
**In Re: The Land Acquisition Act
 In Re: Government and Pestonji
Jehangir Modi and Another**

None

Court: Bombay High Court

Date of Decision: Nov. 25, 1911

Acts Referred:

Land Acquisition Act, 1894 " Section 11, 3(b)

Citation: (1913) ILR (Bom) 76

Hon'ble Judges: Macleod, J

Bench: Single Bench

Judgement

Macleod, J.

A certain plot of land, abutting on Hornby Road, known as ""The Dispensary Plot,"" was vested in the City of Bombay

Improvement Trust under Schedule C of Bombay Act IV of 1898. Thereafter, Government sought to acquire this plot for the extension of the

Victoria Terminus Station of the G.I.P. Railway, and notified their desire to acquire it under the Land Acquisition Act, in August 1908.

Proceedings followed before the Collector for ascertaining the amount of compensation payable, in which the parties appearing were the

Improvement Trust and one Pestonji Jehangir, who was in occupation of the premises under an agreement with the Improvement Trust. The

Collector fixed the compensation payable at the rate of Rs. 80 a square yard, and though Pestonji disputed the award, on the ground that that

figure was inadequate and asked for a reference to the High Court on that account, he did not pursue the matter when it came before the Court

and so far the reference is dismissed with costs against him.

2. Out of the compensation money so fixed a certain sum was awarded to Government in respect of their reversionary rights to the land, and there

is no dispute now regarding that part of the award.

3. The Improvement Trust then claimed from the Collector the balance of the compensation to the complete exclusion of Pestonji Jehangir on the

ground that he had no interest in the land. Pestonji claimed that he was in occupation of the land under an agreement with the Trust, with a right to

obtain a lease for ninety-nine years when certain buildings had been erected according to the terms of the agreement on the land. Mr. Delves, a

witness for the Improvement Trust, in answer to this, conceded that a purchaser from the Trust would make a deduction due to Pestonji being in

occupation and the consequent risk of litigation. He fixed such deduction at Rs. 25,000 and the Collector adopting this method of valuing

Pestonji's interest awarded to Pestonji Rs. 25,000 and the balance to the Improvement Trust. As the Improvement Trust were not persons

competent to alienate within the meaning of the Act, the Collector was bound to deposit this amount awarded to them in Court u/s 31(2) of the

Act. Pestonji dissatisfied with the apportionment effected by the Collector asked that this question also should be referred to the Court.

4. After the hearing had been proceeded with for some time an arrangement was arrived at between Pestonji and the Improvement Trust with

regard to the apportionment; so I am no longer concerned with the question what is the value of Pestonji's interest. But, I think, it is competent to

me to remark that the method adopted by the Collector at the suggestion of Mr. Pelves was absolutely and entirely wrong.

5. The Collector has u/s 11 to inquire into the value of the land and into the respective interests of the persons claiming the compensation and after

awarding a sum for compensation he has to apportion the said compensation among all the persons known or believed to be interested in the land

of whom or of whose claims he has information. u/s 3(b) the expression "person interested" includes all persons claiming an interest in

compensation to be made on account of the acquisition of land under the Act. It is quite possible that a person may be interested in the

compensation money without having an interest in the land in the legal sense of the term. The Act does not indicate how the Collector is to effect

the apportionment, and, Sections 20 to 28, which deal with the proceedings of the Court when a reference has been made u/s 18, are also silent

on the question.

6. It was suggested in argument that in apportionment the market value of each interest has to be ascertained but with only a fixed sum to apportion

this would obviously lead to difficulties. The various rights of female members of a Hindu undivided family in the joint family property have no

market value though such members would be persons interested in the compensation money. Again, even if the market value of the various

interests could be ascertained, their total value would not be likely to coincide with the sum to be apportioned. I think what the Collector and the

Court have to do is to apportion the sum awarded amongst the persons interested as far as possible in proportion to the value of their interests,

and it is impossible to lay down any general rule which can be followed. The market value of an interest, if ascertainable, may afford some guide

towards ascertaining the amount to be apportioned in respect of that interest, but that can only be considered in relation to the total sum awarded

as compensation. There remains a question as regards the refund to Government of the poundage and fees which they paid when they deposited

the money in Court u/s 31. It is clearly the duty of Government to deposit in Court the whole of the compensation money which they may be

required to deposit by the Act free from any deduction, and, when a demand is made by Court Officials under the Court Rules for poundage and

fees in respect of such deposit, Government have to pay such poundage and fees in addition to the compensation money. They now ask that when

a decision is arrived at regarding who is entitled to the money so deposited, the poundage and fees should be paid back to them out of the said

money. There is no doubt that this course has been followed by this Court in the past, though as far as I know the Question whether Government

are, as a matter of right, entitled to such a refund has never been argued. But in considering what is the character of the money so deposited by

Government in Court, and what are the powers of the Court under the Act with regard to that money, it seems clear to me that the money is

compensation in respect of the land acquired under the Act, and that the Court has only power to direct payment of such money without any

deduction to the person or persons interested therein, and consequently that the Court has no power to direct that a portion of such money should

be refunded to Government as representing the poundage and fees paid by them when the money was deposited in Court.

7. When Government are acquiring land for a Company, as in this case, the Company have to execute an agreement u/s 41 of the Act with the

Secretary of State for India providing inter alia, for the payment to Government of the costs of acquisition, and the poundage and fees which may

become payable during the course of the proceedings should be included in the costs of acquisition. If Government are acquiring land for their own

purposes, then the payment of poundage and fees to the High Court is not a payment out of pocket to Government. It is merely the debiting of a

certain sum to one account and crediting it to another. But however that may be, as long as the Act is silent on the question, and the Court is only

authorized to apportion or pay out the compensation money which has been deposited in Court under the Act free of all deductions to the person

or persons interested, then if Government consider that the poundage and fees should be paid out of the money so deposited, they can take steps

to get the Act amended.

8. Therefore there will be an order in terms of the consent decree between claimants 2 and 3 and the Improvement Trust. Costs of Government,

exclusive of poundage and fees, awarded against claimants Nos. 2 and 3, to be paid out of the money to which they are now entitled.