



**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO. 4686 OF 2026
[ARISING OUT OF S.L.P. (CIVIL) NO.5629 OF 2022]

UNION OF INDIA

... APPELLANT(S)

VERSUS

**SIR SOBHA SINGH AND SONS
PVT. LTD.**

... RESPONDENT(S)

J U D G M E N T

PRASHANT KUMAR MISHRA, J.

1. Leave granted.
2. This Appeal presents a question concerning the nature of the appellant-Union of India's occupation of residential premises at Sujan Singh Park, New Delhi; whether such occupation is governed exclusively by the terms of a perpetual lease deed attracting the overriding protection of Section 3 of the Government Grants Act, 1895¹, or whether the arrangement between the parties bears the incidents of a landlord-tenant relationship, thereby rendering the appellant amenable to eviction proceedings under Section 14(1)(a) of the Delhi Rent Control Act, 1958² for non-payment of rent. *Vide* impugned judgment dated 08.01.2020, the High Court of Delhi³, affirming the concurrent findings of the courts below, answered this question against the

¹ 'GG Act'

² 'DRC Act'

³ 'High Court'

appellant. The correctness of that view falls for determination in the present Appeal.

A. FACTUAL MATRIX

3. The dispute traces back to a perpetual lease deed dated 26.04.1945 executed by the Governor General in Council in favour of respondent-Sardar Bahadur Sir Sobha Singh & Sons Private Limited, who is the respondent herein, in respect of 7.58 acres of land situated at North and South Sujan Singh Park, New Delhi. Under the terms of the deed, the lessee was obligated to construct residential blocks in accordance with the terms of the lease. Upon Independence, the appellant stepped into the shoes of the original lessor, while the lessee continued as successor-in-interest.

4. Residential flats, servant quarters and garages were constructed pursuant to the lease. Over time, several of these premises including five single-bedroom flats, nine double-bedroom flats, thirty-nine servant quarters and twenty-five garages at Sujan Singh Park (North and South), New Delhi, came to be occupied by the appellant for housing government officials.

5. The respondent asserted that the appellant occupied the premises as a tenant and paid rent at the rate of Rs. 2,400/- per month per flat, thereby attracting the provisions of the DRC Act. The appellant, on the other hand, maintained that its occupation flowed directly from the perpetual lease deed arising out a grant and that no statutory tenancy governed by rent control law existed.

6. Alleging default in payment of rent for the period of 01.04.1989 to 31.03.1991 amounting to Rs. 63,360/-, the respondent issued a demand notice dated 14.01.1991. Upon failure to clear the arrears, an eviction petition being Suit No. E-68/98/91 was filed before the learned Additional Rent Controller⁴ under Section 14(1)(a) of the DRC Act.

7. The appellant resisted the proceedings, contending *inter alia*: **(i)** absence of landlord–tenant relationship; **(ii)** bar under Section 3 of the GG Act; **(iii)** applicability of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 owing to alleged re-entry by the Government in 1960; and **(iv)** want of notice under Section 80 of the Code of Civil Procedure, 1908.

8. By order dated 08.07.2004, the learned ARC directed deposit of arrears under Section 15(1) of DRC Act. As a corollary of the non-compliance, led to an eviction order dated 14.02.2005 passed by the learned ARC holding that the appellant was disentitled to the protection under Section 14(2) of the DRC Act.

9. The appeal before the Rent Control Tribunal⁵ was initially dismissed on the ground of delay. Upon intervention by this Court on 16.10.2006 and remand, the RCT, by order dated 01.09.2007, dismissed the appeal on merits, affirming the eviction and holding that a landlord–tenant relationship stood established between the parties. However, execution of the said order dated 01.09.2007 was suspended for six months subject to payment of arrears with interest and costs.

⁴ 'ARC'

⁵ 'RCT'

10. Aggrieved, the appellant invoked the supervisory jurisdiction of the High Court under Article 227 of the Constitution of India by filing CM(M) No. 293 of 2008. The principal plank of challenge was that Section 3 of the GG Act excluded the operation of the DRC Act, since the occupation of the premises was referable solely to the terms of the perpetual lease.

11. The High Court, by impugned judgment dated 08.01.2020, rejected the contention. Upon construing Clause (6) of the lease deed, it was held that the provision did not create an immunity from the application of rent control legislation. Further, the High Court examined the scope of Section 3 of the GG Act in the light of the principles laid down by a four-Judge Bench of this Court in **Collector of Bombay vs. Nusserwanji Rattanji Mistri and Others**⁶ which had distinguished cases where occupation flows directly and exclusively from a Government grant from those arising out of arrangements bearing the incidents of tenancy.

12. The High Court further distinguished decisions such as **Express Newspapers Pvt. Ltd. and Others vs. Union of India and Others**⁷, observing that these cases pertained to direct Government grants expressly overriding general tenancy law. In the present case, it was concluded that the occupation under Clause (6), accompanied by payment of rent, attracted the DRC Act. Accordingly, the petition was dismissed, with limited protection in execution subject to compliance with conditions.

⁶ (1955) 1 SCC 184

⁷ (1986) 1 SCC 133

13. Taking an exception to the concurrent findings of the Courts below and the refusal of the High Court to interfere, the appellant has preferred the present Appeal.

B. SUBMISSIONS OF PARTIES

14. Mr. K.M. Nataraj, learned ASG appearing for the appellant submitted that the impugned judgment fails to give full effect to the overriding mandate of the GG Act.

15. It was urged that Sections 2 and 3 of the GG Act expressly exclude the application of the Transfer of Property Act, 1882⁸ and mandate that Government grants operate according to their tenor, notwithstanding any rule of law or statutory enactment to the contrary. It was contended that the *non-obstante* clause in Section 3 gives primacy to the terms of the grant over all other enactments, including the DRC Act.

16. Learned ASG submitted that Section 3 of the DRC Act itself excludes premises belonging to the Government and tenancies arising out of Government grants. It was pointed out that a conjoint reading of the two enactments, therefore, clearly exclude the applicability of the DRC Act to the present case.

17. Reliance was placed on ***Municipal Corporation of Delhi vs. Pradip Oil Corporation and Another***⁹, wherein a full bench of Delhi High Court had affirmed that the rights and obligations under a Government grant are regulated solely by its terms and stand insulated from inconsistent statutory

⁸ 'TP Act'

⁹ 2001 SCC OnLine Del 1026

provisions. Further reliance was placed on ***Union of India and Another vs. Dinshaw Shapoorji Anklesari and Others***¹⁰, reiterating that Section 3 confers overriding effect and that the Government's conditions in a grant prevail over contrary statutes. Reference was also made to ***Azim Ahmad Kazmi and Others vs. State of Uttar Pradesh and Another***¹¹ to submit that enforcement or resumption must strictly conform to the tenor of the grant and no external statutory regime can be superimposed.

18. It was further contended by learned ASG that the perpetual lease deed unequivocally recognise the President of India as “lessor” and the respondent as “lessee”. In the absence of any express clause providing for re-entry or eviction upon non-payment of rent, no such right can be inferred; at best, the remedy is recovery of arrears.

19. As regards reliance placed by the High Court on ***Collector of Bombay (supra)***, learned senior counsel submitted that the said decision did not consider the interplay between the GG Act and the DRC Act or the scope of Section 3 of the GG Act. It is, therefore, distinguishable and inapplicable to the present controversy.

20. On this premise, the learned ASG had submitted that the High Court erred in confining the overriding effect of the GG Act only vis-à-vis the TP Act and in invoking the DRC Act to sustain eviction. Therefore, it was prayed that the impugned judgment deserves to be set aside.

¹⁰ (2014) 14 SCC 204

¹¹ (2012) 7 SCC 278

21. *Per Contra*, Mr. P.S. Patwalia, learned senior counsel for the respondent submitted that Sections 2 and 3 of the GG Act were confined to insulating Government grants from the operation of the TP Act and cannot be read as excluding the applicability of the DRC Act. It was contended that the GG Act was never intended to operate as a complete code overriding all tenancy laws.

22. Reliance was placed principally on the four-Judges Bench decision of this Court in ***Collector of Bombay (supra)***, to submit that Sections 2 and 3 of the GG Act must receive a narrow construction. Learned senior counsel for the respondent argues that the general words of Section 3 cannot be read in apparent generality but must be confined to the object declared in the preamble namely, removing doubts as to the operation of the TP Act. Properly construed, Section 3 merely saves such provisions, restrictions, conditions or limitations in a Government grant as might otherwise be invalid under the TP Act and does not override independent statutory regimes such as the DRC Act.

23. It was further argued that the DRC Act, being a subsequent special welfare legislation, contains no exemption for Government grants. *Proviso* to Section 3(b) of the DRC Act expressly contemplates applicability to premises lawfully let by Government, and Section 54 of the DRC Act does not save the GG Act.

24. Learned senior counsel for respondent submits that a lawful tenancy is borne out from the allotment letter, agreement, and perpetual lease, including Clause (6) referring to “fair rent”. Learned senior counsel highlighted that the

long-standing correspondence and payment of rent establish between the parties the landlord-tenant relationship.

25. It was contended that the plea regarding the GG Act was raised belatedly before the High Court and was confined to a pure question of law. Even otherwise, no clause in the grant bars eviction proceedings. As per the learned senior counsel, the appellant, having availed the protection under the DRC Act for decades, is estopped from denying its applicability.

26. In these circumstances, learned senior counsel for the respondent submits that the initiation of eviction proceedings under the DRC Act is legally competent and maintainable. Therefore, it was prayed that the present appeal deserved to be dismissed.

C. ANALYSIS

27. We have heard the learned senior counsels for the parties and have perused the materials on record.

28. While issuing notice on 06.04.2022, this Court stayed the operation of the ejection order and had directed the parties to maintain *status quo* with respect to the flats in question.

29. At the outset, it bears emphasis that the present controversy turns upon the true character of a Government grant executed by the Governor General in Council in respect of 7.58 acres of land at North and South Sujjan Park, New Delhi, for the construction of residential flats in favour of Sardar Bahadur Sir Sobha Singh & Sons Private Ltd. The appellant-Union of India now represents the original grantor, and the respondent traces its claim to

the grantee. The legal incidents and operative tenor of this grant lie at the very heart of the dispute before us.

30. Pursuant to the aforesaid grant, a perpetual lease deed dated 26.04.1945 came to be executed between the Governor General in Council and Sardar Bahadur Sir Sobha Singh & Sons Private Limited. The lease contemplated the construction of approximately 100 residential flats on the demised premises. The letter of allotment to which the perpetual lease deed dated 26.04.1945 is annexed incorporates provisions reserving to the Government certain rights of occupation and requisition. The relevant Clauses of the allotment letter, which are material for the present controversy, read thus:

“I am to convey formal sanction of the Government of India to the allotment to you of two sites in New Delhi, One on the North and the other on the south of the junction of the Cornwallis and Humayun Roads (sic) measuring about 7.58 acres each for the purpose of the constructing about 100 residential flats on the following terms.

1. to 4.

5. So long as the war continues and for one year thereafter, the Labour Department of the Government of India, to have the right to use the whole of the building or any part thereof paying a rental assessed by that Department on the basis of the capital cost. The present war (sic) shall be treated as having continued to, and as having ended on, such date as the Central Government may declare.

6. Even after the conclusion of the period mentioned at (5) above, the Central Government to be entitled to require that a certain number of the flats, not exceeding 50% of the total, shall be leased to officials named by them, at a fair rent as assessed by or under the orders of the Central Government.”

(emphasis supplied)

31. Since the perpetual lease deed emanates from and is founded upon a Government grant, its construction is governed by the provisions of the GG Act. Sections 2 and 3 of the GG Act thereof expressly exclude the applicability

of the TP Act to the Government grants and mandate that such grants shall take effect according to their tenor, notwithstanding any rule of law to the contrary. The said provisions are reproduced hereunder:

“2. Transfer of Property Act, 1882, not to apply to Government grants.— Nothing in the Transfer of Property Act, 1882, contained shall apply or be deemed ever to have applied to any grants or other transfer of land or of any interest therein heretofore made or hereafter to be made by or on behalf of the Government to, or in favour of, any person whomsoever; but every such grant and transfer shall be construed and take effect as if the said Act had not been passed.

3. Government grants to take effect according to their tenor.— All provisions, restrictions, conditions and limitations over contained in any such grant or transfer as aforesaid shall be valid and the effect according to their tenor, any rule of law, statute or enactment of the Legislature to the contrary notwithstanding.”

32. The legislative object underlying the enactment of the GG Act was to remove doubts regarding the extent to which the TP Act might operate upon grants made by the Government. The TP Act invalidates certain conditions restraining alienation or providing for forfeiture upon alienation or insolvency. The GG Act was enacted to clarify that such statutory limitations would not control Government grants and that the provisions, restrictions and conditions contained therein would be operative strictly in accordance with their tenor.

33. The core controversy of the present *lis* arose from the eviction petition filed by the respondent, being aggrieved by the non-payment of rental dues by the appellant as per the perpetual lease deed. An order dated 08.07.2004 was passed by the learned ARC directing the appellant to deposit the rental arrears. However, upon the non-compliance, an eviction order was passed on 14.02.2005. Though, this matter has traversed through multiple forums, the

central premise throughout has been the alleged failure of the appellant to deposit the rental dues.

34. A careful scrutiny of the orders passed by the learned ARC and RCT, however, reveals a significant omission. Neither the learned ARC nor the RCT have considered the perpetual lease deed in its proper legal character, namely as the instrument emanating from a Government Grant. The nature of the deed and the juridical relationship flowing therefrom have not been addressed. The reasoning adopted proceeds on the assumption that the parties stand in the conventional relationship of landlord and tenant. In doing so, the learned ARC and RCT have treated the existence of a rental covenant as determinative, without adverting to the sovereign character of the grant or the foundational character of the perpetual lease deed, which expressly creates a relationship of lessor and lessee between the parties

35. The perpetual lease deed, on its plain terms, embodies a transfer of the right to enjoy the demised premises in perpetuity in consideration of premium and annual rent, and expressly delineates the parties as lessor and lessee. The rights created and the obligations imposed by the instrument, as reflected in its covenants, reservations and conditions, bear all the essential attributes of a lease within the meaning of the TP Act.

36. However, the enquiry cannot rest there. The subject lease is not a conventional demise but one emanating from a Government grant. Once the character is established, the statutory consequences mandated under the GG Act follow. The applicability of the TP Act stands excluded, and the rights and

the obligations of the parties fall to be determined strictly in accordance with the tenor of the grant, notwithstanding any rule of law to the contrary.

37. The learned ARC and RCT, in proceeding on the footing of a conventional landlord-tenant relationship without construing the lease in the light of its origin in a Government grant, thereby misdirected themselves in law.

38. In the impugned judgment, the High Court had placed reliance on the four-Judge Bench decision of this Court in *Collector of Bombay (supra)* while deciding the scope of Section 3 of the GG Act. The relevant paragraphs of the aforesaid judgment relied upon by the High Court are reproduced hereinbelow:

“19. The contention is that as the grant is of a freehold estate without any reservation it must, to take effect according to its tenor, be construed as granting exemption from assessment to revenue. But that will be extending the bounds of Section 3 beyond its contents. The object of the Act as declared in the Preamble is to remove certain doubts “as to the extent and operation of the Transfer of Property Act, 1882, and as to the power of the Crown to impose limitations and restrictions upon grants and other transfers of land made by it or under its authority”. Section 2 enacts that the provisions of the Transfer of Property Act do not apply to Crown grants. Then follows Section 3 with a positive declaration that “all provisions, restrictions, conditions and limitations over” shall take effect according to their tenor. **Reading the enactment as a whole, the scope of Section 3 is that it saves “provisions, restrictions, conditions and limitations over” which would be bad under the provisions of the Transfer of Property Act,** such as conditions in restraint of alienations or enjoyment repugnant to the nature of the estate, limitations offending the rule against perpetuities and the like. **But no question arises here as to the validity of any provision, restriction, condition, or limitation over, contained in Ext. A on the ground that it is in contravention of any of the provisions of the Transfer of Property Act, and there is accordingly nothing on which Section 3 could take effect.**

20. It is argued by the learned Attorney General that this limitation on the scope of the Act applies in terms only to

Section 2, and that Section 3 goes much further, and in general and unqualified in its operation. The scope of Section 3 came up for consideration before the Privy Council in *Jagannath Baksh Singh v. United Provinces* [*Jagannath Baksh Singh v. United Provinces*, 1946 SCC OnLine PC 14 : 1946 FLJ 88 : (1945-46) 73 IA 123]. After setting out that section, Lord Wright observed : (SCC OnLine PC)

“... These general words cannot be read in their apparent generality. The whole Act was intended to settle doubts which had arisen as to the effect of the Transfer of Property Act, 1882, and must be read with reference to the general context....”

In this view, Section 3 must also be construed in the light of the Preamble, and so construed, it cannot, for the reasons already given, have any bearing on the rights of the parties. Moreover, that section only enacts that “all provisions, restrictions, conditions and limitations over” shall take effect according to their tenor, and what is relied on is not any provision, restriction, condition or limitation over, in Ext. A which according to its tenor entitles the respondents to hold the lands rent-free, but the absolute character of the interest conveyed under Ext. A. Therefore, Section 3 does not in terms apply.”

(emphasis supplied)

39. A meticulous examination of the impugned judgment would indicate that the High Court while construing the scope of Section 3 of the GG Act proceeded on the premise that the said provision operated within a confined field referring to inconsistencies arising under the TP Act. On that premise, the High Court concluded that there existed no legal impediment to the institution and adjudication of eviction proceedings under the DRC Act.

40. At first blush, such reliance may appear to be apposite. However, a closer examination of the decision in ***Collector of Bombay*** (*supra*) would demonstrate that the controversy therein arose in an entirely distinct factual and legal setting, namely, the continued levy of assessment tax upon land in the context of the nature and character of the interest created under the grant. The observations made therein must, therefore, be understood in the context

of the specific issue which fell for determination, and cannot be extended beyond the contours of that controversy.

41. It is a trite law that a judgment is an authority only for what it actually decides. The binding element of a judgment lies in its *ratio decidendi* i.e., the principle of law which was necessary for the determination of the issue that directly arose for consideration and was consciously adjudicated upon. Observations which stray beyond the contours of the issue in question, however illuminating they may appear, do not partake of the character of binding precedent.

42. Viewed in this light, the reliance placed by the High Court upon ***Collector of Bombay (supra)*** does not advance the matter, as the present controversy concerns the legal consequences flowing from a Government grant and the extent to which the statutory regime governing landlord-tenant relationships may be invoked in relation thereto.

43. At this juncture, the learned senior counsel for the respondent contended that, notwithstanding the origin of the lease in a Government grant, the relationship between the parties is in substance, that of a landlord and tenant and is therefore governed by the provisions of the DRC Act. It was urged that by virtue of the *proviso* to Section 3(b) of the said Act, the premises in question do not stand excluded from its operation and that the respondent was consequently entitled to invoke the remedies available thereunder. The relevant provision reads as under:

“3. Act not to apply to certain premises.—Nothing in this Act shall apply—

(a) to any premises belonging to the Government;

(b) to any tenancy or other like relationship created by a grant from the Government in respect of the premises taken on lease, or requisitioned, by the Government:

Provided that where any premises belonging to Government have been or are lawfully let by any person by virtue of an agreement with the Government or otherwise, then, notwithstanding any judgment, decree or order of any court or other authority, the provisions of this Act shall apply to such tenancy.

(c) to any premises, whether residential or not, whose monthly rent exceeds three thousand and five hundred rupees; or

(d) to any premises constructed on or after the commencement of the Delhi Rent Control (Amendment) Act, 1988, for a period of ten years from the date of completion of such construction;”

(emphasis supplied)

44. The interplay between the GG Act and the DRC Act has been considered by a Full Bench of the Delhi High Court in ***Pradip Oil Corporation (supra)***, wherein it was observed as follows:

“56. The question which must be posed and answered is to what was the necessity of inserting such a clause in the agreement. Admittedly, the grant (*sic*) has been made in terms of the provisions of Government Grants Act. **The provisions of the Transfer of Property Act do not have any application in relation to Government Grant Act. Yet again the provisions of Delhi Rent Control Act would not apply to the Government land. If by reason of such grant the terms and conditions of the agreement had to be determined in the light of the provisions of the Government Grants Act such a clause was wholly redundant was thereby the grantee could not have claimed any right as a tenant and even otherwise, he would not have been benefited under the provisions of any statute.** There cannot be any doubt that a grant under the Government Grants Act would include licence as has been held in *Hajee S.V.M. Mohamed Jamaludeen Bros. and Co. v. Government of T.N.*, (1997) 3 SCC 466. The very fact that by reason of (*sic*) the grant a statutory construction comes into being **which will have an overriding effect over any other statute and as thereby the terms thereof would stand tentacles of any statutory law such a clause**, in our opinion, was wholly redundant as is stated therein:

“10. The combined effect of the above two sections of the Grants Act is that terms of any grant or terms of any transfer of land made by a Government would stand insulated, from the tentacles of any statutory law. Section 3 places the terms of such grant beyond the reach of any restrictive provision contained in

any enacted law or even the equitable principles of justice, equity and good conscience abumbrated by common law is such principles are inconsistent with such terms. The two provisions are so framed as to confer unfettered discretion on the Government to enforce any condition or limitation or restriction in all types of grants made by the Government to any person. **In other words, the rights, privileges and obligations of any grantee of the Government would be completely regulated by the terms of the grant, even if such terms are inconsistent with the provisions of any other law.”**

57. Scope and object of the provisions of the Government Grants Act has been stated by the Apex Court in *The State of U.P. v. Zahoor Ahmad*, AIR 1973 SC 2520, in the following terms:

“15. In the present case the High Court correctly found on the facts that the respondent after the determination of the lease held over. Even if the Government Grants Act applied Section 116 of the Transfer of Property Act was not rendered inapplicable. **The effect of Section 2 of the Government Grants Act is that in the construction of an instrument governed by the Government Grants Act the Court shall construe such grants irrespective of the provisions of the Transfer of Property Act. It does not mean that all the provisions of the Transfer of Property Act are inapplicable.** To illustrate, in the case of grant under the Government Grants Act Section 14 of the Transfer of Property Act will not apply because Section 14 which provides what is known as the rule against perpetuity will not apply by reason of the provisions in the Government Grants Act. The grant shall be construed to take effect as if the Transfer of Property Act does not apply.

16. Section 3 of the Government Grants Act declares the unfettered discretion of the Government to impose such conditions and limitations as it thinks fit, no matter what the general law of the land be. The meaning of Sections 2 and 3 of the Government Grants Act is that the scope of that Act is not limited to affecting the provisions of the Transfer of Property Act only. The Government has unfettered discretion to impose any conditions, limitations, or restrictions in its grants, and the right, privileges and obligations of the grantee would be regulated according to the terms of the grant, notwithstanding any provisions of any statutory or common law.”

(emphasis supplied)

45. The aforesaid judgment of the Full Bench of the High Court was upheld by this Court in ***Pradeep Oil Corporation vs. Municipal Corporation of Delhi and Another***¹². In view of the aforesaid exposition of law, it becomes evident that a grant made under the GG Act constitutes a legal relationship whose incidents and enforceability are governed exclusively by the tenor of the grant and the statutory protection inhering therein. The legal character of such a grant does not derive its content from the ordinary incidents of a landlord-tenant relationship under the general law, but instead flows from the sovereign grant and the conditions embodied therein. The statutory framework ensures that the terms of the grant stand insulated from the operation of inconsistent provisions contained in other enactments, and the rights and obligations of the grantee fall to be determined strictly with reference to the grant itself and not de hors it. The DRC Act being a legislation intended to regulate conventional tenancies arising under the general law, does not extend to nor govern a holding originating in and regulated by a Government grant. Consequently, the reliance placed by the learned senior counsel for the respondent upon the Section 3 of the DRC Act to contend that the said enactment governs the present holding, is of no avail.

46. Now that it is decided by us that the DRC Act is not applicable to the facts of the present case, the only question that remains is the scope and applicability of Section 3 of the GG Act with respect to the land in question; whether by narrowing and restricting the use of Section 3 of the GG Act on the mere subject of TP Act or taking a wider approach giving unfettered

¹² (2011) 5 SCC 270

discretion to the tone and tenor of the grant. The impugned judgment of the High Court places reliance on the decision of **Collector of Bombay** (*supra*) and approaches Section 3 of the GG Act through a narrow perspective. In the earlier paragraphs, we have held that the issue which arises in the present case stands on a materially different footing, and the principles enunciated in **Collector of Bombay** (*supra*) cannot be read as determinative of the present question.

47. Once the decision in **Collector of Bombay** (*supra*) is understood in its proper perspective, it becomes necessary to consider the subsequent line of decisions of this Court which have directly examined the scope and effect of the Government Grants Act, and have elucidated the extent to which the rights and obligations arising under a Government grant fall to be governed by the tenor of the grant itself.

48. In **Azim Ahmad Kazmi** (*supra*), a Division Bench of this Court was dealing with issue of whether the State Government can dispossess the lessees in accordance with the GG Act without resorting to other procedure established by any other law. The matter also dealt with the lease deed executed between the parties. The relevant observations in this regard are reproduced hereinbelow:

“17. The questions which require consideration are: (i) whether the Order passed by the State Government on 15-12-2000 for cancellation of lease and resumption of possession is legally valid; and (ii) **whether the State Government can dispossess the lessees in accordance with the Government Grants Act, 1895 without resorting to other procedure established by any other law.**

27. For taking possession, the State Government is required to follow the law, if any, prescribed. In the absence of any specific law, the State Government may take possession by filing a suit.

28. Under the provisions of the Land Acquisition Act, 1894, if the State Government decides to acquire the property in accordance with the provisions of the said Act, no separate proceedings have to be taken for getting possession of the land. It may even invoke the urgency provisions contained in Section 17 of the said Act and the Collector may take possession of the land immediately after the publication of the notice under Section 9. In such a case, the person in possession of the land acquired would be dispossessed forthwith.

29. However, if the Government proceeds under the terms of the Government Grants Act, 1895 then what procedure is to be followed. Section 3 of the Government Grants Act, 1895, stipulates that the lease made by or on behalf of the Government is to take effect according to their tenor—All provisions, restrictions, conditions and limitations contained in any such creation, conferment or grant referred to in Section 2, shall be valid and take effect according to their tenor; any decree or direction of a court of law or any rule of law, statute or enactments of the legislature, to the contrary.

30. In State of U.P. v. Zahoor Ahmad [(1973) 2 SCC 547 : AIR 1973 SC 2520] this Court held that Section 3 of the Act declares the unfettered discretion of the Government to impose such conditions and limitations as it thinks fit, no matter what the general law of the land be. From Clause 3(C) of the deed, it is clear that the State of U.P. while granting lease made it clear that if the demised premises are at any time required by the lessor for his or for any public purpose, he shall have the right to give one month's clear notice to the lessee to remove any building standing at the time on the demised property and within two months of the receipt of the notice to take possession thereof on the expiry of that period subject to the condition that if the lessor is willing to purchase the property on the demised premises, the lessees shall be paid for such building such amount as may be determined by the Secretary to the Government of U.P. in the Nagar Awaz Department.

31. In the case in hand, the District Magistrate, Allahabad High Court issued a notice on 11-1-2001 to the appellants intimating that the State Government had passed an Order on 15-12-2000 cancelling the lease deed and resuming possession of the disputed property as the same was required for public purpose. The appellants sent an application but instead of filing objections before the State Government represented before the Chief Minister of U.P. on 31-1-2001 praying for revocation of Order dated 15-12-2000. Objection was filed before the District Magistrate, Allahabad who after consideration of the objection rejected the same by order dated 24-8-2001 enclosing therein a cheque for rupees ten lakhs towards compensation for the building standing over the plot. The appellants refused to accept the cheques. The respondents thereafter dispossessed the appellants from the part of the land on 1-9-2001.

32. Under Clause 3(C) of the lease deed, the respondent State was permitted resumption of the land which was required for its own use or for public purpose and after giving one month's clear notice in writing is entitled to remove any building standing at the time on the demised premises and within two months of the receipt of the notice to take possession thereof subject to the condition that if the lessor is willing to purchase the building on the demised premises it is required to pay the lessees the amount for such building as may be determined by the Secretary to the Government of U.P. in the Nagar Awas Department. In the case in hand such procedure was followed. Therefore, we are of the view that there is no other procedure or law required to be followed, as a special procedure for resumption of land has been laid down under the lease deed.”

(emphasis supplied)

49. In *Dinshaw Shapoorji Anklesari (supra)*, a three-Judge Bench of this Court had observed as follows:

“36. The Government Grants Act, 1895 as would be evident from the Preamble and Section 2 therein, seeks to clarify the doubts with regard to the extended operation of the Transfer of Property Act. Section 2 of the Act reads as follows:

“2. Transfer of Property Act, 1882, not to apply to Government grants.—Nothing in the Transfer of Property Act, 1882, contained shall apply or be deemed ever to have applied to any grant or other transfer of land or of any interest therein heretofore made or hereafter to be made by or on behalf of the Government to, or in favour of any person whomsoever; but every such grant and transfer shall be construed and take effect as if the said Act had not been passed.”

37. Not only the Transfer of Property Act is made inapplicable to the government grants but Section 3 of the Government Grants Act, 1895 further makes it clear that the Government grants is to take effect according to their tenor, notwithstanding any rule of law, statute or enactment of the legislature to the contrary. Section 3 lays down as follows:

“3. Government grants to take effect according to their tenor.—All provisions, restrictions, conditions and limitations over contained in any such grant or transfer as aforesaid shall be valid and take effect according to their tenor, any rule of law, statute or enactment of the legislature to the contrary notwithstanding.”

38. This Court in Azim Ahmad Kazmi v. State of U.P. [(2012) 7 SCC 278 : (2012) 4 SCC (Civ) 214] , has held that the government grant of lease of land is governed entirely by the terms of the grant. The Court took note of Section 3 of the

Government Grants Act, 1895 which is to take effect according to its tenor notwithstanding any other law to the contrary.

39. In Chief Executive Officer v. Surendra Kumar Vakil [(1999) 3 SCC 555] , this Court has held that the grantee under the old grant terms is a mere occupier/licensee having no title over the land so as to entitle him to transfer the land to another person without prior consent of the authorities concerned. The Court further held that the regulations as well as the General Land Register which are old documents maintained in the regular course and coming from proper custody clearly indicate that the land was held on old grant basis and this was sufficient for the Government to resume the land in accordance with law.

40. In Union of India v. Kamla Verma [(2010) 13 SCC 511 : (2010) 4 SCC (Civ) 802] , this Court has held that it is always open to the Union of India to resume the land held on old grant terms and that the Union of India cannot be prevented from resuming the said land.

41. Therefore, it is clear that the Government has unfettered discretion and under Section 3 impose any condition, limitation or restriction in its grants and the rights, privileges and obligations of the grantee would be regulated only according to the terms of the grant itself though they may be inconsistent with the provisions of any statute or common law.

42. The grants of lands situated in cantonment area under Old Grants form a self-contained provision prescribing the procedure as to the grant and resumption of the land and hence recourse to the civil procedure code or the Specific Relief Act will not be applicable.

51. The land of the suit premises belongs to the Union of India, the appellants herein. Therefore, they cannot be held to be the tenants of the suit premises comprising of an area of 0.90 acres together with structure consisting of main bungalow, servant quarters and garage. The respondent-plaintiffs have only the right with regard to the structure built on the suit premises. The appellant Union of India have a right for resumption of the suit premises, as is evident from the evidence on record as discussed above. This issue was not properly appreciated by the trial court, the appellate court and the High Court which also failed to notice the appellants' right under Sections 2 and 3 of the Government Grants Act, 1895.

(emphasis supplied)

50. In *Tata Steel Limited vs. State of Jharkhand and Others*¹³, a Division Bench of this Court had emphasised on the proposition of no bar on the Government when it comes to usage of any land vested in it or any interest accruing. The material observations can be read as follows:

“16. It is almost becoming a forgotten proposition of law that the Government is not bound by the Transfer of Property Act, 1882, when it seeks to transfer any land vested in it or any interest therein. It may not be possible to trace out the entire history of the vesting of lands in the Government and the legal rights and obligations flowing from such vesting as it is a huge topic by itself. It is sufficient to state that Articles 294 to 296 of the Constitution of India provide for vesting of property (which includes land) and assets in the Union of India and various States. Article 294 deals with the development of the property and assets which vested (prior to the coming into force of the Constitution) in His Majesty for the purposes of the Government of the Dominion of India and for the purposes of the Government of each Governor's Province. Article 295 provides for the succession to the property and assets which vested prior to the commencement of the Constitution in any Indian State. Article 296 deals with accrual of properties by escheat or lapse or as bona vacantia. **The Imperial Legislature recognised the need of a law to regulate the method and manner by which the Governments could transfer or create any interest in the land vested in the Government. Section 2 of the Government Grants Act declares that “nothing contained in the Transfer of Property Act, 1882 applies to any grant or other transfer of land or any interest therein” made by or on behalf of the Government either prior to or after the commencement of the said Act. In other words, when the Government transfers land or any interest therein to any person, such a transfer is not governed by the Transfer of Property Act, 1882. The rights and obligations flowing from the transfer of either a piece of land or an interest therein by the Government cannot be determined on the basis of the rights and obligations specified under the Transfer of Property Act, 1882. They are to be ascertained only from the tenor of the document made by the Government evidencing such a transfer.** This position is clearly recognised by this Court in *Hajee S.V.M. Mohd. Jamaludeen Bros. & Co. v. State of T.N.* [*Hajee S.V.M. Mohd. Jamaludeen Bros. & Co. v. State of T.N.*, (1997) 3 SCC 466] as follows: (SCC p. 470, para 10)

“10. The combined effect of the above two sections of the Grants Act is that terms of any grant or terms of any transfer of land made by a Government would stand insulated from the tentacles of any statutory law. Section 3 places the terms of such grant beyond the reach of any restrictive provision contained in any enacted law or even the equitable principles of justice,

¹³ (2015) 15 SCC 55

equity and good conscience adumbrated by common law if such principles are inconsistent with such terms. The two provisions are so framed as to confer unfettered discretion on the Government to enforce any condition or limitation or restriction in all types of grants made by the Government to any person. In other words, the rights, privileges and obligations of any grantee of the Government would be completely regulated by the terms of the grant, even if such terms are inconsistent with the provisions of any other law.”

(emphasis supplied)

51. Upon an anxious consideration of the statutory scheme of the GG Act and the authoritative pronouncements of this Court, the legal position that emerges is no longer *res integra*. Section 3 of the GG Act embodies a clear legislative mandate that every Government grant shall take effect according to its tenor, notwithstanding any rule of law, statute or enactment to the contrary. The expression “any rule of law, statute or enactment” in the provision is of the widest amplitude and admits of no restrictive construction.

52. The approach which seeks to confine Section 3 merely to the exclusion of the TP Act, by reading it in a narrow or truncated manner, does not accord with either the plain language of the provision or the consistent expositions of this Court. While Section 2 of the GG Act expressly excludes the application of the TP Act, Section 3 travels further and grants primacy to the conditions, limitations and stipulations contained in the Government grant itself, even if they run contrary to any general law.

53. Section 3 of the GG Act confers upon Government grants a special statutory immunity and elevates the stipulations contained therein to a position of supremacy. The provision is not to be read as a mere ancillary clause to Section 2, nor as a limited exclusion confined to the TP Act. Rather,

it constitutes an overriding declaration that the grant shall prevail in accordance with its tenor, even if such tenor is inconsistent with general statutory law.

54. We are, therefore, of the considered view that the correct interpretative approach to Section 3 of the GG Act, is a wider one. The section does not admit a narrow construction that dilutes the supremacy accorded to the terms of the grant. At the same time, its application must be conditioned upon a faithful adherence to the actual stipulations contained in the grant; the Government cannot travel beyond the four corners of the instrument. Within those bounds, however, the tenor of the grant prevails, unfettered by inconsistent statutory or common law principles.

55. In view of our categorical finding that the DRC Act has no manner of application to the present *lis*, the very foundation upon which the learned ARC assumed jurisdiction to entertain the eviction suit by the respondent stands eroded. The eviction proceedings, having been instituted, entertained and decided under a statutory regime alien to the legal character of the relationship between the parties, are thus vitiated at their inception. The High Court, in affirming the said course on the premise that the respondent would otherwise be left without a remedy, with respect, misdirected itself. The existence or absence of a remedy cannot determine jurisdiction. Equally, in the absence of any express stipulation in the lease deed providing for eviction on account of non-payment of rent, no such right can be inferred. The grant must operate according to its tenor, and its silence cannot be converted into

a ground of forfeiture. The respondent's right, therefore, is confined to recovery of rent in accordance with law.

D. CONCLUSION

56. In view of the above, we reach to the following conclusion:

- a) The Appeal is ***allowed***.
- b) The impugned judgment dated 08.01.2020 passed by the High Court in CM(M) No. 293 of 2008 is ***set aside***.

57. We make it clear that this judgment shall not preclude the respondent from pursuing appropriate civil remedies in accordance with law.

.....**J.**
(SANJAY KAROL)

.....**J.**
(PRASHANT KUMAR MISHRA)

**NEW DELHI;
APRIL 22, 2026.**