

The Appropriate Authority and Anr. v. Smt. Sudha Patil and Anr.

Civil Appeal No. 8600 of 1997

[1998] Supp. 2 SCR 619 | 1998-11-10

Whether absence of a statutory appeal enlarged Article 226 review into appellate reassessment of the Appropriate Authority's valuation, and whether the particular section 269UD purchase order was supported by relevant material and a rebuttable tax-evasion presumption.

269UD (historical compulsory-purchase power) | Chapter XX-C (historical immovable-property purchase regime)

Two-judge bench | Sujata V. Manohar, J. | G.B. Pattanaik, J.

Assessment years: See the source-scope notes; no year inferred.

Historical Chapter XX-C purchase; limited review and deposit interest only

The Authority's purchase order was upheld on the particular evidence, with a rebuttable undervaluation inference and preserved Article 226 review grounds. Respondents receive the deposit and actual accrued interest; the quoted 15% annual rate is from an earlier case. Reported consideration, dimensions and land rates are not silently reconciled. A bounded statutory check confirms Chapter XX-C's exclusion for transfers effected on or after 1 July 2002. Do not treat this as a current acquisition, stamp-value, capital-gains or 2025 Act rule; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

A.G. Krishna agreed on 25 September 1995 to sell the Jayanagar, Bangalore property to Sudha Patil for Rs 63,44,000. The judgment describes the property as 85 feet by 122 feet. On 28 February 1996, after notice, the Appropriate Authority ordered Central Government purchase for the agreement consideration, finding undervaluation of Rs 200 per square foot. It had considered sale instances and the upward property-price trend (physical pages 3–4/SCR 621–622).

The Single Judge dismissed the transferee's writ petition on 22 March 1996. The Karnataka High Court Division Bench reversed on 6 March 1997, finding that the sale comparables and valuation method were defective. The Authority appealed. The Supreme Court also considered the respondents' request for interest, noting their submission that the intended transferee had deposited Rs 43 lakh of the consideration and the Government's statement that its purchase deposit was earning fixed-deposit interest (physical pages 4 and 9–10).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The absence of a statutory appeal did not enlarge Article 226 supervisory jurisdiction into appellate power. Interference remained available for failure to consider relevant material, reliance on irrelevant or extraneous material, absence of evidence, or a conclusion no reasonable person could reach. Where the material reasonably admitted two views, the High Court could not substitute its preferred valuation. The Court explained C.B. Gautam's safeguards of reasons, disclosure, hearing and significant undervaluation in the Chapter XX-C setting (physical pages 6–8/SCR 624–626).

The Court found that the Authority had considered contemporaneous local sales with comparable potentiality, supporting a land rate of at least Rs 850 per square foot against the stated transaction rate of Rs 650. It upheld the finding of undervaluation exceeding 15% of fair market value. The tax-evasion presumption was expressly rebuttable. The explanation of urgent funds for a kidney transplant was considered and rejected on these facts because the transplant was in June 1994 and the agreement in September 1995; no other explanation was advanced (physical page 8/SCR 626).

The Authority had afforded a hearing and recorded its reasons; the Supreme Court concluded that the Division Bench had improperly acted as an appellate valuation forum. On interest, the earlier Rajalakshmi decision was discussed as fact-dependent. Its 15% annual award was not adopted as a rate in this appeal; the Government acknowledged that the deposit was already earning interest (physical pages 9–10/SCR 627–628).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

The appeal was allowed. The Division Bench judgment was set aside, the Appropriate Authority's decision affirmed, and the writ petition dismissed. The entire amount lying in deposit together with accrued interest was directed to be paid to the respondents. There was no order as to costs (physical pages 9–10/SCR 627D and 628D).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Appropriate Authority/Central Government on compulsory purchase; respondents receive the deposited amount and accrued interest

Revenue appeal allowed; purchase order affirmed; writ petition dismissed; deposited amount plus accrued interest payable to respondents; no costs

Final decision on the challenged historical purchase order and the ancillary deposit-interest direction

No general appeal against valuation, no irrebuttable tax-evasion presumption, no independently imposed 15% interest rate, and no modern stamp-value or capital-gains valuation rule.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

A valuation challenge should identify an actual supervisory-review defect in the materials or reasoning, rather than merely invite a different view of comparables. Equally, the Authority's conclusion is not immune from review: the judgment preserves the listed evidentiary and reasoning grounds and the right to rebut the tax-evasion inference.

Keep the two 15% discussions separate: significant undervaluation concerns the historical Chapter XX-C purchase framework, while 15% annual interest belongs to the earlier Rajalakshmi case, not this order. The remedy here is the actual deposit plus its accrued interest. The Department-hosted 2011 compilation confirms section 269UP's exclusion of transfers effected on or after 1 July 2002 (physical page 951). This historical purchase case must not be repackaged as a current automatic property-acquisition or valuation rule.

Source: See the proposition-specific paragraph and PDF-page references below.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, judicial boundary and property agreement

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Reporter identity and unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Competing submissions and questions before the Court

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Supervisory-review grounds, absence of appeal and two permissible views

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Comparable rates, more-than-15% undervaluation and rebuttable inference

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Affirmed purchase, dismissed writ and exact accrued-interest remedy**Source url:** [Open cited source](#)**Pdf pages:** 9; 10**Paragraphs:** Unnumbered judicial text**Source role:** judicial text

6.

Topic: Bounded historical statutory check**Source url:** [Open cited source](#)**Pdf pages:** 951

Paragraphs: Section 269UP and amendment footnote 76 on physical page 951 (printed 1.910): Chapter XX-C does not apply to transfers of immovable property effected on or after 1 July 2002; inserted by the Finance Act, 2002 with effect from that date. Other sections on the page were not relied on.

Source role: historical statutory compilation

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

G.B. Pattanaik, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 10 PDF pages; SHA-256

b42a48dc8aa7f049c21c3f56cb291be8255c13c3495b5cfa92f07d133ace71a5. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–10/SCR 621–628, beginning with Pattanaik J. on page 3. Physical pages 1–3 contain reporter headnotes and appearances. Party submissions on pages 4–6 and discussion of other cases, including the 15% interest award in Rajalakshmi, are distinguished from this appeal's findings and directions.

[Open cited source rendition](#)

The full judicial discussion begins on physical page 3; the first two pages and top of page 3 are reporter headnotes.; The source separately reports Rs 63,44,000 consideration, dimensions of 85 by 122 feet, and a transaction land rate of Rs 650 per square foot. They do not directly reconcile arithmetically; no area, net-area adjustment, total market value or percentage is silently reconstructed.; The presumption of attempted tax evasion is rebuttable, not conclusive, and the urgent-medical-funds explanation was rejected on the particular chronology.; The 15% per annum passage on physical page 10 describes Rajalakshmi; this appeal orders accrued deposit interest without fixing a new rate or allocating shares between the respondents.; Counsel cites Mahesh Chandra Agarwal at 231 ITR 319 on page 6, while the Court discusses Kailash Suneja at 231 ITR 318 on page 7. These reported descriptions are not silently merged into a single independently verified precedent.; No assessment year or income-tax computation is identified; Chapter XX-C applicability is historical.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial and statutory treatment is not verified. The sole bounded later statutory check is section 269UP and its insertion footnote in the Department-hosted 2011 compilation, physical page 951. No subsequent judgment was independently reviewed, and no present valuation rule or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 10](#)

SHA-256: b42a48dc8aa7f049c21c3f56cb291be8255c13c3495b5cfa92f07d133ace71a5

[official department hosted historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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