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**AIR 1972 SC 182 : (1972) 1 AnWR 53 : (1972) 1 SCC 165 : (1972) 2 SCR 386**

**Supreme Court of India**

**Case No:** Civil Appeal No's. 1662 of 1968 and 1418 and 1419 of 1969

Amritsar Improvement  
Trust

APPELLANT

Vs

Baldeva Inder Singh  
and Others <BR>The  
State of Punjab Vs S.  
Baldev Inder Singh and  
Others

RESPONDENT

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**Date of Decision:** Nov. 17, 1971

**Acts Referred:**

Punjab Town Improvement Act, 1922 " Section 24, 24(1), 24(2), 25, 28

**Citation:** AIR 1972 SC 182 : (1972) 1 AnWR 53 : (1972) 1 SCC 165 : (1972) 2 SCR 386

**Hon'ble Judges:** K. S. Hegde, J; A. N. Grover, J

**Bench:** Division Bench

**Advocate:** S. K. Mehta, K.L. Mehta and K.R. Nagaraja, In C.A. Nos. 1418 and 1419 of 1968 and V.C. Mahajan and R.N. Sachthey, in C.A No. 1662 of 1968, for the Appellant; Bishan Narain, O.P. Sharma, B. Dutta and J.B. Dadachani, Frank Anthony, for the Respondent

**Final Decision:** Allowed

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**Judgement**

K.S. Hegde, J.

In these appeals by certificates, just one question of law arises for decision and that question is whether the scheme

prepared by the Amritsar Improvement Trust under Sections 24, 25 and 28 and sanctioned by the government u/s 41 of the Punjab Town

Improvement Act: 1922 (to be hereinafter called the Act) is an invalid scheme. The High Court of Punjab and Haryana has held in two writ

petitions that the scheme in question is an invalid scheme and has consequently set aside that scheme. Aggrieved by those decisions, the Amritsar

Improvement Trust as well as the State government of Punjab have come up in appeal.

The Amritsar Improvement Trust at its meeting held on April 19, 1962 resolved as follows :

70. Item

For consideration. Framing of a development-cum-housing accommodation scheme for the area bounded by Circular Road, Fatehgarh Churian

Road, Gumtala Drain, Bye-pass Road and Ajnala Road.

#### RESOLUTION

The Trust resolved to frame a development-cum-housing accommodation scheme for the area bounded by Circular Road, Fatehgarh Churian

Road, Gumtala Drain, Bye-pass Road and Ajnala Road u/s 24 and 25 read with Section 28(2) of the Punjab Town Improvement Act, 1922. The

Area will be developed as a Commercial-cum-residential area and an industrial colony will also be provided. Sites will be ear-marked for the

construction of houses for services men and also for labour and harijan colonies. The scheme should now be notified u/s 36 of the Punjab Town

Improvement Act, 1922. for inviting objections.

That resolution was amended by the Improvement Trust at its meeting held on May 1, 1962. The amendment reads thus :

92. Item.

Reference Trust Resolution No. 70 dated 19-4-1962.

For consideration. Re-fixation of boundaries of Dev. Scheme for the area bounded by Circular Road, Fatehgarh Churian Road, Gumtala Drain,

Bye-pass Road and Ajnala Road.

#### RESOLUTION

It is decided to refix the boundaries of the Development scheme as under:

Circular Road, Fatehgarh Churian Road, Bye-pass Road and Ajnala Road.

Resolution No. 70 dated 19-4-1962 be and is amended accordingly.

Thereafter on May 4, 1962, it issued the following notice u/s 36 of the Act.

The Amritsar Improvement Trust, Amritsar.

Notice u/s 36 of the Punjab Town Improvement Act, 1922.

Notice is hereby given that in accordance with Resolution No. 70 dated 19-4-1962, as amended by Resolution No. 92 dated 1-5-1962, passed

by the Amritsar Improvement Amritsar, the Trust has framed a development-cum-Housing accommodation scheme for an area measuring

approximately 860 acers, bounded by Circular Road, Fatehgarh Churian Road, By-pass Road and Ajnala Road, within the local area of the

Amritsar Improvement Trust, u/s 24 and 25 read with Section 28(2) of the Punjab Town Improvement Act, 1922. The area will be developed as

Commercial-cum-residential area and an industrial colony will also be provided. Sites will be ear-marked for the construction of colonies for

service-men and also for labourers and Harijans. The boundaries of the scheme are as under :

NORTH.-Starting from the junction of Ajnala Road and Bye-pass Road along but excluding the land under Bye-pass Road, upto its junction with

Fatehgarh Churian Road;

EAST.-Thence by Fatehgarh Churian Road but excluding the land under this Road, upto its junction with Circular Road;

SOUTH.-Thence by Circular Road but excluding the land under the Circular Road, upto its junctions with Ajnala Road:

WEST.-Thence by Ajnala Road but excluding the land under the Ajnala Road, upto its junction with Bye-pass Road, the point of start.

These boundaries are more particularly shown on a map of the locality held by the Chairman of the Improvement Trust, Shaheed Bhagat Singh

Road, Amritsar.

2. Details of the Scheme and a statement of the land to be acquired and the general map of the locality comprised in the scheme may be inspected

at the office of the Trust, Shaheed Bhagat Singh Road, Amritsar, during office hours, on any working day.

3. Any person having any objection to the scheme should forward the same in writing to the undersigned so as to reach him on or before the 7th

July, 1962.

Dated, 4th May, 1962.

Sd/-Shashpal Singh,

Chairman,

Amritsar Improvement Trust, Amritsar.

In response to that notice several interested persons submitted their objections. One of the objectors pleaded that the Improvement Trust had no

competence to include in ""a development scheme"" areas outside the municipality. The Improvement Trust rejected all the objections and approved

the prepared scheme. Thereafter the same was submitted to the government and the government sanctioned the same.

There is no dispute that the impugned scheme includes both areas inside the Amritsar municipality as well as areas outside that municipality. It is

also seen from the resolutions passed by the Improvement Trust as well as the notice issued by it u/s 36 of the Act that the Improvement Trust

purported to frame ""a development"" cum ""housing accommodation scheme"". It did not purport to frame ""an expansion scheme"".

The High Court has come to the conclusion that the Improvement Trust had no power to include in ""a development scheme"" areas outside the

municipal limits for the purpose of development.

From the resolutions passed by the Improvement Trust, in particular the resolution passed by it on May 1, 1962, it is seen that the areas bounded

by ""Circular Road, Fatehgarh Churian Road, Bye-pass Road and Ajnala Road"" were included for the purpose of development. It is conceded that

the area included within those boundaries partly lies within the municipal limits and partly outside the municipal limits. It is urged on behalf of the

writ petitioners that the areas outside the municipal limits can be taken over either under ""an expansion scheme"" or under ""a housing

accommodation scheme"". They cannot be taken over for ""a development scheme"". There is force in this contention.

Let us now read the relevant provisions. Section 24 of the Act provides :

(1) The trust may, for the purpose of development of any locality within the municipal limits contained in its local area, prepare ""a development

scheme"", and

(2) Such trust may, if it is of opinion that it is expedient and for the public advantage to promote and control the development of and to provide for

the expansion of a municipality in any locality adjacent there to, within the local area of such trust prepare ""an expansion scheme"".

(3) ""A development scheme"" or ""an expansion scheme"" may provide for the lay-out of the locality to be developed, the purposes for which

particular portions of such locality are to be utilised, the prescribed street alignment and the building line on each side of the streets proposed in

such locality, the drainage of insanitary localities and such other details as may appear desirable.

Section 24(1) deals with preparation of ""a development scheme"". Section 24(2) deals with the preparation of ""an expansion scheme"". Section

24(3) prescribes what all things could be included in ""a development scheme"" or ""an expansion scheme"". Section 25 reads thus :

If the trust is of opinion that it is expedient and for the public advantage to provide housing accommodation for any class of the inhabitants within its

local area such trust may frame ""a housing accommodation scheme"" for the purpose aforesaid....

(Proviso omitted).

Section 28(1) provides that the scheme under the Act may combine one or more types of scheme or any special features thereof.

It is clear from Section 24(1) that ""a development scheme"" cannot include areas outside the municipal limits. Therefore if a scheme includes both

areas outside municipal limits and inside its limits, such a scheme cannot be prepared u/s 24(1). As seen earlier, from the resolutions of the

Improvement Trust, it is clear that it purported to prepare ""a development scheme"" cum ""housing accommodation scheme"" It did not purport to

prepare ""expansion scheme

The legislature has given specific names to the various schemes to be prepared by the Improvement Trust. Hence when the Improvement Trust

says that it has prepared ""a development scheme"", it is not possible to hold that in fact it has prepared ""an expansion scheme."" The power

conferred on the Improvement Trust is not a plenary power. It is a power that has to be exercised in accordance with the conditions laid down in

the Act. If the Improvement Trust desired to prepare ""an expansion scheme"". it should have formed an opinion ""that it is expedient and for the

public advantage to promote and control the development of and to provide for the expansion of a municipality in a locality adjacent thereto within

the local area of such trust"".

From the resolutions passed by the Improvement Trust, it does not appear that it had formed any such opinion. Under these circumstances, it is

not possible to accept the contention of the appellants that as the resolutions of the Improvement Trust refer to Section 24, we may conclude that

the scheme prepared is ""an expansion scheme"". The resolutions of the Improvement Trust do not merely refer to Section 24. They also say that

scheme prepared is ""a development scheme"" cum ""housing scheme"". If these resolutions are read as a whole, it is clear that the Improvement Trust

purported to act under its power u/s 24(1) and 25 and not u/s 24(2).

It was urged on behalf of the appellants that if the exercise of a power can be traced to a valid power, the fact that the power is purported to have

been exercised under non-existing power, does not invalidate the exercise of that power-In that connection reliance was placed on the decisions of

this Court in 278416 and 284434

The former case considered the validity of a transfer of an income tax proceeding ordered by the Commissioner of income tax, Punjab. He

purported to make the order in question u/s 5(5) and 7(A) of the Indian income tax Act, 1922 instead of making that order u/s 5(5) of the Patiala

income tax Act. Under both those provisions, he had similar powers. This Court held that once it is established that the Commissioner had power

to transfer the proceeding, the fact that he purported to exercise that power under a wrong provision of law would not vitiate his order. The

exercise of that power would be referable to a jurisdiction which conferred validity upon it and not to a jurisdiction under which it would be

nugatory.

In 284434 this Court again ruled that it is well established that wrong reference to the power under which action was taken by the government

would not per se vitiate that action if it could be justified under some other power under which the government could lawfully do that act: and

therefore, even though the notification dated December 28, 1949, by which amendments were made to the Indore Industrial Tax Rules, 1927, was

purported to be made under Rule 17 of those rules, the amendments were valid because the government had power to make the amendments u/s

5(1) and (3) of Act I of 1948. Failure to refer to Section 5 did not invalidate the notification.

The legal principle enunciated in those decisions is a well established principle. If an authority has a valid power to do a particular act, the fact that

it purported to do that act under a provision of law which did not confer power to do that act, would not invalidate the Act. But that rule is

inapplicable to the facts of the present case.

Before taking action u/s 24(2), the Improvement Trust had to form a particular opinion. The formation of that opinion is a condition precedent.

Until the Improvement Trust forms that opinion, it is incompetent to take action under that section. The Act has not conferred any blanket power

on the Improvement Trust, to frame any scheme which it thought fit. That being so, it is not possible to uphold the contention of the appellants that

the impugned scheme can be traced to a valid power.

There is yet another difficulty in the way of the appellants. The schemes framed by Improvement Trusts do not come into force automatically. They

have to be sanctioned by the government-The government. may accept them. It may reject them. It may amend them and it may even send them

back to the Improvement Trusts for reconsideration. Hence, it is necessary for the government to know before sanctioning the scheme as to what

the scheme is, so that it may examine whether that scheme is necessary or feasible. Unless the government is informed as to the nature of the

scheme, it would not be possible for the government to consider whether the scheme should be sanctioned or not. In the present case, the

government was informed that the scheme in question was ""a development cum housing accommodation scheme"". It has approved that scheme.

We do not know whether it would have sanctioned ""an expansion scheme"".

Mr. V.C. Mahajan learned Counsel for the State of Punjab contends that the government must be presumed to have known the true facts before

sanctioning the scheme and the government has no objection for the scheme in question. Even if we accept that contention that does not alter the

legal position. We should not mix up the facts of this case with the scope of the relevant provisions in the Act. We cannot confine our attention to

the facts of a particular case. Our conclusion that the power conferred on the Improvement Trust is a limited power is reached on the basis of the

nature of the power conferred and not on the basis of the facts of this case. The fact that the government is prepared to bless a particular scheme

does not change the nature of the power.

The scheme before us is one and indivisible. It is not possible to hold that it is partly valid and partly invalid. It has to stand or fall as a whole.

For the reasons mentioned above, these appeals are dismissed with costs-hearing fee one set.