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Supreme Court of India explains the limits of supervisory jurisdiction under Article 227 of the Constitution of India and clarifies interpretation of guideline value in execution proceedings

In an important decision on the scope of supervisory jurisdiction under Article 227¹ of the Constitution of India (“**Constitution**”) and the interpretation of guideline value² in execution proceedings, the Supreme Court of India (“**Supreme Court**”), in *Nandi Infrastructure Corridor Enterprises Limited and Anr. vs. B. Gurappa Naidu and Ors.*³, has reiterated that High Courts cannot act as appellate forums while exercising supervisory jurisdiction under Article 227.

The Supreme Court further clarified that where an executing court adopts a plausible interpretation of statutory guidelines, such findings cannot be interfered with under Article 227 of the Constitution merely because an alternative interpretation is possible. The Supreme Court also provided clarity on the interpretation of guideline value notifications, in determining compensation under a compromise decree.

Brief facts

1. Nandi Infrastructure Corridor Enterprises Limited (“**N.I.C.E.**”) entered into a framework agreement with the Government of Karnataka for implementation of the Bangalore–Mysore Infrastructure Corridor Project.
2. A dispute arose between N.I.C.E. and the landowners (decree holders), which culminated in a compromise decree dated August 20, 2007 following a Memorandum of Settlement (“**Settlement**”) dated August 10, 2007.
3. Under the terms of Settlement, N.I.C.E. was required to convey an alternative land parcel. In the event of failure, it was liable to pay the ‘guideline value’ of the subject land (Schedule ‘AA’ property) as on the date of the Settlement.
4. N.I.C.E. failed to convey the alternative land, the decree holders initiated execution proceedings.
5. In execution proceedings, the executing court determined the guideline value at INR 1,000 (Indian Rupees one thousand) per square feet, based on the applicable government notification dated April 17, 2007.
6. N.I.C.E. challenged this order before the High Court of Karnataka (“**Karnataka HC**”) under Article 227 of the Constitution. The High Court interfered with the executing court’s findings and reduced the valuation to INR 500 (Indian Rupees five hundred) per square feet, primarily relying on an interpretation suggested by the State Government.

¹ Article 227 provides for the High Court’s power of superintendence over all courts and tribunals within its territorial jurisdiction.

² Minimum estimated market value of an immovable property in a specific area, fixed and published by the state government.

³ CIVIL APPEAL NO. 1388 OF 2013; dated April 30, 2026

7. Aggrieved, both parties approached the Supreme Court.

Issues

1. Whether the Karnataka HC exceeded its jurisdiction under Article 227 of the Constitution?
2. Whether the Karnataka HC was justified in interfering with the executing court's determination of guideline value?

Findings and analysis

Issue 1: Scope of interference under Article 227 of the Constitution

The Supreme Court reaffirmed the settled position of law that the jurisdiction under Article 227 of the Constitution is supervisory and not appellate in nature.

The Supreme Court held that interference under Article 227 of the Constitution is permissible only in limited circumstances, such as unwarranted assumption of jurisdiction, gross abuse of jurisdiction, or an unjustifiable refusal to exercise jurisdiction vested in courts.

It emphasised that High Courts cannot re-appreciate evidence, cannot substitute their own interpretation merely because another view is possible, and cannot act as courts of first appeal.

Applying these principles, the Supreme Court found that the executing court acted within its jurisdiction and the Karnataka HC exceeded its supervisory jurisdiction.

The Supreme Court also criticised the Karnataka HC's approach of impleading the State Government and relying on its interpretation of the notification, noting that the *lis* was purely between private parties arising from a compromise decree.

Issue 2: Interpretation of guideline value notification

On merits, the Supreme Court examined the Karnataka Government notification dated April 17, 2007 governing guideline values.

The Supreme Court held that the subject land fell within municipal limits and was converted for industrial use. Further, the applicable base guideline value was INR 800 (Indian Rupees eight hundred) per square feet under the notification, and an additional 25% enhancement applied as the land abutted a State Highway, resulting in INR 1,000 (Indian Rupees one thousand) per square feet.

Crucially, the Supreme Court rejected Karnataka HC's reliance on 'Instruction No. 6' (which provided for valuation at 50% of residential rates for industrial land). The Supreme Court held that 'Instruction No. 6' was a residual provision, applicable only where no specific rate was prescribed. Since the notification already prescribed a rate for such land within municipal limits, the residual provision was inapplicable, and applying it would lead to anomalous results, including undervaluation of urban converted land.

The Supreme Court therefore upheld the executing court's valuation as a plausible and legally sustainable interpretation. It set aside the Karnataka's judgment and restored the executing court's determination of compensation at INR 1,000 (Indian Rupees one thousand) per square feet.

Conclusion

The decision upholds that supervisory jurisdiction under Article 227 of the Constitution is narrow and the executing courts' plausible interpretations of statutory provisions cannot be disturbed merely because an alternative view exists.

This judgment provides clarity on 2 (two) critical aspects of dispute resolution.

First, it reiterates the limited scope of Article 227 jurisdiction. The Supreme Court's disapproval of the High Court's approach underscores that supervisory jurisdiction cannot be used as an appellate remedy, particularly in execution proceedings arising from compromise decrees.

Second, the ruling offers useful guidance on interpretation of guideline value notifications. By distinguishing between specific provisions and residual instructions, the Supreme Court ensures that valuation exercises are based on settled guidelines of statutory interpretation.

From a practical standpoint, the judgment also highlights that parties entering into settlement arrangements tied to 'guideline value' must be conscious of the applicable guidelines of statutory interpretation, should there be any ambiguity.

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