

Union of India and Anr. v. M/s. Chiranji Estate (P) Ltd. and Anr.

Civil Appeal No. 6053 of 1998

[2001] Supp. 1 SCR 366 | 2001-08-07

Pre-emptive property purchase: comparable properties and undisclosed valuation change.

Income-tax Act, 1961: Chapter XX-C

2-judge bench | S. Rajendra Babu, J. | K. G. Balakrishnan, J.

Assessment years: Not specified; property agreement dated 28 August 1993

Historical Chapter XX-C; property-specific relief

The decision concerns the particular acquisition order and valuation process under Chapter XX-C. It does not establish a universal property value or decide all present-day stamp-value, capital-gains or transfer-pricing comparisons. Other contentions were rejected by reference to a separate companion judgment whose reasoning is not reproduced here.

01 FACTS OF THE CASE

An agreement dated 28 August 1993 proposed sale of A-3, East of Kailash, New Delhi for Rs. 70 lakh. The Appropriate Authority compared it with E-326 in the same locality and ordered acquisition for alleged understatement. The sellers disputed comparability, pointing to location, plot size and building-value differences, and relied on another property, A-32. The Delhi High Court set aside the order. The Government appealed.

Source: [SCR p. 367 / PDF p. 2](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court noted that the show-cause notice used about Rs. 93,000 as the subject building's salvage value but the final order used about Rs. 9.92 lakh without disclosing the fact or basis of that increase to the parties. Two earlier valuation reports did not indicate undervaluation. The A-32 instance was rejected on irrelevant considerations. The Court found both comparing unsuitable properties and ignoring suitable comparables fallacious. These grounds sufficed to invalidate the authority's order.

Source: [SCR pp. 367-368 / PDF pp. 2-3](#)

03 JUDICIAL DECISION

The Court declined to interfere with the High Court and dismissed the Government's appeal without costs. Additional Department contentions identical to those in Civil Appeal Nos. 6050-6051 of 1998 were rejected for the reasons stated in that separate judgment; this short source does not repeat them.

Source: [SCR p. 368 / PDF p. 3](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the respondent property sellers: the High Court order setting aside the Appropriate Authority's acquisition remained effective. The Court upheld relief on deficiencies in the valuation process and comparisons, rather than fixing a substitute market price.

Source: [SCR p. 368 / PDF p. 3](#)

05 AKHB REVIEW POINT

AKHB analysis: record why each proposed comparable is suitable or unsuitable, with adjustments for location, size and structures. Reconcile the notice valuation with the final calculation and identify material changes not disclosed for response. Obtain the companion judgment before relying on the additional arguments rejected only by reference.

Source: [AKHB analysis based on SCR pp. 367-368 / PDF pp. 2-3](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Three-page SCR scan; judgment begins on PDF page 2 and concludes on page 3. The reporter headnote on page 1 is distinguished from the judicial text.

[Open cited source rendition](#)

Full judicial text and operative relief read. Original bytes match the SHA-256 in the supplied source reconciliation.

STATUTORY SCOPE

Apply the historical statutory text governing the decision. Current statutory applicability and Income-tax Act, 2025 equivalence have not been verified.

LATER TREATMENT

Source checked 2026-10-10. Full historical judgment checked. Comprehensive subsequent judicial treatment has not been verified; no current citator clearance is represented.

AI DISCLOSURE

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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