IN THE HIGH COURT OF JUDICATURE AT BOMBAY

CIVIL APPELLATE JURISDICTION

WRIT PETITION NO.18259 OF 2024

Romell Real Estate Pvt. Ltd. ....Petitioner

Versus

The State Of Maharashtra & Ors. ....Respondents

Mr. Girish Godbole, Senior Counsel *i/b Shivraj Patne for Petitioner.*

Smt. P. J. Gavhane, *AGP for Respondent-State.*

CORAM : SOMASEKHAR SUNDARESAN, J.

DATE : FEBRUARY 24, 2026

JUDGEMENT :

1. Rule. Rule made returnable forthwith and by consent of the parties, heard finally.

Context and Factual Background:

2. This Writ Petition challenges Demand Notices dated December 9, 2021 and December 21, 2023 issued by Respondent No.3, Collector of Stamps ("***Demand Notices***") and an Order dated June 20, 2024 ("***Impugned Order***") passed by Respondent No.2, the Chief Controlling Revenue Authority ("***CCRA***") under Section 53A of the Maharashtra Stamp Act, 1958 (***"Stamp Act"***).

3. The Petitioner, Romell Real Estate Pvt. Ltd. (***"Petitioner"***) had entered into a draft Agreement for Sale with an erstwhile landowner for acquisition of land, which would be utilized for Slum Redevelopment Project. The draft of the Agreement for Sale was sought to be adjudicated, for which the Petitioner filed an application for adjudication under Section 31 of the Stamp Act to the Collector of Stamps. The Collector of Stamps adjudicated the same and computed the stamp duty payable by an order dated January 19, 2017 (***"Adjudication Order"***) pursuant to which, the Petitioner paid the stamp duty on March 18, 2017. The stamp duty had been adjudicated at Rs. 3.15 crores.

4. On December 9, 2021, nearly five years since the Adjudication Order, the Collector of Stamps issued a Demand Notice alleging that there had been a deficit in computation of stamp duty in the sum of Rs.1,01,66,250/- (***"Alleged Deficit"***). On March 23, 2022, the CCRA issued a notice to the Petitioner expressing a view that the Alleged Deficit was payable and invited the Petitioner to either pay the same or dispute it by remaining present at a hearing scheduled for April 13, 2022. The Petitioner disputed the same and even before the hearing was held, the Collector of Stamps issued the Demand Notice, claiming payment of the Alleged Deficit along with penalty in the sum of

Rs.2,08,05,700/- (***"Penalty Amount"***). On June 20, 2024, the CCRA passed the Impugned Order confirming that the Alleged Deficit was indeed payable.

5. The property in question comprises land parcels bearing CTS.Nos.19/A(Pt.); 19/B1; 19/C(Pt.); 20/B (Pt.); 20/C(Pt.); and 25/D located at Malad (***"Subject Land"***). The original landowner M/s Ashish Enterprises had applied to the Slum Rehabilitation Authority (***"SRA"***) for development permission to develop the Subject Land under Regulation 33(14) of the Development Control Rules, 1991 (***"DCR"***). The SRA approved the same on August 14, 2015 by issuing a letter of intent (***"LOI"***), which explicitly provided that based on the area of the Subject Land being 12035.29 square metres, with deductions for road, recreation ground etc., the net plot area would be 6747.76 square metres. Along with FSI computation, the total development potential and the permissible built-up area was fixed at 10844.51 square metres as the "zonal area"; 8133.38 square metres as the free sale area; and 8133.38 square metres for the Permanent Transit Camp (***"PTC"***).

6. It is based on such LOI that the draft Agreement for Sale was filed for adjudication of stamp duty by the Petitioner.

7. Originally, the Collector of Stamps took into account the precise break-up in terms of the LOI and adjudicated stamp duty by computing the consideration value at Rs.63 crores. The market value, on which the stamp duty is to be computed was assessed by the Collector of Stamps under Article 25(b) in the Schedule to the Stamp Act, and assessed at Rs.3.15 Crores. This stamp duty was paid by the Petitioner and the adjudication of such duty was complete with the passing of an adjudication order dated March 30, 2017. Based on the same, the agreement dated March 31, 2017 was registered on April 21, 2017, with the Sub Registrar of Assurances ("***Agreement for Sale***").

8. In the Demand Notice issued in 2021, the Collector of Stamps adopted the market value of the Subject Land for purposes of stamping at Rs.83.33 crores. According to the Collector of Stamps, at such enhanced market value, stamp duty payable would be Rs.4.16 crores whereas the stamp duty actually paid had been Rs.3.15 crores resulting in the Alleged Deficit becoming payable.

9. The upward revision is based on recommendations of an internal audit by the Inspector General of Revenue. The Petitioner obtained the records under the Right to Information Act and represented that the revised computation was incorrect and ought not to be persisted with.

Such representation was made as early as December 15, 2021. On March 23, 2022, the CCRA issued a notice informing that the Deputy Inspector General, Desk Officer No.10 had raised objections to the adjudication of stamp duty in the first instance. On May 25, 2022, the Petitioner filed a detailed Reply to the proposed revision and made its representations on how the original computation was correct and that the Alleged Deficit was misconceived. On July 05, 2022, the Petitioner represented to the CCRA asking the CCRA to call for the opinion of the Joint Director of Town Planning and Valuation, Maharashtra for a report, so that the accuracy and assessment could be tested. This request was not entertained. Even before conclusion of the revision proceedings, the second Demand Notice was issued in 2023 and eventually the Impugned Order was passed.

10. In a nutshell, the computation of the enhancement is based on adding to the stated consideration of Rs.63 crores, the cost of constructing the PTC assessed at Rs.20,33,25,000 to hold that stamp duty ought to be paid on such enhanced consideration amount. The CCRA has treated the Agreement for Sale like a development agreement. Essentially, the PTC and the underlying area, has been treated as consideration for the agreement and on that basis, the ready reckoner

rate for such area has been added and enhanced to the base consideration of Rs.63 Crores.

Analysis and Findings:

11. I have heard Mr. Girish Godbole, Learned Senior Advocate on behalf of the Petitioner and Ms. P. J. Gavhane, Learned AGP for the Respondent-State, and with their assistance, examined the material on record as well as the applicable provisions of the Act.

Points for Determination:

12. There are two short questions that fall for consideration in the adjudication of this Petition:

(i) whether the enhancement of market value effected by the CCRA is valid and has applied the stated methodology for adjudication accurately; and

(ii) whether the Impugned Order could have at all been passed later than a period of six years referred to in Section 53A of the Stamp Act.

13. At the threshold, it should be noted that the stamp duty payable on an agreement entailing rights to development under Article 5 (g-a) of

the Schedule to the Stamp Act would be the same as the stamp duty on a conveyance under Article 25 in the Schedule to the Stamp Act.

Market Value in a Slum Project Transfer Agreement:

14. Towards this end, the "market value" of the immovable property in question has to be adjudicated. The *"market value"* is essentially defined in Section 2(na) of the Stamp Act as the higher of: (i) price that the property would have fetched if sold in the open market on the date of execution of such instrument; and (ii) the consideration stated in the instrument. While the instrument in question is an outright transfer and a conveyance, it is evident that it was a transfer in the context of the slum redevelopment that the original owner had already put in motion and that he was fully selling out to the Petitioner.

15. Subordinate legislation under the Stamp Act, namely, the Maharashtra Stamp (Determination of True Market Value of Property Rules, 1995 ("***Market Value Rules***") made under Section 32A of the Stamp Act, governs the subject of determining market value. Rule 4 of the Market Value Rules stipulates the publication of an Annual Statement of Rates ("***ASR***") showing the average market rate of immovable property located in the State. The draft is in fact required to be prepared by the Joint Director of Town Planning and Valuation and

is put up to the CCRA for approval. This is an exercise carried out every year and is meant to be published every year, failing which, the previous year's ASR would apply. The ASR, popularly termed in the market as the "ready reckoner" contains guidelines on how to consider market value in various situations.

16. The core element that falls for consideration is whether the addition of the cost of construction of the PTC component to the monetary consideration as effected by the CCRA is supported by any provision contained in any instrument of law. According to Mr. Godbole, in a Slum Rehabilitation Project, the entire PTC component, being meant to be handed over to the SRA free of cost for housing slum dwellers, is excluded from consideration as part of the consideration receivable for the property in question. Mr. Godbole would point to the ASR and the guidelines contained therein to indicate that the market value at which a development agreement that entails revenue sharing, is dealt with in Guideline No.24, while the computation of market value in connection with an agreement relating to slum redevelopment is covered by Guideline No.26. Guideline No. 26 is clear in its terms on what has to be factored into the consideration value and it nowhere provides for the cost of constructing the PTC, which is the cost of the

project as a value of the instrument for conveyance of land for the project.

17. Ms. Gavhane, the Learned AGP, would submit that there is nothing wrong with the Impugned Order inasmuch as the order squarely deals with the question of the Alleged Deficit. The consideration in question needs to be computed taking every element of the contract into account and then arriving at a view as to the whether the total consideration amount as originally computed is accurate. She would point to the Affidavit-in-Reply filed on behalf of the CCRA to indicate that the assessment made by the CCRA is essentially based on the findings of an internal audit in the office of the Inspector General of Registration, Maharashtra State. It is the audit finding that led to the discovery of the mistake by the Collector of Stamps who had not taken into account the market value of the PTC component to be constructed and handed over to the SRA.

18. The Collector of Stamps had reduced the market value of the PTC component from the overall market value, taking into account only the free sale component, Ms. Gavhane would submit. However, the Collector of Stamps had not mentioned under which valuation guideline the value of the PTC component to be handed over to the SRA is to be

deducted. She would submit that in order to get FSI on the slum project, the Petitioner has paid Rs.63 Crores as consideration. In addition, the Petitioner is required to expend the construction cost towards the PTC component, which is valued at Rs.20,33,25,000. Therefore, Ms. Gavhane would submit that it is only logical that the total consideration computed in line with valuing the development rights obtained in the transaction in question should also factor in the PTC component.

19. Ms. Gavhane would also point to the affidavit filed on behalf of the CCRA to indicate that the total area of the property in question is 12035.29 square metres, of which an FSI of 2.5 would be available to the vendor and the purchaser of which, FSI of 1 would be treated as the basic or "*zonal FSI*", while FSI of 1.50 would be available towards *"incentive FSI"*, of which 0.75 FSI is utilized for the PTC. She would submit that the total incentive FSI of 1.5 must be taken into account for enhancing the consideration. Ms. Gavhane would submit that it would be wrong to ignore the 8133.38 square metres of built-up area arising out of the redevelopment, merely on the ground that it is to go towards the PTC and has to be handed over to the SRA.

20. Therefore, Ms. Gavhane would indicate that the stated agreed consideration of Rs.63 Crores must be enhanced by the value of the PTC

construction area to the extent of 8133.38 square metres, at the admitted ready reckoner rate of Rs.25,000 per square metre to arrive at the enhancement in consideration by Rs.20,33,25,000.

21. Having examined the applicable provisions, the instrument in question and the submissions of the parties, it is clear to me that the ASR contains two specific entries – one for assessing market value of development agreements in general and another for agreements involving slum redevelopment. In the instant case, it is admitted by the parties that the instrument is not to be treated purely as a normal agreement for sale or conveyance inasmuch as an integral element of the transfer transaction is the implementation of the slum rehabilitation project. What is clear is that the vendor does not get any share in the developed area and has made a clean exit without any strings attached for the consideration agreed between the parties. Therefore, the applicable guidelines need to be applied to these facts.

22. Mr. Godbole's reliance on a judgement by the Learned Single Judge of this Court (*Bharti Dangre J.*) in ***Shree Krishna Realtors***[1] is quite relevant. The Learned Single Judge had dealt with a situation where the petitioner was challenging the liability imposed on him to pay

1 M/s Shree Krishna Realtors & Ors. v. The Chief Controlling Revenue Authority & Ors. – judgement dated August 1, 2022 in Writ Petition No.2453 of 2021

a deficit stamp duty in connection with a slum rehabilitation agreement. The challenge was on the ground that one could not merely compute the market value at the value stated in the instrument, but must in fact apply Guideline No.26 of the ASR. Mr. Godbole would point out that it was the CCRA who submitted to that Bench that Guideline No.26 ought to be applied in the computation of stamp duty.

23. Extracting Guideline No.26, the Learned Single Judge noted that the stamp authorities were correct in their approach in assessing the stamp duty by applying Guideline No. 26. In that case, the stamp authorities had deducted the value attributable to the area absorbed by the PTC component from the total value assessed, to arrive at the net assessment value to compute stamp duty. Mr. Godbole's contention that there is no basis to follow a different standard in the instant case is right. The Learned Single Judge had explicitly held that the instrument in question could not be treated as an outright instrument of sale and should instead be assessed in terms of Guideline No.26 in the ready reckoner published by the stamp authorities.

24. It would be appropriate to first extract Guideline No. 24 which applies to revenue-sharing redevelopment agreements:

24. Valuation of development agreement where revenue is to be shared

(a) (i) Land owner share considering allowable use and today's selling rate x 0.85. +

(ii) Cash consideration to be received by the owner, Interest on deposit and other things recorded in the document is to be considered. If a rate of interest for deposit more than 10% per annum is mentioned in document then that rate is to be adopted other wise 10% per annum simple interest rate is to be adopted.

(b) Value of full land as per annual statement of rates.

Higher of the above two values i.e. (a) & (b) is to be considered as market value.

25. The Learned Single Judge extracted the original Marathi version of Guideline No. 26 and its translation in ***Shree Krishna Realtors***, which is reproduced below, since it is a translation already found in a judicial pronouncement:

26. झोपडपट्टी पुनर्विकास प्रकल्प विकसन करारनामा दस्त नोंदणी / अभिनिर्णय प्रकरणी मूल्यांकनासाठी विचारात घ्यावयाच्या बाबी :-

अ) जमिनमालकास मिळणारे बांधकाम क्षेत्राचे वार्षिक मूल्य दर तक्त्यातील नवीन बांधकाम दरानुसार येणारे मूल्य + रोख व इतर स्वरुपात देण्यात येणारा मोबदला असे एकूण मूल्य

ब) विकसक यांना मिळणारे बांधकाम / चटई क्षेत्राचे मूल्य जमीनदराने काढून त्यामध्ये झोपडपट्टी पुनर्वसनाचा बांधकाम खर्च वजा करुन येणारे मूल्य अथवा संपूर्ण

जमिनीचे जमीनदराने येणा-या मूल्याच्या 50% रक्कम यापैकी जी रक्कम जास्त असेल ती विचारात घ्यावी.

उपरोक्त (अ) व (ब) प्रमाणे येणा-या रक्कमेपैकी जी रक्कम जास्त असेल ती बाजार मूल्य म्हणून मुद्रांक शुल्क आकारणीसाठी विचारात घ्यावी.

[Emphasis Supplied]

26. A plain reading of the foregoing would indicate that the assessment is broken into two parts. *First*, the consideration that would be received by the land-owner vendor, which includes cash consideration, and developed area that he would get under the agreement, and any other consideration. *Second*, the developed area that would be available to the developer from which the cost of rehabilitation is to be reduced has to be factored in. Separately, 50% of the full value of the land coming to the landlord has to also be factored in. The higher of these two values would be the *second* value. The higher of the *first* and *second* values, would be the market value.

27. For completeness, the English translation is also set out below:

26: Issues to be considered for valuation while registering/ adjudicating instrument of development agreement in respect of slum rehabilitation scheme:-

a) Value of the constructed area to be received by the land owner as per the Annual Statement of Rates applicable for new construction + monetary and other consideration, the aggregate thereof;

b) Value of the constructed area/carpet area to be received by the developer at the land rates as per ASR less cost of construction for the construction of slum rehabilitation OR 50% value of the whole land at land rate of ASR, whichever is higher;

Of the above value (a) and (b) whichever is higher should considered as market value for levying stamp duty.

[Emphasis Supplied]

28. What is abundantly clear is that the computation of market value has to be made in terms of Guideline No. 26, which is a specific guideline applicable to a slum rehabilitation agreement. The case at hand is one of a purchase by the Petitioner of the Subject Land on which a slum rehabilitation project had been contracted. This is why the authorities have consistently had regard to the LOI and interpreted it. The controversy in question is about applying the law to the terms of the instrument in question, read with the LOI. There is no dispute that the approach to assessing market value of the Subject Land is to be informed by the terms of the LOI and the slum rehabilitation, which is why the CCRA too has adopted the value of the PTC, of course, adding it to the consideration already assessed.

29. Once it is clear that Guideline No. 26 has to be applied, it is evident that the CCRA has completely missed the point. There is simply no basis for adding the construction cost of the PTC. The CCRA could

have at best examined whether Guideline No. 26 has been applied correctly. The three data points articulated above ought to have been computed. The first data point is the consideration that would be pocketed by the landowner – in this case, Rs. 63 crores – which is the *first* value under (A) of Guideline No. 26.

30. The second and third data points would indicate the *second* value. This would involve the value of the constructed area to be received by the developer. In the instant case, the value to be received by the developer is the free sale component. By law, the PTC component is not value receivable by the developer and would not form part the consideration of the developer. On the contrary it would be a cost to be incurred by the developer. The CCRA has purported to add the cost of construction of the PTC area, which has no basis. Even if one were to see that the CCRA meant to take the market value of the PTC component at the ready reckoner rates, what is clear is that there is no basis for such an approach in the ASR.

31. The ASR is in fact prepared by the Joint Director, Town Planning, and is approved by the CCRA. The Petitioner sought to involve the Joint Director, Town Planning in the course of the Section 53A proceedings but that request was not considered. The CCRA has

sought to add the PTC component to the consideration paid to the original owner of the Subject Land. This mixes up the two separate strands of value assessment – one entailing consideration payable to the landowner and another being the value to be realised by the developer.

32. It is in this context that the approach of the CCRA being starkly different from its approach in ***Shree Krishna Realtors*** stands out. In that case, the CCRA adopted the formula under Guideline No. 26 and defended it, with this Court upholding it. In the instant case, an arbitrary addition of the PTC component has been resorted to, with no basis for it.

33. Therefore, it is clear that the Impugned Order is arbitrary and deserves to be quashed and set aside.

Deadline under Section 53A:

34. On the second issue, namely, of the statutory deadline for completing the Section 53A proceedings, at the threshold, Section 53A ought to be extracted:-

> *53A. Revision of Collector's decision under Sections 32, 39 and 41.* —

> *(1) Notwithstanding anything contained in sub-section (3) of Section 32, sub-section (2) of Section 39 and sub-section (2) of Section 41, **when through mistake or otherwise any instrument is charged with less duty than leviable thereon or is held not chargeable with duty, as the case may be**, by the Collector, the Chief Controlling Revenue Authority may, **within a period of six years from the date of certificate of the Collector** under Sections 32, 39 or 41, as the case maybe, **require the concerned party to produce before him the instrument** excluding an instrument in respect of which an appeal is filed before the State Government under Section 53-B **and, after giving a reasonable opportunity of being heard to the party**, examine such instrument whether any duty is chargeable, or any duty is less levied, thereon **and order the recovery of the deficit duty, if any, from the concerned party**. An endorsement shall thereafter be made on the instrument after payment of such deficit duty.*
>
> ***[Emphasis Suppplied]***

35. The provision stipulates a six-year period. The controversy is about whether it subsumes all the activity envisaged in Section 53A(1) or whether the six-year window relates only to the initiation of the process, with no outer time limit whatsoever for completion of the proceedings by the CCRA. The Stamp Act is a fiscal statute and its provisions must be read literally and strictly. Since the legislature in its wisdom has stipulated a period of six years, if the language in the provision indicates the deadline, it would not be open to extend it by resorting to interpretations that lead to uncertainty to fiscal outcomes – say, by

contending that all that has to be done within six years is to initiate the proceedings and leave the timelines to a case-to-case reasonableness standard.

36. A plain and literal reading of Section 53A would show that if the original certificate issued under Section 31 of the Stamp Act is said to have contained a mistake resulting in a deficit in stamp duty, then the CCRA, within six years, may call for the instrument, examine it, and endorse it after payment of deficit stamp duty as assessed by the CCRA.

37. Two Learned Single Judges have separately ruled emphatically that the six-year period stipulated under Section 53A rolls into it, the entire process right from initiation to completing the reviewed assessment. I have no reason to differ from their well-reasoned approach to the point. In ***Sony Mony Electronics***[2] a Learned Single Judge (*Jitendra Jain J*) has ruled as follows:

> *18. Section 53A(1) of the Stamp Act provides that when through mistake or otherwise an instrument is charged with less duty than leviable then, within a period of 6 years from the date of certificate of the Collector under Section 32, 39 or 41, the Authority may require the concerned party to produce before him such instrument and after giving a reasonable opportunity of being heard to the party, examine such*

2 Sony Mony Electronics v. State of Maharashtra. – judgement dated August 7, 2025 in Writ Petition No.2757 of 2012

instrument and order recovery of the deficit duty from the concerned party.

19. Section 53A(1) of the Stamp Act can be dissected in three parts:-

(i) The Collector/Chief Controlling Revenue Authority may, within a period of six years from the date of certificate of the Collector under Sections 32, 39 or 41, as the case may be

(ii) require the concerned party to produce before him the instrument and, after giving reasonable opportunity of being heard to the party, examine such instrument whether any duty is chargeable or any duty is less levied, thereon

(iii) and order the recovery of the deficit duty, if any, from the concerned party.

20. In my view, on a reading of Section 53A(1) the order of recovery should be passed within 6 years preceded by compliance of natural justice and application of mind. The first part is to be read with the third part and between the said two parts, there has to be a compliance of natural justice and application of mind. This is fortified by the conjunctive phrase "and" used before the phrase "order the recovery of the deficit duty." The second part also contains the phrase "and" but that conjunctive is used to comply with the principles of natural justice by requiring the production of the instrument and giving reasonable opportunity and after complying with the same to apply one's mind on chargeability of the instrument. Therefore, the first part and third part are connected with the conjunctive word "and" and consequently, the period of 6 years provided in Section 53A(1) should be read to mean that the order of recovery should be passed within the said time frame.

[Emphasis Supplied]

38. In ***Kolte Patil Developers***[3], another Learned Single Judge (*Amit Borkar J.*) dealt with the same issue and held as follows:

> *19. The finality attached to such endorsement is not final.* ***The Act itself provides a provision for correction of error by way of Section 53A. Section 53A confers a revisional jurisdiction upon the Chief Controlling Revenue Authority. It enables the authority, notwithstanding a prior certification under Sections 32, 39 or 41, to call for the instrument and examine whether proper duty has in fact been levied. If the instrument has been charged with less duty, or has been erroneously held not chargeable, the authority may order recovery of the deficit duty****. The provision is provided to address mistakes, whether factual or legal, in the earlier certification process.*
>
> *20.* ***Importantly, the power under Section 53A is not without time limit. The legislature has expressly provided that such power must be exercised within a period of six years from the date of the Collector's certificate. This limitation recognises that although revenue interests must be protected, transactions involving immovable property require certainty. Parties arrange their affairs on the basis of official endorsements****. The Act therefore strikes a balance by allowing revision, but only within a prescribed limitation period.*
>
> *21. When this statutory framework is applied to the present case,* ***the starting point for computation is the date on which the relevant certificate or final endorsement was made. If the order dated 28 August 2006 amounts in substance to a certification under Section 32 that the instrument was duly stamped, the six year period would expire in August 2012. Any exercise of revisional power under Section 53A must therefore be located within that period.***
>
> ***[Emphasis Supplied]***

3 Kolte Patil Developers Ltd. v. The State of Maharashtra – Order dated February 03, 2026 Writ Petition No. 11145 of 2014

39. There is no basis to take a different view. I am in respectful agreement with the reasonable reading of the provision by the two Learned Single Judges. In my opinion there is no basis to differ from the same and reopen what is a completely logical view. That apart, in the facts of the case, it is also clear that the view expressed beyond the six—year deadline is arbitrary, as explained above.

40. The delay in the instant case is inordinate. The original Adjudication Order was passed on January 19, 2017. The Impugned Order has been passed on June 20, 2024, which is nearly one and half years after the expiry of the six-year period since the passing of the Adjudication Order. Even the first Demand Notice was issued on December 21, 2023, nearly one year after the six-year period expired, and that too even while the revision under Section 53A was initiated and pending

41. Therefore, while setting aside the Impugned Order, there is no basis for this Court to direct the Respondents to assess the re-computation on the lines held by me above to be the means of computing the deficit.

42. Therefore, the Petition is hereby ***allowed*** and the Impugned Order along with the Demand Notices is quashed and set aside.

43. All actions required to be taken pursuant to this order shall be taken upon receipt of a downloaded copy as available on this Court's website.

[SOMASEKHAR SUNDARESAN, J.]