

FULL BENCH

Before R. S. Narula, Bal Raj Tuli and C. G. Suri, JJ.

SUNDER DASS AND OTHERS,—Petitioners.

Versus

UNION OF INDIA AND OTHERS,—Respondents.

Civil Writ No. 2700 of 1969

March 15, 1971.

Displaced Persons (Compensation and Rehabilitation) Act (XLIV of 1954)—Sections 12, 14 and 16—Displaced Persons (Compensation and Rehabilitation) Rules (1955)—Rule 16 read with Appendix VIII—"Package Deal" between Central Government and Punjab Government—Whether amounts to sale of evacuee property or merely an arrangement for its management—Displaced persons having fully satisfied claims—Whether entitled to challenge the "Package Deal".

Held, that by "Package Deal" the Punjab Government has been constituted as the manager of the property in the compensation pool to which the "Package Deal" relates and in consideration of the services to be rendered to the Central Government by the State Government, the payment is to be made in the manner prescribed in this deal. There has been no sale of any evacuee property by the Central Government in favour of the Punjab State. Only the management and disposal of those properties have been entrusted to the Punjab State as a delegate of the Central Government. The properties still continue to form part of the compensation pool which is liable to be utilised for the purposes of the Act in accordance with its provisions. The displaced persons, having verified claims, were given the right to be paid a certain amount of compensation at the rates prescribed in rule 16 read with Appendices VIII and IX of Displaced Persons (Compensation and Rehabilitation) Rules, 1955. Once they are paid the compensation according to those prescribed rates, they have no further interest left in the compensation pool and have no right to control its management and disposal by the Central Government. Hence the displaced persons who got their claims verified and their verified claims have been fully satisfied have no *locus standi* to challenge the "Package Deal". (Paras 4 and 6)

Case referred by the Hon'ble Mr. Justice R. S. Narula, on 13th March, 1970, to a Division Bench for decision of an important question of law involved in the case. The Division Bench consisting of the Hon'ble Mr. Justice R. S. Narula and the Hon'ble Mr. Justice C. G. Suri, further referred the case to Full Bench for opinion on the question of law involved in the case on 21st July, 1970. The Full Bench consisting of the Hon'ble Mr. Justice R. S. Narula, the Hon'ble Mr. Justice Bal Raj Tuli and the Hon'ble Mr. Justice C. G. Suri, finally decided the case on 15th March, 1971.

Petition under Articles 226 and 227 of the Constitution of India praying that a writ in the nature of Certiorari, or any other suitable writ, order or direction be issued directing the respondent No. 1 to produce before this Hon'ble Court a complete statement of facts and figures showing separately the reserve price as well as the present market price of the properties covered by the impugned 'Package Deal' and also the total price for which this entire property is being made over to Respondent No. 2 and quashing the impugned transaction as contained in its letter dated 27th February, 1970 including the so called delegation of powers under section 34 of the Act in favour of Respondent No. 2.

C. K. DAPHTRY, SENIOR ADVOCATE, WITH ASHOK MARWAHA, H. S. WASU, AND B. S. WASU, ADVOCATES, for the petitioner.

HIRA LAL SIBAL, ADVOCATE-GENERAL, PUNJAB WITH R. K. CHIBBER, ADVOCATE AND MELA RAM SHARMA, SENIOR DEPUTY ADVOCATE-GENERAL, PUNJAB.

JAGAN NATH KAUSHAL, ADVOCATE-GENERAL HARYANA FOR THE STATE OF HARYANA (INTERVENER), for the respondents.

JUDGMENT

Tuli, J.—This petition came up for hearing before my learned brother Narula, J., on March 13, 1970, and it was referred to a larger Bench on the ground that the question of law involved seemed to be of substantial importance and if the writ petition succeeded, it might have far-reaching consequences. In pursuance of that order, the petition was placed for hearing before my learned brethren Narula and Suri, JJ. and noticing that there was an earlier judgment of Tek Chand and Pandit, JJ., in *Bishan Singh v. The Central Government and others* (1), which seemed to be in conflict with another Division Bench judgment of S. B. Kapoor and Shamsher Bahadur, JJ., in *Ram Chander v. The State of Punjab and others* (2), the learned Judges directed that the papers might be placed before Honourable the Chief Justice for constituting a Full Bench for the hearing and disposal of this petition. This order was passed on July 21, 1970, and in pursuance of that order the writ petition has come up for hearing before us.

(2) The petitioners are 26 in number and in para 1 of the petition they have stated that they are displaced persons from West Pakistan and are now living in the State of Punjab. Some of

(1) I.L.R. (1961) 1 Pb. 415.

(2) I.L.R. (1968) 2 Pb. & Haryana 651.

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them are claim-holders in respect of urban agricultural land and some are claim-holders for immovable property other than agricultural land, while others are lessees/sub-lessees of acquired evacuee urban agricultural lands. An objection was taken in the written statement filed by respondent 2 that the petitioners had not given particulars of their verified claims so that no reply could be given whether they had any interest in the compensation pool so as to entitle them to challenge the 'Package Deal' which was entered into between the Union of India and the State of Punjab on February 27, 1970. The petitioners filed an amended writ petition but again they did not state the particulars of their claims. Ultimately, they filed a replication and along with that replication they filed affidavits of eight petitioners. The affidavits show that they have already received full compensation in accordance with the scales prescribed in Appendix VIII to the Displaced Persons (Compensation and Rehabilitation) Rules, 1955 (hereinafter referred to as the Rules), which Appendix is referred to in rule 16 thereof. At the hearing of the petition, the learned counsel for the petitioners has argued the petition on the footing that all the petitioners are satisfied claim-holders, that is, they are displaced persons from West Pakistan who got their claims verified and their verified claims have been satisfied in accordance with the scales prescribed in rule 16 read with Appendix VIII *ibid.* On this admission the question arises whether the petitioners have any *locus standi* to file this petition.

(3) The learned counsel for the petitioners has referred to the preamble of the Displaced Persons (Compensation and Rehabilitation) Act, 1954 (hereinafter referred to as the Act), which reads—

“An Act to provide for the payment of compensation and rehabilitation grant to displaced persons and for matters connected therewith”;

and has argued that the purpose and scheme of the Act is to pay compensation and rehabilitation grants to displaced persons. It is further submitted that in order to achieve these objects the compensation pool was constituted under section 14 of the Act and the management of that pool was provided in section 16 thereof. Under section 4 of the Act an application for payment of compensation is to be made by a displaced person having a verified claim. That application has to be processed under sections 7 and 8 of the Act.

which clearly provide that the compensation payable to the displaced person, having a verified claim, is to be determined according to the provisions of the Act and the Rules and out of that compensation certain public dues have to be deducted before satisfying those claims in the manner provided in the Act and the Rules. In my opinion, all these provisions referred to by the learned counsel lead to the conclusion that the displaced persons, having verified claims, were given the right to be paid a certain amount of compensation at the rates prescribed in rule 16 read with Appendices VIII and IX to the Rules. Once they are paid the compensation according to those prescribed rates, they have no further interest left in the compensation pool and have no right to control its management and disposal by the Central Government. There is no provision in the Act or the Rules which constitutes the Central Government as a trustee or a constructive trustee or an accounting party for rendering accounts of the proceeds of the evacuee property acquired by it to the displaced persons. The purpose of acquisition of the evacuee property by the Central Government under section 12 of the Act was to grant relief to and rehabilitate the displaced persons, which included the payment of compensation to them. This section does not lead to the conclusion that the entire acquired evacuee property was to be utilised for the purposes of paying compensation and rehabilitation grants to the displaced persons. The Government acquired the property free from all encumbrances and as full owner thereof. Having acquired the property, it was constituted into the compensation pool under section 14 of the Act. This compensation pool did not consist only of the evacuee property acquired under section 12 of the Act but also cash balances lying with the Custodians, such contributions, in any form whatsoever, as may be made to the compensation pool by the Central Government or any State Government, and any such other assets as may be prescribed. From the language of this section, it is quite clear that if the proceeds of the acquired evacuee property were not sufficient to pay the compensation payable to the displaced persons holding verified claims in accordance with the prescribed rates, the Government had to contribute amounts to the compensation pool to make up the deficiency. Similarly, if any evacuee property remained after satisfying the claims of all the claimants, it was to remain vested in the Central Government which is its owner and has the full liberty to dispose it of in any manner it deems fit. In the democratic set-up, it is not possible for the Government to behave in an arbitrary manner

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and, therefore, it cannot be presumed that the Central Government can deal with the property according to its whims and unmindful of the provisions of the Act and the Rules. The petitioners have, however, no right to control the actions of the Central Government with regard to the disposal of the property in the compensation pool after their claims have been satisfied.

(4). The 'Package Deal', which has been challenged in this petition, concerns—

- (i) Recovery of arrears of rent of rural evacuee agricultural land and other rural evacuee properties ;
- (ii) Recovery of price of land allotted to non-claimant Bhawalpuri displaced persons and Kashmiri migrants;
- (iii) Recovery of arrears of rent in respect of urban evacuee agricultural land and urban evacuee properties;
- (iv) Urban evacuee properties; and
- (v) Urban evacuee agricultural lands.

This Deal has been described as an administrative and financial arrangement which has been made by the Central Government with the Punjab State Government and it has been specifically provided that—

“the properties involved shall continue to vest in the compensation Pool’ as heretofore and shall be disposed of in accordance with the provisions of the Act and Rules, aforesaid.”

This fact is also emphasised in the return filed by respondent 2. In view of these assertions, it cannot be said that the rights of the petitioners, assuming there are any, have been in any way interfered with. The Punjab State Government has been constituted as the manager of the property in the compensation pool to which the 'Package Deal' relates and in consideration of the services to be rendered to the Central Government by the State Government, the method of payment or those services has been prescribed in this deal. It is not for us to go into the merits, legality

or validity of the 'Package Deal' in this petition as the petitioners have not been able to convince us that they have any right, after their claims have been legally satisfied, to control the transactions of the Central Government with regard to the acquired evacuee property.

(5) The judgments of this court, which were mentioned in the order of reference made by the learned Judges of the Division Bench, are not relevant on the point of law that we have decided above. In none of those cases the *locus standi* of the petitioners was contested. *Ram Nath and another v. Central Government and others* (3), concerned the permanent allotment of urban agricultural land made in accordance with the Press Notes issued by the Central Government and it was held that the urban agricultural land could not be disposed of in that manner but proper rules had to be framed for its allotment to the various claimants. The allotments made in accordance with the Press Notes were therefore, quashed. A similar matter came up for hearing before the Division Bench in *Bishan Singh v. The Central Government and others* (11) (*supra*) and the learned Judges took a similar view. In *Ram Chander v. The State of Punjab and others* (2), (*supra*) the validity of the 'Package Deal' with regard to an area of about 80,000 standard acres of surplus land sold by the Central Government to the Punjab Government at a Flat rate of Rs. 445/- per standard acre on March 10, 1961, was challenged on the ground that no instrument of conveyance had been executed under Article 299(1) of the Constitution. The learned Judges referred to sub-section (1) of section 16 of the Act and rule 34 of the Rules and observed—

“Under this provision, it seems to us that the Central Government is competent to make a disposal or transference of the properties under the compensation pool in whatever manner it feels disposed and from the contents of the letter of 3rd June, 1961, there seems to be no doubt that the Punjab Government had been made an owner of the evacuee properties and it does not seem to be disputed that the price of these properties had been paid off by April, 1963. It is futile in the circumstances to urge that Article 299(1) of the Constitution, by which

(3) 1960 P.L.R. 53.

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'all contracts made in the exercise of the executive power of the Union or of a State shall be expressed to be made by the President, or by the Governor andshall be executed on behalf of the President or the Governor by such persons and in such manner as he may direct or authorise', puts the transaction of 1961 outside the pale of consideration as the constitutional instrument had not been executed in due form. The transference was made under the statute itself, this being the Displaced Persons (Compensation and Rehabilitation) Act, 1954, and it seems to us that the provisions of Article 299(1) would not be applicable in a transaction of this nature."

(6) It is, thus, clear that the learned Judges of the Division Bench held that the Central Government was competent to make a disposal or transference of the properties in the compensation pool in whatever manner it felt disposed. In the present case, according to the memorandum dated February 27, 1970, and the return filed by respondent 2, there has been no sale of any evacuee property by the Central Government in favour of the Punjab State. Only the management and disposal of those properties have been entrusted to the Punjab State as a delegate of the Central Government. The properties still continue to form a part of the compensation pool which is liable to be utilised for the purposes of the Act in accordance with its provisions.

(7) For the reasons given above, we hold that the petitioners have no *locus standi* to file this petition and dismiss the same, but without any order as to costs.

R. S. Narula, J.—(8) I agree that this petition merits dismissal without any order as to costs as the petitioners have failed to prove that they have any subsisting interest in the compensation pool after having received the maximum amount payable to them under the Act.

C. G. Suri, J.—I agree.

K. S. K.

