinate Bench of the High Court *vide* order dated 04.08.2009, this landowner, too, filed an intra-court appeal bearing WA No. 150/2013 (**2013 Writ Appeal**).

**3.10.** Meanwhile, the State Government reconsidered its previous decision of allotting the land to the Gunny Bag merchants. The original proposal was finally dropped in light of the findings of the learned Single Judge, but as recorded in G.O. (Ms.) No. 191 dated 31.08.2012, the land was diverted to be utilised for the development of a truck parking yard alongside the inter-city bus terminal already being developed.

Consequentially, the decision of the State Government was duly conveyed to the Gunny Bag Merchants Association, and formal orders cancelling the tentative allotments were issued. These developments were also placed on the record in the pending intra-court appeals.

**3.11.** A Division Bench of the High Court, thereafter, finally heard the 2010 and 2013 Writ Appeals. *Vide* the First Impugned Judgment dated 12.07.2013, the High Court initially observed that:

*“26. The gist of the argument projected by the Learned Counsel for the Appellants is that the lands in question have not been utilised for the past 23 years for the purpose for which they were acquired and that the 1st Respondent passed the impugned orders dated 23.10.2006 rejecting the Petitioners claim for re-conveyance, by allotting the lands to Gunny Bag Merchants, which is neither a public body nor have any aid from the Government. Besides these, it is further contended on behalf of the Appellants that Patta, Chitta and Adangal stand in the name of the Petitioners till date.*

*xx xx xx xx*

*39. A mere running of the eye of the ingredients of Section 48-B of the Land Acquisition Act, 1894 in a clear cut fashion necessitates a mutual agreement between the erstwhile land owners and the State Government before it can re-convey the lands vested in it to them, on the return of money paid in regard to the acquisition in question. Also that, Section 48-B of the Act does not visualise an unilateral withdrawal from the acquisition by the State Government.”*

[Sic]

**3.12.** The Division Bench, thereafter, relied upon some previous decisions of the High Court of the years 1999 and 2005 and opined as follows:

*“42. Be that as it may, on going through the order dated 04.08.2009 in W.P.Nos.45821 to 45828 of 2006 passed by the Learned Single Judge, **we are of the considered view that the Learned Single Judge is quite correct in coming to the conclusion that the allotment to Gunny Bag Merchants' is not a public purpose and rightly set aside the impugned order dated 23.10.2006 in Letter No.22014/UD3(1)/2006-3, passed by the 1st Respondent** and in this regard, we are in agreement with the view so taken. **However, we are of the considered view that the directions issued by the Learned Single Judge in paragraph 51(ii) to (iv) [.....] are per se not legal in the eye of***

**law, because of the simple reason that Section 48-B of the Act is an enabling provision enjoined only to the original land owners to secure the acquired land reconvey to them.** Further, it is not open to the Government to come out with a fresh reason for public purpose after lapse of more than two decades viz., after the issuance of Section 4(1) Notification under the Land Acquisition Act, 1894 dated 27.03.1985 issued in G.O.Ms.No.306 by the Housing and Urban Development Department. Accordingly, this Court interferes with the said directions issued beginning from paragraph 51(ii) to (iv) as stated supra and sets aside the same, to prevent an aberration of Justice. Resultantly, the Writ Appeal Nos.327 to 334 of 2010 succeed.

**43.** Likewise, in the light of the view taken by this Court in allowing the W.A.Nos.327 to 334 of 2010 (relating to W.P.Nos.45821 to 45828 of 2006), this Court holds that the said view will equally apply to the facts of the present case concerned in W.A.No.150 of 2013 and accordingly, allows the W.A.No.150 of 2013, by setting aside the order of the Learned Single Judge in W.P.No.8350 of 2009 dated 27.07.2012.”

[Emphasis supplied]

**3.13.** Consequently, the Division Bench allowed the 2010 and 2013 Writ Appeals in the following terms:

**“44.** In the result, all the Writ Appeals are allowed. The Respondents are directed to reconvey the lands to the Appellants [provided, as land owners, they are willing to repay the amount paid to them or deposited in their favour as compensation], within a period of six weeks from the date of receipt of copy of this Judgment. There shall be no order as to costs.”

[Sic] [Emphasis supplied]

**3.14.** The Appellant-Authority filed review applications against the First Impugned Judgment, which came to be dismissed by the Division Bench (one of the learned Judges changed in the *interregnum*) primarily upon taking notice of the limited scope of review under Order 47 Rule 1 of the Code of Civil Procedure, 1908. The High Court opined that the

review application was, in effect, an attempt to appeal the First Impugned Judgment, which was impermissible.

**3.15.** The Appellant-Authority, being aggrieved, approached this Court through the instant appeals. While issuing notice on 01.05.2015, a Coordinate Bench of this Court had directed *status quo* to be maintained re: possession as well as title. That interim order continues to operate.

**B. ISSUES**

**4.** Having given our thoughtful consideration to the rival submissions forwarded by Mr. V. Krishnamurthy, learned Additional Advocate General representing the Appellant-Authority, and Mr. Narender Hooda, Mr. Gagan Gupta, learned senior counsel, and Mr. Pradeep Kumar Yadav, learned counsel, appearing on behalf of the Respondent-landowners, and after perusing the material placed on record, we find that two questions arise for our consideration:

**I.** Whether the High Court was justified in relying upon Section 16-B read with Section 48-B of the LA Act to enforce a perceived right of Respondent-landowners, seeking re-conveyance of their lands, which have been lawfully acquired and stood vested in the State free from all encumbrances?

**II.** Whether the Courts, in exercise of their power of judicial review, can prescribe a time limit for the utilisation of acquired land for

the public purpose or for changing the public purpose for which the acquired land may be used?

**C. ANALYSIS**

**C.1 Issue I – Invoking of Sections 16-B and 48-B of the LA Act**

5. Adverting to the first issue, it will be beneficial to reproduce Section 16-B of the LA Act, as inserted through State Amendment by the Legislature for the State of Tamil Nadu, which reads as follows:

*“16-B. Land to be forfeited in certain cases.– Where the Government are satisfied that the land acquired under this Act for any public purpose as referred to in Sub-section (1) of Section 4 is not used for the purpose for which it was acquired, they may, by an order, forfeit the land as penalty and the land shall vest in the Government in Revenue Department free from all encumbrances:*

*Provided that no order under this section, shall be made unless the person or authority aggrieved has had a reasonable opportunity of being heard.”*

6. It may be observed that Section 16-B addresses a situation where land acquired has been allocated for a specific ‘public purpose’ but has not actually been used for the said purpose. It emphasises an enabling power given to the State to forfeit the land as a penalty, after which the land shall vest in the State free from all encumbrances.
7. Section 48-B, which was similarly introduced into the LA Act through a State Amendment, allows for the transfer of the land to the original owner and reads as follows:

**“48-B. Transfer of land to original owner in certain cases.–** Where the Government are satisfied that the land vest in the Government under this Act is not required for the purpose for which it was acquired, or for any other public purpose, the Government may transfer such land to the original owner who is willing to repay the amount paid to him under this Act for the acquisition of such land inclusive of the amount referred to in Sub-section (1A) and (2) of Section 23, if any, paid under this Act.”

8. On a plain reading of Section 48-B, we find that the State Government must, at the outset, be satisfied that the land vested in it “*is not required for the purpose for which it was acquired, or for any other public purpose*”. This satisfaction on the part of the State is a *sine qua non* for any action of the Government under this provision, and only thereafter the Government ‘may’ decide to revert such land to the willing original owner. The scheme of Section 48-B of the LA Act, in our considered opinion, does not envisage any enforceable right in favour of the expropriated landowner to seek transfer of the acquired land. Rather, it confers a discretion upon the State to permit re-conveyance of the land to the original landowner in certain circumstances, being that the acquired land can neither be utilised for the original purpose of acquisition nor for any other public purpose. Unless this two-pronged condition is fulfilled, the question of exercise of the State’s discretion does not arise.
9. We may hasten to add that a Coordinate Bench of this Court, in **T.N. Housing Board v. Keeravani Ammal**,<sup>1</sup> also considered the scope of Section 48-B of the LA Act generally, holding that:

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1 (2007) 9 SCC 255.

**“15.** We may also notice that once a piece of land has been duly acquired under the Land Acquisition Act, the land becomes the property of the State. The State can dispose of the property thereafter or convey it to anyone, if the land is not needed for the purpose for which it was acquired, only for the market value that may be fetched for the property as on the date of conveyance. The doctrine of public trust would disable the State from giving back the property for anything less than the market value. [.....]

**16.** **Section 48-B introduced into the Act in the State of Tamil Nadu is an exception to this rule. Such a provision has to be strictly construed and strict compliance with its terms insisted upon. Whether such a provision can be challenged for its validity, we are not called upon to decide here.”**

[Emphasis supplied]

- 10.** As such, the pre-condition expressly encapsulated within the text of the provision must be mandatorily complied with, and Courts ought to desist from issuing orders invoking Section 48-B in the absence of clear material to indicate that the land cannot be utilised for a public purpose.
  
- 11.** Applying the plain and literal construction of Section 48-B to the facts of the instant case, it is evident that the Division Bench of the High Court has misdirected itself in directing the reconveyance of the acquired land despite not meeting the discussed prerequisite. We say so for the reason that a substantial part of the acquired land had already been put to use for the originally envisaged public purpose. Moreover, the State had made a consistent effort to assign the residual land to another public purpose. Even if it is assumed that the initial allotment of a parcel of land to the Gunny Bag Traders Association did not amount to a ‘public purpose’, the Authorities did not let go of the utility

of the land. Soon thereafter, the Government effectively rectified its mistake; cancelled the allotment to the merchant's association; and decided to utilise the land for a truck parking yard, complementing the original plan for the acquisition.

12. There is nothing placed on record to show that, at any point in time, the Government was of the opinion that the land in question was not suitable or usable for any public purpose. That being so, the mandatory condition of Section 48-B was never satisfied. The High Court, therefore, could not have invoked the said Section to issue sweeping directions for the restoration of the land to the landowners.

**C.2 Issue II – Time Limits for Utilisation of Acquired Lands/Change of Public Purpose**

13. Having observed that there was no occasion for the High Court to invoke the rigours of Section 48-B, let us consider whether the conduct of the Appellant-Authority or the State Government in the instant case warranted interference from the High Court.
14. It is trite law that no timeline can be imposed on the Government or its beneficial agencies for putting the acquired land to use for the public purpose once acquisition is lawfully completed. Perhaps the only exception in such a case would lie in situations where the urgency provision under Section 17 of the LA Act has been invoked.

**15.** The above postulate is a reflection of the general circumspection that Constitutional Courts ought to undertake when exercising their extraordinary jurisdiction to direct the release of lawfully acquired land. This principle was also recognised by a two-Judge bench of this Court, including one of us (Surya Kant, J., as he then was), in a case titled ***Nandkishor Babulal Agrawal vs. The State of Maharashtra***,<sup>2</sup> the relevant extract of whereof is reproduced below:

**“11.** *In our considered view, the High Court would be extremely circumspect to issue a mandamus in the exercise of its extraordinary jurisdiction under Article 226 of the Constitution, directing to release a lawfully acquired land only on the premise that such land has not been utilized for the public purpose for which it was acquired. **There is no gainsaying that once the land vests in the State or its authorities, the ‘public purpose’ of its acquisition can be changed at a later stage. All that is required is that such land should be utilized for public purposes only. In fact, there cannot be a time limit within which the authorities are expected to utilize the acquired land.** The Municipalities or such other agencies are expected to have long-term plans for regulated development of urban areas and for that purpose, certain pockets of land are required to be kept vacant as reserve pool to cater the future needs.”*

[Emphasis supplied]

**16.** Adverting to the facts of the instant case, we may first notice that the acquisition for the truck-cum-bus depot was not initiated under Section 17 of the LA Act. Furthermore, it is undisputed that the acquisition was made for a *bona fide* public purpose, and all procedural necessities were also duly completed. There is also no question about the genuineness of the submission of the authorities that the land would be used for building a truck parking yard. That being the case, we do

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<sup>2</sup> Supreme Court of India, Civil Appeal No. 7634 of 2023, judgment dated 10.11.2023.

not find any ground whatsoever on the basis of which the actions of the State or the Appellant-Authority can be faulted or which would justify the reversion of the acquisition. Merely the acquisition having not resulted in the land being utilised within a particular period of time is no reason for the Court to direct the land to be released to the landowners.

- 17.** In the same breath, we are constrained to observe that the two judgments relied upon by the Division Bench of the High Court, extracted in paragraphs 40 and 41 of the First Impugned Judgment, are based upon an incorrect interpretation of the law. To buttress the directions issued by it, the Division Bench has cited those judgments to hold that it is not open for the State or the acquiring agency to change its mind after a request for re-conveyance of the acquired land under Section 48-B is made. This interpretation of the law, in our considered opinion, is entirely disjointed from the text of the provision and displays unfounded reasoning. Similarly, unknown to land acquisition jurisprudence is the submission that if the land is not put to use for a specified long period of time, it is liable to be reverted to the landowners under Section 48-B. Suffice it to say that there is no legal prohibition under the said provision against keeping a portion of the acquired land vacant for future development.
- 18.** At the cost of repetition, we reiterate that Section 48-B of the LA Act does not clothe an expropriated owner with any right to seek re-

conveyance of the land. Therefore, even if such a landowner has made an application purportedly under Section 48-B of the LA Act, that does not take away the power of the State to revisit the original public purpose or to divert the land for any other *bona-fide* public use. In the absence of a positive right, what the Court ought to examine, while undertaking judicial review over the action/inaction under Section 48-B, is whether the exercise of discretion is founded upon *mala fide* or arbitrary reasons or if the decision-making is tainted by a colourable exercise of power.

19. To summarise, the scope of judicial review in cases where the State has declined to exercise its discretion under Section 48-B of the LA Act is limited. Further, neither the delay in using the acquired land nor the representation of the landowners filed in the *interregnum* could sustain the positive directions for exercise of such discretion under the said provision. Thus, on this count too, the interference by the Division Bench of the High Court is liable to be set aside.

#### **D. CONCLUSION**

##### **D.1 Lapse of the Acquisition and Entitlement of Higher Compensation**

20. Faced with this, learned senior counsel for the Respondent-landowners urged that they should at least be held entitled to compensation as per the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (**2013 Act**). To support this contention, a half-hearted reference was made to Section 24(2) of the

2013 Act, *inter alia*, to make out a case that neither compensation has been paid nor possession of the acquired lands has been taken.

- 21.** We do not find any merit in such contention, especially when there is a categorical finding by the High Court that after the Award was passed, the compensation amount stood deposited with the Land Acquisition Collector. If the landowners did not approach the said Authority for release of that compensation in order to challenge the acquisition or seek relief under Section 48-B of the LA Act, the actions of the State functionaries cannot be said to be within the mischief of Section 24(2) of the 2013 Act. Since compensation had been offered, the possession, even if retained by the owners, is entirely inconsequential.

## **D.2 Final Directions**

- 22.** For the reasons aforesaid, the instant Appeals are allowed, and the following directions are, consequently, issued:

- (i)** The First Impugned Judgment and the Second Impugned Order passed by the Division Bench of the High Court, as also the orders of the learned Single Judge of the High Court in the 2006 and 2009 Writ Petitions, are set aside;
- (ii)** The decision of the State Government and the Appellant-Authority to not re-convey the land in question to the original landowners under Section 48-B of the LA Act is upheld; and

**(iii)** It is clarified that if the High Court, in any other proceedings pertaining to the same acquisition, has taken any view contrary to that given by us through the instant Judgment, such view shall also be deemed to have been set aside, ensuring that no impediment is caused to the completion of the project.

**23.** It goes without saying that the Respondent-landowners shall be entitled to receive the due compensation, which is lying deposited with the Competent Authority, along with interest, if any, accrued thereupon. Ordered accordingly.

.....**CJI**  
**(SURYA KANT)**

.....**J.**  
**(JOYMALYA BAGCHI)**

**NEW DELHI;**  
**MARCH 10, 2026**