



**IN THE HIGH COURT OF PUNJAB AND HARYANA  
AT CHANDIGARH**

**I. RFA-1020-2023 (O&M)**

**State of Haryana and Others . . . . Appellants**

**Vs.**

**Mahender Singh and Others . . . . Respondents**

**II. RFA-978-2023 (O&M)**

**Mahender Singh and Others . . . . Appellants**

**Vs.**

**State of Haryana and Others . . . . Respondents**

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**Reserved on: 02.04.2026  
Pronounced on: 06.04.2026  
Pronounced fully/operative part: Fully  
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**CORAM: HON'BLE MR JUSTICE DEEPAK GUPTA**

Argued by:- Mr. Gaurav Garg, AAG, Haryana for the  
appellant in RFA-1020-2023, and for the  
respondent in RFA-978-2023.

Mr. Adarsh Jain, Senior Advocate with  
Ms. Amandeep Kaur, Advocate and  
Ms. Kamaldeep Kaur, Advocate for the  
appellant in RFA-978-2023, and for the  
respondent in RFA-1020-2023.

**DEEPAK GUPTA, J.**

These cross-appeals arise out of the award dated 02.02.2023 passed by the learned Additional District Judge, Panipat, whereby the reference filed under Section 18 of the Land Acquisition Act, 1894 was partly allowed and the compensation awarded by the Land Acquisition Collector was enhanced from ₹42,00,000/- per acre to ₹75,00,000/- per acre along with all statutory



benefits.

2. The land in question was acquired pursuant to notification dated 20.10.2011 issued under Section 4 of the Act for the public purpose of setting up/expansion of a Sewerage Treatment Plant at Panipat. The Land Acquisition Collector had assessed the market value of the acquired land at ₹42,00,000/- per acre. Dissatisfied therewith, the landowners sought a reference claiming that the acquired land was situated within the urban limits of Panipat, possessed considerable commercial, industrial and residential potential, and had been grossly undervalued.

3. The Reference Court, upon appreciation of the material placed on record, enhanced the compensation to ₹75,00,000/- per acre.

4. Aggrieved by the said determination, both sides are before this Court. The landowners seek further enhancement on the ground that the Reference Court failed to adequately appreciate the potentiality and advantageous location of the land, whereas the State seeks reduction contending that the Reference Court has erred in law in relying upon Collector rates as the primary basis for determining market value.

5. Learned senior counsel appearing on behalf of the landowners has contended that the acquired land formed part of the rapidly developing urban area of Panipat and was surrounded by residential, commercial and industrial establishments. It is submitted that the Collector rates relied upon by the Reference Court themselves do not reflect the true market value and are generally on the lower side, as sale transactions are often under-reported to avoid stamp duty. It is thus argued that the compensation ought to have been assessed at a much higher rate.

6. *Per contra*, learned counsel for the State has argued that the Reference Court has committed a patent error in law in determining the market value solely on the basis of Collector rates. Reliance has been placed upon the judgment of the Hon'ble Supreme Court in ***Bharat Sanchar Nigam Limited v.***



*M/s Nemichand Damodardas and anr. 2022 (14) SCC 60*, to contend that ready reckoner or circle rates, being meant for the purpose of levy of stamp duty, have no statutory foundation for determination of compensation under Section 23 of the Land Acquisition Act, 1894 and cannot form the basis for enhancement. It is further contended that the claimants having failed to produce any reliable sale exemplar of comparable land, the burden cast upon them has not been discharged and the award of the Land Acquisition Collector deserves to be restored.

7. Having heard learned counsel for the parties and having gone through the record with their assistance, this Court finds that the determination of market value under the Land Acquisition Act is governed by well settled principles.

8. In *Chimanlal Hargovinddas v. Special Land Acquisition Officer, Poona 1988 AIR SC 1652*, the Hon'ble Supreme Court has held that a reference under Section 18 is in the nature of an original proceeding and the Court is required to determine the market value afresh on the basis of evidence adduced before it. It has been further held that the burden lies upon the claimant to establish that the compensation awarded by the Collector is inadequate and that the best evidence for determining market value is that of comparable sale transactions of similar land in the vicinity executed within a reasonable period prior to the notification under Section 4.

9. The aforesaid position has been reiterated in a catena of decisions including *Periyar and Pareekanni Rubbers Ltd. v. State of Kerala, 1990 AIR SC 2192*, wherein it has been emphasized that valuation must be based on recognized methods and sound evidence. Recently, in *Bharat Sanchar Nigam Limited v. M/s Nemichand Damodardas (supra)*, the Hon'ble Supreme Court has categorically held that the rates mentioned in the ready reckoner or maintained for the purpose of stamp duty cannot be the basis for determining market value of acquired land, as such rates are uniform in nature and do not reflect the actual price of individual parcels of land.



10. In the present case, it is an admitted position that no reliable sale instance of comparable land executed prior to or proximate to the date of notification i.e. 20.10.2011 has been brought on record by the claimants. The only document relied upon is a transaction of the year 2013, which is clearly post-notification and cannot safely be relied upon, particularly when there is no evidence to show that the said transaction was uninfluenced by the acquisition proceedings. In terms of the principles laid down in *Chimanlal Hargovinddas v. Special Land Acquisition Officer (supra)*, such post-notification transactions are to be considered with caution and ordinarily cannot form the basis for determination of market value.

11. The Reference Court, in the absence of any reliable sale exemplar, has proceeded to determine the market value primarily on the basis of Collector rates prevailing for the year 2011–12, which were ₹75,00,000/- per acre. While the approach of the Reference Court in treating Collector rates as determinative cannot be said to be strictly in accordance with the law laid down by the Hon'ble Supreme Court, the question that arises is whether, on that ground alone, the enhancement granted by the Reference Court deserves to be set aside.

12. This Court is of the considered view that the answer must be in the negative. It is true that Collector rates cannot be treated as conclusive evidence of market value; however, it is equally well settled that in the absence of better evidence, such rates may be taken into consideration as a guiding factor, particularly when supported by surrounding circumstances. The Court cannot lose sight of the fact that the acquired land is situated within the revenue estate of Panipat city and was acquired for a public utility project in an area, which was evidently undergoing urbanization. The potentiality of the land and its location are relevant considerations while determining market value.

13. Further, the record reveals that the Land Acquisition Collector had not undertaken any independent analysis and had determined the compensation primarily on the basis of recommendations of a committee, without even



noticing the prevailing Collector rates. In such circumstances, the award of the Collector does not inspire confidence so as to warrant its restoration in the absence of better evidence.

14. At the same time, the claim of the landowners for compensation at the rate of ₹10,000/- per square yard is wholly unsupported by any cogent evidence. No material has been placed on record to establish that the land had attained such a high commercial value as on the date of notification. The claim, therefore, appears to be exaggerated and cannot be accepted.

15. Thus, this Court is faced with a situation where neither side has produced satisfactory evidence in support of its respective claim. In such a situation, the Court is required to arrive at a just and reasonable determination on the basis of available material, keeping in view the principles laid down by the Hon'ble Supreme Court.

16. Upon an overall consideration of the location of the land, its potentiality, the inadequacy of the Collector's award, the absence of reliable sale exemplars, and the limited evidentiary value of Collector rates, this Court is of the considered opinion that the compensation determined by the Reference Court at ₹75,00,000/- per acre represents a fair and reasonable estimation of market value as on the date of notification. Though the reasoning adopted by the Reference Court in placing reliance on Collector rates as the sole basis may not be legally sound, the ultimate conclusion arrived at cannot be said to be unjust or arbitrary so as to warrant interference.

17. Consequently, the appeal filed by the landowners seeking further enhancement is dismissed. The appeal filed by the State seeking reduction is also dismissed, though it is clarified that the Collector rates have been treated only as a guiding factor and not as the sole basis for determination of market value.

18. The award of the Reference Court assessing compensation at ₹75,00,000/- per acre is affirmed. The landowners shall be entitled to all statu-

**RFA-1020-2023 (O&M)**  
**RFA-978-2023 (O&M)**

2026:PHHC:051494



2026:PHHC:051494

tory benefits under Sections 23(1-A), 23(2) and 28 of the Land Acquisition Act, 1894. The appeals stand disposed of accordingly.

A photocopy of this order be placed on the connected case file.

**(DEEPAK GUPTA)**  
**JUDGE**

**06.04.2026**

*Neetika Tuteja*

Whether speaking/reasoned?

Yes/No

Whether reportable?

Yes/No

**Uploaded on.: 06.04.2026**