2026 INSC 750

Non-Reportable

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

Civil Appeal Nos. 9729-9731 of 2026
(@ Special Leave Petition (Civil) Nos.16387-89 of 2024)

Mohammadali Ansarahmad Khan .... Appellant

Versus

The State of Gujarat & Ors. .... Respondents

O R D E R

Leave granted.

2. A land scam of huge magnitude was unearthed in a Public Interest Litigation. The Gujarat Industrial Development Corporation (for short, 'GIDC') was alleged to have transferred twenty fully developed industrial plots in exchange for the agricultural lands owned by the appellant herein. The appellant, *'pari delicto'* is in appeal from the judgment of the High Court of Gujarat which reversed the transfer made to the appellant, claiming compensation for the lands taken by the GIDC without any acquisition proceedings.

3. We heard Mr. Naveen Pahwa, learned Senior Counsel appearing for the appellant and Mr. K.M. Nataraj, learned Additional Solicitor General appearing for the State.

4. The facts, as discernible from the records, are that, for establishing an industrial estate by name of 'Sarigam Industrial Estate' as conceived by the GIDC in the year 1980, 34,743 Sq. mtrs. of land along with other lands, both private and government, were taken over and developed. The subject land admeasuring 34,743 sq. meters was understood as belonging to the government, vesting having occurred as per the ceiling proceedings under the Gujarat Land Ceiling Act, 1960, initiated against the original owner, by name Narhari Sukhanand Joshi.

5. The ceiling proceedings were challenged by the owner before the Collector and then before the Gujarat Revenue Tribunal. Eventually, the matter was remanded for fresh adjudication as per the Act and the Agricultural Land Ceiling Authorities held in favour of the original owner in the year 2014. The appellant is alleged to have actively participated in the contest mounted by the original owner against the ceiling proceedings. The appellant purchased the lands in question by way of sale deeds dated 24.06.2016 and 30.07.2016 for a consideration of little more than Rs. 30 lakhs. The properties were mutated in his favour as per entry no. 9014. However, the land having been taken over by the GIDC and developed, relying on the original vesting the appellant claimed for restitution or compensation in lieu of acquisition as per the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (for short, "Act of 2013") which had superseded the Land Acquisition Act of 1894 (for short, "Act of 1894"). The scramble commenced then and the appellant rested content when the issue moved from desk to desk and eventually it was decided by the GIDC, taking cue from two earlier instances, that 20 fully developed industrial plots will be transferred in the name of the appellant, as compensation.

6. The High Court by the impugned order concluded that the allotment of industrial plots admeasuring 30,000 square meters by way of an exchange deed dated 22.03.2022 in favour of the appellant by the then Vice Chairman and the Managing Director of the GIDC, suffers from grave error of law and smacks of *mala fides*. The illegal allotments made were cancelled by the Division Bench with an observation that the claim of the appellant, respondent no. 5 therein, for compensation shall be dealt with strictly in accordance with the observations made in the judgment, reckoning all relevant factors. A three-Judge Bench of this Court after hearing all parties to the Special Leave Petition on 05.08.2024, passed an order agreeing with the first part of the conclusions, i.e. with respect to the *mala fide* action of the GIDC and the cancellation of the sale deed, holding that to be not liable to be interfered with under Article 136. Notice was issued confined to the aspect of compensation for the agricultural plots.

7. By Order dated 20.08.2025, a Coordinate Bench of this Court directed the Collector to determine the compensation; while noticing the reservation of the appellant in making such determination under the provisions of the Act of 1894, when the Act of 2013 had come into place. This Court refused to comment on the same and directed compensation to be first determined, leaving the issue, as to under which enactment payment should be made, to be later considered. In the order dated 06.11.2025, it was noticed that the Collector had determined compensation as Rs. 5.85 Crore under the Act of 1894 and Rs. 24.72 Crore under the Act of 2013, reckoning the subject land as agricultural; which was objected to by the appellant claiming it to be non-agricultural. Clarification was sought on the nature of the land from the learned Additional Solicitor General. Further, by Order dated 28.04.2026, another Coordinate Bench of this Court had ruled that restitution was out of question and what falls for consideration is only fixation of a reasonable amount as compensation.

8. Today, on our directions, an affidavit has been filed. The valuation, applying the Act of 1894 without interest, is stated to be Rs.1,17,16,090/- and under the Act of 2013, it is Rs.3,30,03,071/-. The valuation of land as on the date of exchange deed without interest i.e. as on 05.12.2025, is computed as Rs.16,48,20,980/-. In determining a reasonable compensation what weighs with us is the fact that the appellant had actively connived in obtaining the purchase and the subsequent *mala fide* exchange from the GIDC. Admittedly, there was a vesting order under the Land Ceiling Act on 13.10.1970 which was upheld by the Collector in 1973 but remanded by the Tribunal. Hence, when the project namely Sarigam Industrial Estate conceived by the GIDC was taken up in 1980, the matter was in a flux. Without noticing the remand order, the lands were taken over by the GIDC finding that the revenue records had the name of the government as its rightful owner. The lands were developed as an industrial estate which before taking over remained as agricultural lands. The ceiling proceedings were dropped in the year 2014 upon which, despite the lands having been developed as an industrial estate, the appellant, who is said to have been pursuing the ceiling proceedings on behalf of the original owner, purchased the lands; quite obviously in a surreptitious manner. On obtaining the ownership and after procuring mutation, the claim was set up for restitution or compensation in accordance with the Act of 2013 since then, it had come into force.

9. We have to notice that if the ceiling proceedings had concluded prior to the takeover of the lands, what would have been taken over by the State were the agricultural lands available with the original owner, the compensation being eligible to the original owner. The appellant was nowhere in the picture at that time and surfaced with a claim in 2016 on the basis of a purchase made in that year relying on an order, dropping the ceiling proceedings in 2014. Even if we have nothing substantial to sustain the contention of the GIDC that the appellant had been shadowboxing, on behalf of the original owner, in pursuance of his vile intention to appropriate the land and claim compensation, it cannot be doubted that he was aware of the development fully carried out in the land when he made the purchase in 2016. At least, the purchase made and the mutation carried out was done surreptitiously, thus disentitling him from raising claim for compensation under the Act of 2013. Valuation as on the date of the exchange deed is to be only noticed to hold that admittedly those were developed lands at the time of the exchange deed, which were developed by the GIDC, the appellant having not expended a pie on such development. The mere statement that the same was converted as non-agricultural lands at that point of time, does not inure to the benefit of the appellant since the same was in pursuance of the establishment of the industrial estate.

10. On the above reasoning, we find that the appellant would not be entitled to the compensation as determined on the basis of the valuation as determined by the Collector under the Act of 2013 or as on the date of the exchange deed or even the compensation under the Act of 1894. At best, the appellant could claim compensation on the valuation of the lands, that too in the nature of the agricultural lands under the Act of 1894 which would be Rs.1,17,16,090/-. The appellant, having come into possession only in the year 2016, would be entitled to 9% interest *per annum* as determined by us and not under the Act of 1894 which could have incurred to the benefit of the original owner alone. The aforesaid compensation of Rs.1,17,16,090/-

with simple interest from July 2016 up to the date of payment shall be disbursed to the appellant after deducting the consideration received by the appellant for three plots allotted to the appellant by exchange deed, being plot nos. 3311, 3313 and 3117, which have already been allotted to third parties by the appellant after remitting the transfer fees to the GIDC. The GIDC shall verify the consideration obtained by the appellant for the said allotment made in the year 2020 and deduct the same from the compensation determined by the Collector. The interest as ordered by us shall not run on the said amount liable to be deducted.

11. With the above direction, the appeal stands disposed of reaffirming the *mala fide* nature of the transfer carried out by the GIDC and the cancellation of the exchange deeds. The GIDC would be entitled to deal with the remaining seventeen industrial plots as covered in the exchange deed, cancelled by the High Court and would have rights also in the three plots covered by the exchange deed and now allotted to third parties, as they would be enabled under the scheme of allotment of industrial plots.

12. The Appeals stand disposed of on the above terms.

13. Pending applications, if any, shall also stand disposed of.

.... J.
(J. B. PARDIWALA)

.... J.
(K. VINOD CHANDRAN)

NEW DELHI;
JULY 24, 2026.