IN THE SUPREME COURT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

In the matter of an application made in terms of Articles 17 and 126 of the Constitution of the Democratic Socialist Republic of Sri Lanka.

Maligawa Tours and Exports (PVT) Ltd. No. 19, Race Course Avenue, Colombo 07.

PETITIONER

SC APPLICATION NO. SC (FR) 158/2013

Vs.

- The Land Reform Commission
 No. C82, Hector Kobbekaduwa Mawatha,
 Colombo 07.
- 2. L.R.Sumanasena,Director,District Land Reform Board,I.R.D.P. Building,Udapussella Road,Nuwaraeliya.
- Hon. Attorney General,
 Attorney General's Department,
 Colombo 12.

RESPONDENTS

BEFORE: Hon. Buwaneka Aluwihare, PC, J.

Hon. Vijith K. Malalgoda, PC, J.

Hon. Janak De Silva, J.

COUNSEL: Uditha Egalahewa, PC with Amaranath Fernando for the Petitioner.

Dr. Sunil Cooray with Sudarshani Cooray for the 1st and 2nd Respondent.

Ms. Indumini Radeny, SC for the Hon. Attorney-General.

ARGUED ON: 07.09.2022.

WRITTEN SUBMISSIONS: 07.06.2017

05.06.2017

DECIDED ON: 03.08.2023

<u>Judgement</u>

Aluwihare, PC, J.,

In this matter, the court granted leave to proceed for the alleged violation of the Petitioner's fundamental right enshrined in Article 12(1) of the Constitution. In addition to a declaration that the Petitioner's fundamental rights guaranteed under the said Article had been violated by the Respondents, Petitioners also sought by way of further relief, that the letter issued by the Chairman Land Reform Commission dated 22nd April 2013[X5] be declared null and void and to quash the letter dated 29.04.2013, issued by the Director of the District Land Reform Board (Nuwara Eliya) [X7].

Background facts

The Petitioner contends that the Petitioner is the lawful owner of two parcels of land called 'Madalanda Estate' and 'Keenagaskebella'.

On 22nd April 2013, the Chairman of the Land Reform Commission, the 1st Respondent (hereinafter referred to as the 'LRC'), by way of a letter (marked and produced as 'X5') requested Deshamanya Siva Obeyesekere to handover several lands to the LRC. Listed among the properties were 'Medalanda Estate in the Colombo District' [listed under 'c'] and 'Keenagaskebella in Nuwara-Eliya [listed under 'e']. The ownership of these two lands, however, had been transferred to the Petitioner [Maligawa Tours and Export (PVT) Ltd] way back in 1982 and 1972 respectively. In the case of the land Keenagaskebella, the transfer had been made more than 41 years before the letter X5. It was submitted that the Petitioner has enjoyed both the ownership, and possession and further, utilised the two properties for various purposes since. It was revealed that, prior to receiving the letter X5, Deshamanya Siva Obeyesekere also had received several letters relating to some of her other properties, from the LRC, and had tendered an appeal to the 2nd Respondent [Director, District Land Reform Board, Nuwara-Eliya]. This letter of appeal (marked 'X6') had been copied to the then Legal Consultant for the LRC, Mahanama Thilekaratne.

Having been made aware of the attempts to take over the said properties, Chantal Obeyesekere (daughter of Deshamanya Siva Obeyesekere and as well as a Director of the Petitioner company) had met with Mahanama Thilekaratne to inquire about the matter and voice its grievance over the attempted takeover of lands which were lawfully conveyed over 30 years before. When the file pertaining to the lands was called for, it was observed that the file (bearing No. 2293) bore the endorsement "file closed". Having been apprised of the situation, Mahanama Thilekaratne had made an endorsement and directed the conduct of an inquiry. The letter marked X6 contains the hand-written endorsement and directions dated 03.04.2013; and reads thus: "I have studied the files pertaining to this and the Director has no right or authority to intimidate persons like this. I recommend to have a full inquiry into

this matter. Inform the Director not to take any action until the most essential inquiry is over."

Despite the directions of the legal Consultant Tillakaratne made on the 3rd April 2013, no inquiry was conducted, X5 was issued on the 22nd April (when for the first time the lands 'Medalanda' and 'Keenagaskebella' was included) and on the 29th April 2013, the 2nd Respondent informed Deshamanya Siva Obeyesekere by letter (marked 'X7') that she is required to handover the said lands, failing which, the lands will be taken over. Thereafter, fearing an imminent infringement of its Fundamental Rights guaranteed by Article 12(1), the Petitioner invoked the jurisdiction of this court. When this matter was supported on 7th September 2022, this Court, in addition to granting leave to proceed as referred to earlier, granted Interim relief, prohibiting the Respondents from taking any further action in pursuance of re-possessing the lands which form the subject of the dispute, as directed by the letter dated 29th April 2013 ('X7'). What follows is a narration of the facts in detail, as they relate to each property.

The two parcels of land

(i) The Medalanda Estate

The Medalanda Estate, more fully described in Plan No. 5453/L.R.C. CO 2317 dated 20th January 1980 was vested in the 1st Respondent by the operation of the Land Reform Law. Thereafter, the LRC [the 1st Respondent] transferred the estate to Chantal Hiranthi Obeyesekere (daughter of Mr. J.P. Obeysekera) by Deed bearing No. 5619 dated 6th October 1982. [X2(a)] This transfer was done for the purpose of 'agriculture or animal husbandry' by and under virtue of Section 22(1)(a) of the Land Reform Law. Subsequently, the Petitioner company obtained ownership of the estate when Chantal Hiranthi Obeyesekere transferred ownership to the Petitioner company by way of Deed bearing No. 5744 dated 17th June 1983. The Respondents, however, contend that this transfer was bad in law as it is an alienation deemed null and void as per Section 13 of the Land Reform Law.

On 22nd April 2013, more than 30 years after the conveyance, the Chairman of the LRC by the letter ('X5') had written to Deshamanya Siva Obeyesekere (widow of the late Mr. J.P. Obeyesekere) stating *inter alia* that "some land which has to be handed over to the LRC, has not been handed over yet". Among the lands listed for handover is the "Medalanda Estate at Colombo District" of extent 22A.OR.22P.

(ii) Keenagaskebella

Keenagaskebella, also known as 'Keena House' is located in the Nuwara Eliya District and was initially owned by the late J. P Obeysekera. By way of Deed of Transfer bearing No. 403 dated 5th February 1972, J.P. Obeysekera transferred the land to the Petitioner for shares of the Petitioner Company being the consideration. The Petitioner contends that this land was not declared as agricultural land since it was used by the company for tourism purposes, as a hotel project. A letter from the Ceylon Tourist Board addressed to the Director of the Petitioner company dated 12th October 1973 confirms the existence of a 'Guesthouse' at premises known as 'Keena House' in Nuwara Eliya, and therefore buttresses the above contention. As with Medalanda, Keenagaskebella is also not mentioned in any of the correspondence between the parties involved prior to the letter requesting handover on 22nd April 2013 [X5] which states that "Keenagaskebella Nuwaraeliya District Plan No. 4568 Lot A" of extent 7A.1R.08P must be handed over to the LRC. What is significant is that J.P. Obeyesekere by a letter dated 20th November 1972, put the LRC on notice that he would not be declaring two properties in Form (1) [presumably the prescribed declaration form in terms of the Land Reform Law] as they do not constitute Agricultural Land. One is premises No.19, Race Course Avenue and the other is Keena House Hotel and Premises which had received project approval from the Tourist Board [X8]. It appears that for a period of over 30 years the LRC had not disputed the position taken by J.P. Obeyesekere.

Violation of Article 12(1)

- 1) It is now settled in our Fundamental Rights Jurisprudence that Article 12(1) protects persons from any unlawful, arbitrary or mala fide executive or administrative actions or omissions and guarantees natural justice and legitimate expectations [vide *Sampanthan vs. Hon. Attorney General and Others* SC. FR 351/2018]. Thus, in order to determine whether there has been a violation and/or an imminent infringement, the submissions made by learned Counsel for the respective parties along with the facts and the applicable legal provisions, required to be analysed under each of the impugned actions, in relation to the procedures and remedies prescribed by law as they relate to each property and the interests of the Petitioner.
- 2) The Land Reform Law of 1972 was introduced with the aim of addressing longstanding inequalities in land ownership and use, in the country. Prior to the introduction of the law, the majority of agricultural land in Sri Lanka was owned by a small number of wealthy individuals and corporations, while the majority of the population lived in poverty and had limited access to land. The law sought to redistribute land ownership and promote a more equitable distribution of land by placing a limit on the amount of land that individuals and corporations could own. It also established a system for the acquisition and redistribution of excess land to landless peasants and small farmers and sought to promote more sustainable land use practices by encouraging the cultivation of crops. Section 2 of the Land Reform Law states that Purposes of the law are:
 - "(a) to ensure that no person shall own agricultural land in excess of the ceiling; and
 - (b) to take over agricultural land owned by any person in excess of the ceiling and to utilize such land in a manner which will result in an increase in its productivity and in the employment generated from such land."
- 3) Among the powers assigned to the LRC by Section 44 of the Land Reform Law

are the powers to "(a) acquire, hold, take or give on lease or hire, exchange, mortgage, pledge, sell or otherwise dispose of, any movable or immovable property", "(b) carry out investigations, surveys and record data concerning and relating to any agricultural land and call for returns in the prescribed form concerning and relating to agricultural land; and encourage aspects of land" and "(f) call for and receive such documents relating to title, valuation, surveys and plans of agricultural land as may be necessary for carrying out such objects". Broadly, it is acts committed in the pursuance of these powers which are challenged in these proceedings.

- 4) It must first be mentioned that all correspondence relating to the handover of the said lands has been addressed to Deshamanya Siva Obeysekera, and not to the Petitioner company. The Petitioner company canvassed this application to prevent the possession or seizure of lands owned by the Petitioner, which are namely Medalanda and Keenagaskebella.
- 5) With regard to the Medalanda Estate, the final correspondence appears to be the Appeal made [in terms of Section 13(3) of the LR Law] to the Minister, by J. P. Obeyesekere way back in 1974, against an order made under Section 13(2) of the said Law[X5(a) dated 5th July 1974]. The appeal states that 'Medalanda' situated in the Nittambuwa Division in Colombo in extent 22A.OR.O2P, which had been transferred to Maligawa Tours & Exports Ltd in 1972 was declared null and void by the LRC. No subsequent document, order or letter refers to the Estate, and there is no indication of the consideration of J.P Obeyesekere's appeal until 22nd April 2013. There is no material whatsoever to indicate that the appeal had been considered when, more than 30 years after the conveyance, and almost 30 years after the appeal was made, the Chairman of the LRC by way of letter ('X5') written to Deshamanya Siva Obeyesekere, requested the handover of the Estate.
- 6) It seems to me that any dispute over the ownership of Medalanda predating the sale by the LRC [1st Respondent] to Chantal Hiranthi Obeysekera in 1982

is irrelevant for the purposes of determining the *vires* of the impugned acts, as the Obeyesekere's and the Petitioner company accepted the LRC's claim of ownership when they each purchased the land. It is the Respondents' submission that the subsequent transfer of ownership of Medalanda to the Petitioner is illegal as it was executed in violation of Section 22(1)(a) of the Land Reform Law. They contend that as Medalanda was initially sold to Chantal Hiranthi Obeysekera under Section 22(1)(a) for the purposes of 'agriculture or animal husbandry', the subsequent sale of Medalanda to the Petitioner; a company which does not engage in agriculture or animal husbandry, is illegal. Section 24(2) of the Land Reform Law provides the LRC with the authority to cancel such initial alienation where "any term or condition subject to which agricultural land is alienated to any person by the Commission is not complied with."

- 7) Section 24(2) prescribes the process of cancellation of such alienation as follows: "the Commission may by endorsement on a certified copy of the instrument of alienation, cancel such alienation, and thereupon such alienation shall be determined accordingly, and such agricultural land shall re-vest in the Commission...". The letter addressed to Deshamanya Siva Obeyesekere requesting the handover of these lands [X5] notes that the alienation of Medalanda is null and void by virtue of Section 13. Section 13(1) requires persons alienating land held in excess of the ceiling (50 acres) on or after 29th May 1971 to report such alienation to the Commission. Contrary to the written submissions dated 5th June 2017, Section 13 does not require alienors to seek the LRC's "permission". Instead, Section 13(2) states that if the transfers appear to have been made for the purpose of 'defeating the purposes' of the Land Reform Law, the "... Commission may by order made under its hand declare that such alienation is null and void. Every such order shall be sent by registered post to the alienor and alienee of the agricultural land to which that order relates."
- 8) Accordingly, if the alienation of Medalanda to Maligawa Tours was contrary

to the terms of the initial alienation to Chantal H. Obeyesekere (as contended by the Respondents), the LRC ought to have acted under Section 24(2) of the Land Reform Law, in the manner prescribed therein. There is no material before this court which suggests that such a course of action was taken. Accordingly, it can be concluded that the alienation has not been cancelled as per Section 24(2). The only mention of Medalanda after 1983 is in the LRC's letter in 2013, and that too denotes the alienation of Medalanda to be "Sec 13 null and void". It is evident, therefore, that the only appropriate remedy for an alienation made contrary to terms of transfers made under Section 22(1)(a) of the Land Reform Law, which is an 'order of cancellation' as prescribed by Section 24(2) of the said Law, which course of action the LRC has not carried out for over 30 years.

- 9) It is possible that the conflation arose from the Appeal made to the Minister by J. P. Obeyesekere against an order made under Section 13(2) of the Land Reform Law in 1974 (X5(a)). However, as stated before, the LRC cannot claim the *vires* of its actions based on this document as the LRC itself transferred the estate to Chantal Hiranthi Obeysekera (daughter of J.P. Obeysekera) by Deed bearing No. 5619 dated 6th October 1982. Therefore, in failing to resort to the appropriate remedy over three decades, and subsequently attempting to possess the lands now owned by the Petitioner, the LRC has not acted within the confines of the procedures prescribed by the Land Reform Law.
- 10) The Petitioner acquired ownership of Keenagaskebella by virtue of Deed No. 403 dated 5th February 1972, wherein J. P. Obeyesekere transferred the property to the Petitioner. The Petitioner submits that the Petitioner was not obliged to declare the land as it was not agricultural land and was used for tourist projects. Additionally, the Petitioner notes that the fact that the land is being used entirely for tourist projects was informed to the LRC as far back as 1972 (letter marked 'X8'). Furthermore, the letter from the Ceylon Tourist Board addressed to the Director of the Petitioner company dated 12th October 1973 (marked 'X9') confirms the existence of a 'Guesthouse at premises

known as 'Keena House' in Nuwara Eliya, and therefore affirms the above contention. Finally, the Petitioner notes that the appeal tendered by Mr. J. P. in 1974 (marked and produced as 'X5(a)'), dated 5th July 1974, does not list 'Keenagaskebella' as a land whose alienation was ordered null and void as per Section 13, and contends that this is further evidence of the fact that there was no dispute with regards to the legality of the alienation of Keenagaskebella. I also wish to observe that the factual inaccuracy of the letter X5. X5 refers to Keenagaskebella as; "Keenagaskebella Nuwaraeliya District Plan No. 4568 Lot A". As per the Deed of Transfer (X3(a)) in its Schedule the said land is described as a land depicted in Plan No. 4565. There is no mention of a 'Plan No. 4568' in any of the related documents submitted to court besides X5. It would appear therefore that the X5 was erroneous in fact too, as it relates to Keenagaskebella.

- It was the submission of the Respondents' that land holders cannot be the arbiter of whether or not the lands held by them are agricultural lands. And that determination has to be made by the LRC alone. Accordingly, they contend that not declaring all lands held in excess of the ceiling would be an offence as per Section 18(5) of the Land Reform Law [hereinafter referred to as 'the Law"]. They further submit that the letters marked 'X8' and 'X9' which the Petitioner relies on to substantiate the contention that Keenagaskebella is used for tourism purposes cannot be taken to confirm the position that Keenagaskebella should not have been declared because it was not used for agricultural purposes as "the Land Reform Law does not in any way grant lands for hotel projects" (vide written submission dated 5th June 2017).
 - 12) It appears to me that the submissions of the parties address a fundamental question regarding the Land Reform Law; whether *all* lands held in excess of the ceiling must be declared, and whether the LRC is permitted by law from considering utilization *all* such lands for the purposes of the Land Reform Law, even if the said lands bear no

relevance or use to agriculture. To that effect, it was submitted by the Respondents [written submission dated 5th June 2017] that "All lands over 50 acres comes by operation of law to the LRC. Whether it is agricultural or not is a decision to be taken by the LRC and not by an *individual*. It would be pertinent, at this stage, to examine the process by which owners of agricultural land may be allowed to retain certain portions of such land. As per Section 3(2) of the Land Reform Law, upon the law coming into force, by operation of Law, any agricultural land owned by any person in excess of the ceiling was deemed to vest in the LRC and such person is deemed to be a statutory lessee of the LRC. This deeming provision is followed by Section 18, which mandates that such person should make a "statutory declaration", in the prescribed form of the total extent of the agricultural land so held by him on such lease. Finally, as per Section 19, the LRC may make a "statutory determination", specifying the portion or portions of the agricultural land owned by the statutory lessee which he shall be allowed to retain, and publish such determination in the Gazette. It is crucial to note that Section 3(2) only contemplates the declaration of agricultural land held in excess of the ceiling. The Petitioner's contention rests on the argument that Keenagaskebella, also known as Keena Cottage, is not agricultural land, and therefore does not have to be declared as per Section 18 because it did not initially vest in the LRC. The Petitioner contends that 'Keena Cottage' is found in the Nuwara Eliya Town, within the Municipal Council limits and has been used, and continues to be used for the operation of a Tourist Hotel, and that accordingly, the land cannot be used for agricultural purposes.

13) To determine what constitutes agricultural land, I have reproduced the interpretation provided in Section 66 of the Land Reform Law:

"agricultural land" means land used or capable of being used for agriculture within the meaning given in this Law and shall include

private lands, lands alienated under the Land Development Ordinance or the State Lands Ordinance or any other enactment and includes also things attached to the earth or permanently fastened to anything attached to the earth but shall exclude

- (a) any cultivated agricultural land owned or possessed by a public company on May 29, 1971, so long and so long only as such land continues to be so owned or possessed by such company;
- (b) any such land which was viharagam or devalagam land on May 29, 1971, so long and so long only as such land continues to be so owned or possessed;
- (c) any such land which was owned or possessed by a religious institution on May 29, 1971, so long and so long only as such land continues to be so owned or possessed by such religious institution;
- (d) any such land which on May 29, 1971, constituted a charitable trust as defined in the Trusts Ordinance or a Muslim charitable trust or wakf as defined in the Muslim Mosques and Charitable Trusts or Wakfs Act, so long and so long only as such land continues to be so owned or possessed as such trust;
- (e) any such land held in trust on May 29, 1971, under the Buddhist Temporalities Ordinance so long and so long only as such land is held in trust under that Ordinance

It is evident that none of the exclusions apply in this case. What is of vital relevance in the above interpretation is the phrase "means land used or capable of being used for agriculture". This interpretation lends credence to the contention that only land which could be used for agricultural purposes is required to be declared by the owners. The Petitioner, in its written submission dated 7th June 2017 drew reference to the interpretation provided for the word 'agriculture' in Section 66 of the Land Reform Law.

[&]quot;agriculture" includes

- (i) the growing of rice, all field crops, spices and condiments, industrial crops, vegetables, fruits, flowers, pasture and fodder;(ii) dairy farming, livestock-rearing and breeding;
- (iii) plant and fruit nurseries
- 14) Accordingly, it would be a misconception to state that the Land Reform Law requires owners to make a declaration in relation to all lands held in excess of the ceiling. One must be conscious of the fact that the drafters of this law, in their wisdom, provided a comprehensive interpretation of what may be identified as 'agricultural land' and laid the process of Land Reform in a manner that requires owners of land to make declarations as per that interpretation. Where landowners fail to act per the interpretation in an attempt to defeat the Law, the drafters provided the LRC with the authority to take remedial action under Section 18(5) of the Law, – which holds non-declaration of agricultural land to be an offence read with Section 63 of the Law, which provides the procedure for conviction upon commission of the offence. While I find it hard to agree with the Petitioner's contention that the land cannot be used for the growing of any crops or farming or planting, the submissions of the Respondents warrant questioning as to why the realization that the said land in question could be used for agricultural purposes did not arise for over 30 years. The Respondents have provided no reason for their inaction from 1972 to 2013, or as to why they are attempting to take over and possess lands alienated by transactions which were allegedly known to have been 'improper' 30 years ago.
- 15) It appears that the LRC had only got activated after all these years, because of the petitions received, criticising the LRC for their inaction on their part. In a letter [X4(h)] addressed to Deshamanya Siva Obeyesekere, the Chairman of the LRC states "there are ample petitions against you stating that you are enjoying an extent more than approved by the Commission…" and the letter goes on to state; "…The

Commission also under strong criticism for not taking legal action against you...". Any action on the part of the LRC should be based on the law and merely not on public petitions. The LRC is free to take action based on such complaints only after the proper inquiries are conducted and action is merited under the Land Reform Law, which does not appear to be the case in this instance.

- 16) Furthermore, the Respondents did not afford the Petitioner any opportunity to be heard and voice its grievances even after repeatedly being informed by Deshamanya Siva Obeyesekere that the Petitioner company was the lawful owner of the said lands. It must also be noted that the Legal Consultant to the LRC, Mahanama Thilekaratne directed the LRC to conduct an inquiry into the matter after observing that the particular file, which had been 'closed' for over 30 years was re-opened and action was pursued under it. This is evident in the letter marked X6. Neglecting the said direction and its subsequent conduct therefore wholly contravenes Principles of Natural Justice. It is regrettable that an agency charged with an administrative task as significant as the vesting and conveying of private property is seemingly negligent, indifferent and unwilling to abide by the principle of *audi alteram partem*, a core tenet of administrative law.
- 17) As stated before, Article 12(1) protects all persons from arbitrary executive or administrative action. The petitioner company, being a duly incorporated entity, is a juristic person who may claim the protection of this court .[vide *Sunway International (Pvt) Ltd & Another vs. Airport & Aviation Services (Sri Lanka) Limited & Others*, SC. FR 147/2017]. A person's Fundamental Right to equal protection of the law is infringed when public authorities fail to treat such person as mandated by law. It is apparent that the Respondents have failed to treat the Petitioner as mandated by the law and are now attempting to indirectly seize or possess Petitioner's lands (vide letter marked 'X5') without following the

remedies prescribed by law or basic procedures which ensure administrative justice. In conclusion, I hold that the 1st Respondent would violate the Petitioner's Fundamental Right to Equal Protection of the Law guaranteed under Article 12(1) of the Constitution if it acted upon listings (c) and (e) of the letter marked 'X5' dated 22nd April 2013.

- 18) Additionally, I wish to note that while it does not bear relevance to the principal merits of this case, it would be reasonable, upon examination of the correspondence between the 2nd Respondent and Deshamanya Siva Obeyesekere (letters marked 'X4(a) to 'X4(g)), to draw the conclusion that the LRC exhibited manifest refusal to consider the merits of Deshamanya Siva Obeyesekere's plea relating to the impugned actions, and an utter lack of professionalism. In some consecutive letters, certain paragraphs appear to have been reproduced and replicated without consideration of the matters pleaded in the prior correspondence. Such conduct by officers holding public office, exercising powers and responsibilities conferred on them by law for the benefit of the People, warrants serious note.
- 19) The present Application by the Petitioner, Maligawa Tours and Exports (PVT) Ltd is in relation to the lands referred to in listings (c) and (e) of the letter dated 22nd April 2013 addressed to Deshamanya Siva Obeyesekere [X5] by the Chairman LRC.

Conclusions by the Court

For the reasons enumerated above, I declare that an imminent infringement of the Fundamental Rights of the Petitioner guaranteed under Article 12(1) of the Constitution has been established by the Petitioner. Until such time an inquiry is held affording an opportunity to the Petitioner to make representations, the 1st Respondent is directed not to resort to appropriate procedures laid down in the Land Reform

Law in relation to listings (c) and (e) referred to, under paragraph 10, on page 2 of the said letter marked 'X5' dated 22nd April 2013 [which are impugned in these proceedings]. The said listings ['c' and 'e'] are reproduced below;

- (c) Medalanda Estate at Colombo District ~ 22A.OR.22P
- (e) Keenagaskebella Nuwaraeliya District Plan No 4568 Lot A ~7A 1R 08P

In the circumstances of this case, I order no costs.

Application allowed

JUDGE OF THE SUPREME COURT

JUSTICE VIJITH MALAGODA PC I agree.

JUDGE OF THE SUPREME COURT

JUSTICE JANAK DE SILVA I agree.

JUDGE OF THE SUPREME COURT