

PUBLIC ASSETS CANNOT BE SOLD AT A PRICE LESSER THAN THEIR MARKET VALUE [Dated : 02-05-09]

The Hon'ble Supreme Court of India has ruled that if government sells country's assets to private persons or players at a price lesser than their market value, such action amounts to cheating the country.

A bench, comprising Justices Lokeshwar Singh Pant (since ret'd) and B Sudarshan Reddy, who set aside the judgment of the Allahabad High Court in Land Allotment dispute noted "it is well said a struggle to get for the state the full value of its resources is particularly pronounced in the sale of state owned natural assets to the private sector.

Whenever the government or the authorities get less than the full value of the asset, the country is being cheated; there is simple transfer of wealth from the citizens as a whole to whoever gets the assets at a discount. Most of the time the wealth of a state goes to the individuals within the country rather than to multinational corporations; still, wealth slips away that ought to belong to the nation as a whole. Justice Reddy, writing a 49-page judgment for the bench, also noticed "the authority in law is not entitled to gift or freely make available any land at a rate lesser than that of reserved price." The apex court while allowing the appeal of Meerut Development Authority (MDA) against the High Court judgment also imposed a cost of Rs 50,000 on the association of the management studies and another for insisting for allotment of 20,000 square metres of land in the Ganganagar area of Meerut at a rate below the reserved price.

The apex court in its judgment with far reaching consequences for the state which has been following the policy of liberalization by transferring national assets to private parties such as allotment of land for SEZ also said every action of the state must be reasonable and fair and the public interest must be the paramount consideration in all state actions.

The apex court also reprimanded the High Court for its erroneous approach and held respondent associations guilty of indulging in speculative litigation and upheld the action of MDA and dismissed another petition filed by Pawan Kumar Agarwal. Association of management studies is running educational institutions for engineering, MBA, MCA courses etc.

