

Union of India v. M/s Shatabadi Trading and Investment Pvt. Ltd. and Others

Civil Appeal Nos. 6054-6055 of 1998

[2001] Supp. 1 SCR 416 | 2001-08-10

Judicial-review limits over a Chapter XX-C pre-emptive purchase valuation after Supreme Court-confirmed auction

Income-tax Act, 1961: former section 269UD and Chapter XX-C | Constitution of India: Article 226

Two-judge bench; judgment delivered by S. Rajendra Babu, J. | S. Rajendra Babu, J. | K. G. Balakrishnan, J.

Historical Chapter XX-C procedure

The decision concerns the former pre-emptive purchase regime and a completed court-confirmed auction. It is not a statement of current property-transfer law.

01 FACTS OF THE CASE

A 1 February 1991 agreement proposed transfer of 25 Friends Colony West, New Delhi for Rs.1.75 crore. After an initial purchase order was quashed under C.B. Gautam for lack of notice, the Appropriate Authority issued a detailed show-cause notice, compared another Friends Colony property, discounted for tenancy and valued the subject property at about Rs.4.564 crore. It again ordered purchase. During writ proceedings, the Supreme Court directed an auction, rejected objections and confirmed a Rs.4.01 crore bid. The owner accepted Rs.1.75 crore plus interest without protest, yet the High Court later invalidated the Authority's valuation.

Source: [Primary judgment: acquisition, valuation and auction history](#)

02 DISCUSSION BY THE HON'BLE COURT

Article 226 review examines the decision-making process rather than substituting the High Court's valuation conclusion when the material permits two views. The Authority disclosed the comparison and adjustments in the notice, including tenancy discounting; non-supply of the valuation report was not fatal where the report's details and other material were provided. Reassessing the comparables and choosing a different valuation method treated judicial review as an appeal, contrary to Sudha Patil.

Source: [Primary judgment: limits of valuation review](#)

03 JUDICIAL DECISION

The High Court both exceeded its review role and failed to account for the Supreme Court-confirmed sale, the owner's acceptance of payment and the anomalous restitution consequences. The Court did not resolve the broader valuation arguments that were unnecessary to disposition.

Source: [Primary judgment: review error and confirmed-sale consequence](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeals allowed. The High Court order was set aside, the Appropriate Authority's Chapter XX-C order restored and no costs awarded.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: in reviewing a historical compulsory-purchase valuation, separate procedural legality from merits revaluation and account for later final orders that materially change the remedial position. Record which valuation details were disclosed and whether the challenge attacks the process or merely prefers another method. Do not apply Chapter XX-C as current law.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

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

Complete 9-page SCR report read in page-preserving text and every page image inspected; exact source bytes match the catalogue SHA-256.

[Open cited source rendition](#)

Exact catalogue SHA-256 and nine-page count verified; all pages were read and visually inspected.

The report records an apparent consideration of Rs.1.75 crore, a departmental value of approximately Rs.4.564 crore, and a Supreme Court-confirmed auction bid of Rs.4.01 crore.

The Court did not decide every valuation method issue; it expressly found it unnecessary to address many wider arguments.

STATUTORY SCOPE

Income-tax Act, 1961, former Chapter XX-C and section 269UD, with Article 226 judicial review. No current-law mapping or continuing availability of Chapter XX-C is asserted.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. Chapter XX-C was a historical pre-emptive purchase regime; the judgment does not establish a current property-transfer procedure.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.