

A RAMBAI MANJANATH NAYAK AND ORS.

v.

UNION OF INDIA AND ORS.

NOVEMBER 17, 1992

B [M.H. KANIA, CJ. J.S. VERMA, S.C. AGRAWAL,
YOGESHWAR DAYAL AND DR. A.S. ANAND, JJ.]

C *Income Tax Act, 1961 : Chapter XX-A, Sections 269F(6), 269 I, 269 J, 269AB—Acquisition of immovable property under the Act—Right of tenant to continue in possession of acquired property—Held does not survive after passing of final order under section 269F(6)—Right surviving with occupant is only to claim share in compensation against the transferer.*

D *Words and Phrases—Meaning of 'Person in occupation of the property'—Section 269D(2)(a) Income Tax Act, 1961.*

E The appellants for their business had taken on rent a 3-storeyed building from its owner on a monthly rent of Rs. 1500. The owner, a company incurred huge debts for the repayment of which it executed a Composition Deed in favour of a Committee formed by the creditors for the purpose of management and disposal of the debtor's property. A registered sale deed was executed on December 27, 1973 conveying the building to respondent Nos. 5 to 10 for a consideration of Rs. 4,50,001 paid by two cheques, one dated July 12, 1973 for Rs. 50,001 and another dated February 4, 1974 for Rs. 4,00,000. According to the recital in the sale deed the purchasers were given constructive possession and the existing tenant was to attorn in favour of the purchaser. By a letter dated February 5, 1974 the company informed the appellants of the sale, and required them to attorn to the purchasers-respondent Nos. 5 to 10.

G The competent authority under Section 269B of the Income Tax Act, 1961 initiated proceedings for acquisition of the said property under Chapter XX-A of the Act by a notice dated August 31, 1974 under Section 269D(1). This notice was also served on the appellants as the persons in occupation of the property in accordance with Section 269D(2) of the Act. The appellants did not make any objection to the acquisition proceeding, and an order of acquisition of the said property was made under Section H 269F(6) on December 12, 1975, and that order became final on January 27,

1976.

The competent authority made an order under Section 269-I(1) which was served on the appellants on February 5, 1976 directing them to deliver possession of the property to the Central Government within 30 days. On February 7, 1976 the Inspecting Assistant Commissioner of Income Tax served an order on the appellants wherein also a direction was given asking them to hand over the possession of the property within the specified period.

The appellants apprehending their eviction filed a Writ Petition in the High Court on February 24, 1976 challenging the constitutional validity of certain provisions of Chapter XX-A of the Income Tax Act, 1961 and consequently the order under Section 269F(6) of the Act together with the consequential notices dated February 5, 1976 and February 7, 1976 issued to them.

The High Court held that the tenants in occupation of the property acquired under Chapter XX-A of the Income Tax Act, 1961 are liable to be evicted therefrom under Section 269-I of the Act with a view to vest it absolutely in the Central Government free from all encumbrances, and dismissed the writ petition. A certificate of fitness to appeal to this Court under Article 133(1) of the Constitution was however granted in view of the question of law involved being of general importance.

In the appeal to this Court it was contended on behalf of the appellants that the statutory tenancy not being an encumbrance on the property does not get extinguished on acquisition of the property and, therefore, the right of the statutory tenant to continue in occupation remains unimpaired even after the acquisition made under Chapter XX-A of the Income Tax Act; and that the tenancy, whether monthly or statutory, is property within the meaning of Articles 19(1)(f) and 31 of the Constitution on account of which there can be no acquisition of the tenancy rights without payment of compensation.

The respondents contested the appeal by contending that there is no acquisition of the tenancy rights and therefore, the question of payment of compensation for the tenancy rights does not arise; that the right of a statutory tenant to continue in possession and enjoy the protection against eviction by virtue of the provisions of the Rent Act do not clothe the

- A statutory tenant with a right of the kind claimed by the appellants, that the liability of the tenant in occupation of an acquired property to deliver possession by virtue of the provisions in Chapter XX-A of the Income Tax Act and deprivation of the protection of the Rent Act is a consequence of the statutory provisions governing properties owned by the Central Government.

On the question : whether immovable property would vest in the Central Government free from all encumbrances under Section 269-I, upon a final order being made under Section 269F(6), and consequently whether a tenant governed by the Bombay Rents, and Lodging House Rates Control Act, 1947 could be evicted from such property.

Dismissing the Appeal, this Court

HELD : 1. The scheme of Chapter XX-A clearly shows that the acquisition is not merely of the proprietary rights in an acquired property but also of the possessory rights therein which would undoubtedly include the tenancy rights. This is also supported by section 269AB which was inserted subsequently. [67-F]

2. The requirement of notice to the person in occupation of the property and every person interested in the property is obviously for the reason that all such persons including those having interest merely in possession are considered to be persons interested in the acquisition proceeding. Section 269E enables all such persons to make objections against the acquisition of the immovable property on publication of the notice and the competent authority is required by Section 269E to hear and decide those objections on merite, stating reasons for the decision in writing, before making the final order for acquisition of the property. Obviously, a tenant in possession of whatever nature, has this opportunity.

[68-D-E]

3. An appeal to the Appellate Tribunal is provided by section 269G which has to be decided on merits. A further appeal then lies to the High Court under Section 269H. A person interested only in possession of the property also has the opportunity to show cause against the acquisition of that property. The order of acquisition made by the competent authority under Section 269F(6) becomes final only thereafter on conclusion of this

process wherein all legitimate objections are adjudicated on merits.

[68-F]

4. Section 269J provides that on acquisition of the immovable property, the Central Government shall pay compensation. The proceedings are therefore akin to those of acquisition under the Land Acquisition Act. [69-D]

5. A tenant in possession is at best entitled only to a share in the compensation amount but has no right to continue in possession after the order of acquisition made under Section 269F(6) has become final, since he is bound to deliver possession of the property to the Central Government in accordance with Section 269-I. It is also clear from the proviso to sub-section (4) of Section 269-I that any person claiming any encumbrance on the property which may survive against the transferee or any other person, not being the Central Government, can enforce the same only against the transferee or such other person and that too by a suit for damages alone. [69-H, 70-A]

6. The scheme of Chapter XX-A clearly envisages that no one in possession of the immovable property or any part of it, in whatever character, can retain or continue in possession after the order for acquisition of the immovable property made under sub-section (6) of Section 269F has become final, the right to immediate possession of the property being from that time only in the Central Government and none else. [70-B-C]

7. The net result of sub-sections (1) and (4) of Section 269-I read with the other provisions of Chapter XX-A is that once the order of acquisition of any immovable property made under sub-section (6) of Section 269F has become final, the transferor, the transferee or any other occupant of the property has to deliver possession thereof to the competent authority and on the possession being so obtained, by virtue of the sub-section (4) of Section 269-I, the property shall vest absolutely in the Central Government free from all encumbrances. There is no other situation visualised in the scheme of Chapter XX-A and no person including any tenant in occupation of the immovable property has any surviving right to continue in possession. [70-H, 71-A-B]

8. The expression 'person in occupation of the property' in Section

A 269D(2)(a) includes every person including a contractual or a statutory tenant. The provision for sharing the compensation amount in Section 269K and that of enforcement of any right under a surviving encumbrance, if any, against the transferee or any other person, excluding the Central Government, by a suit for damages takes care of the interest, if any, of an occupant of the immovable property. [71-C]

B 9. The Rent Acts ordinarily exclude properties owned by the Central Government from operation of those Acts. The Scheme envisaged by Chapter XX-A of the Income Tax Act is in conformity therewith. [71-F]

C CIVIL APPELLATE JURISDICTION: Civil Appeal No. 3119 of 1983.

From the Judgment dated 12.1.1983 of the Gujarat High Court in Special Civil Application No. 310 of 1976.

D R. Karanjwala, Mrs. Aditi Chaudhary and Mrs. Nandini Gore (For Mrs. M. Karanjwala) for the Appellants.

G. Ramaswamy, Attorney General, Dipankar Gupta, Solicitor General, Dr. Gauri Shankar, J. Ramamurti, Ranbir Chandra, C.V.S. Rao and N. Parmeswaran for the Respondents.

E The Judgment of the Court was delivered by

F VERMA, J. This appeal is against the judgment of Gujarat High Court dated January 12, 1983 dismissing the appellants' writ petition challenging the constitutional validity of Chapter XX-A of the Income-tax Act, 1961 wherein the question raised was whether immovable property would vest in the Central Government free from all encumbrances under Section 269-I, upon a final order being made under Section 269F(6) and consequently whether a tenant governed by the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 can be evicted from such property.

G The appellants constitute a partnership in the name and style of M/s Satkar Hotel and Restaurant and for their business had taken on rent the 3-storeyed Shamalaji Kripa building in Sayajigunj, Vadodara from its owner M/s S.S. Parshottamdas & Company on a monthly rent of Rs. 1,500. The said M/s Parshottamdas & Co. incurred huge debts for the repayment of which they executed a Composition Deed in favour of a Committee

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formed by the creditors for the purpose of management and disposal of the debtor's property. A registered sale deed was executed on December 27, 1973 conveying the Shamlaji Kirpa building to respondent Nos. 5 to 10 for a consideration of Rs. 4,50,001 paid by a cheque dated July 12, 1973 for Rs. 50,001 and another cheque of Rs. 4 lakhs dated February 4, 1974. According to the recital in the sale deed the purchasers were given constructive possession and the existing tenant was to attorn in favour of the purchaser. By a letter dated February 5, 1974 M/s S.S. Parshottamdas & Co. informed the appellant of the sale requiring the appellant to attorn to the purchasers - respondent Nos. 5 to 10.

The competent authority under Section 269B of the Income Tax Act, 1961 initiated proceedings for acquisition of the said property under Chapter XX-A of the Act by a notice dated August 31, 1974 under Section 269D(1) to that effect published in the Gazette of India dated November 16, 1974. This notice was also served on the appellants as the persons in occupation of the property in accordance with Section 269D(2) of the Act. The appellants did not make any objection to the acquisition proceeding. An order of acquisition of the said property was made under Section 269F(6) on December 12, 1975 and that order became final on January 27, 1976.

An order under Section 269-I(1) made by the competent authority was served on the appellants on February 5, 1976 directing them to deliver possession of the said property to the Central Government within 30 days. On February 7, 1976, the Inspecting Assistant Commissioner of Income Tax, Range II, Baroda served an order on the appellants wherein also a direction was given to hand over possession of the property in question within the specified period. In these circumstances, apprehending their eviction, the appellants filed a writ petition in the Gujarat High Court on February 24, 1976 challenging the constitutional validity of certain provisions of Chapter XX-A of the Income Tax Act, 1961 and consequently the order under Section 269F(6) of the Act together with consequential notices dated February 5, 1976 and February 7, 1976 issued to the appellants. The Gujarat High Court dismissed the appellants' writ petition and other connected matters. The High Court however, granted a certificate of fitness to appeal to the Supreme Court under Article 133(1) of the Constitution, in view of the question of law involved being of general importance. This gives rise to the present appeal.

A The contention of Shri Karanjawala, learned counsel for the appellants, in substance, is that the statutory tenancy not being an encumbrance on the property does not get extinguished on acquisition of the property and, therefore, the right of the statutory tenant to continue in occupation remains unimpaired even after the acquisition made under Chapter XX-A of the Income Tax Act. The learned counsel also submitted that tenancy, whether monthly or statutory, is property within the meaning of Article 19(1)(f) and Article 31 of the Constitution on account of which there can be no acquisition of the tenancy rights without payment of compensation. The submission of the learned counsel for the appellants is that a statutory tenant under the Rent Act, in occupation of the acquired property continues as a tenant of the Central Government and the order of acquisition made under Chapter XX-A of the Act does not permit taking possession from the tenant by virtue of the other provisions in that Chapter enabling recovery of possession from the occupant of the property. The appeal is confined only to these submissions. In reply Dr. Gauri Shankar submitted that there is no acquisition of the tenancy rights and, therefore, the question of payment of compensation for the tenancy rights does not arise. The learned counsel for the respondents submitted that the right of a statutory tenant to continue in possession and enjoy the protection against eviction by virtue of the provisions of the Rent Act does not clothe the statutory tenant with a right of the kind claimed by the appellants. It was further submitted that the liability of the tenant in occupation of an acquired property to deliver possession by virtue of the provisions in Chapter XX-A of the Act and deprivation of the protection of the Rent Act is a consequence of the statutory provisions governing properties owned by the Central Government. On this basis, it was urged by the learned counsel for the respondents that the appellants as tenants in occupation of the acquired property have no basis to make this challenge. Alternatively, it was urged, the compensation awarded is for acquisition of all rights in the property and, therefore, the right, if any, of the tenant is merely to claim his share in the compensation amount.

G The judgment of the Gujarat High Court under appeal is reported in (1983) 142 I.T.R. 211. The High Court held that the tenants in occupation of the property acquired under Chapter XX-A of the Income Tax Act, 1961 are liable to be evicted therefrom under Section 269-I of the Act with a view to vest it absolutely in the Central Government free from all encumbrances. The legislative history leading to the insertion of Chapter

XX-A in the Income Tax Act, 1961 and the scheme of the Chapter have been referred to, at length. A

The Government of India appointed the Direct Taxes Inquiry Committee under the Chairmanship of Justice K.N. Wanchoo, former Chief Justice of India in 1970 to recommend concrete and effective measures *inter alia* to unearth black money and prevent its proliferation through further evasion; to check avoidance of tax through various legal devices, including the formation of trusts; and to reduce tax arrears. Pursuant to some recommendations of the Committee, the Taxation Laws (Amendment) Act, 1972 was enacted incorporating those suggestions whereby Chapter XX-A was inserted in the Act with effect from November 15, 1972. The Statement of Objects and Reasons for its enactment mentioned that it was to counter evasion of tax through under-statement of the value of immovable property in sale deeds and also to check circulation of black money by empowering the Central Government to acquire immovable properties, including agricultural lands, at prices which correspond to those recorded in the sale deeds; to improve the present arrangement for valuation for the purposes of income-tax etc. and other ancillary matters. The provisions contained in the newly inserted Chapter XX-A of the Act have to be understood in this background. Obviously, the legislation was enacted and the provision for acquisition of property made therein for a public purpose. We may here mention that subsequently Chapter XX-C was inserted by the Finance Act, 1986 with effect from October 1, 1986 providing for purchase by Central Government of immovable properties in certain cases of transfer and, therefore, Chapter XX-A relating to acquisition of immovable properties in certain cases ceased to operate in respect of transfer of immovable property made after September 30, 1986. The validity of certain provisions of Chapter XX-C of the Act is the subject matter of challenge in some other matters decided separately and, therefore, no further mention of Chapter XX-C is required to be made in the present context. B
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A brief reference to the scheme of Chapter XX-A and the provisions therein may now be made. Chapter XX-A was inserted to provide for acquisition of immovable properties in certain cases of transfer to counteract evasion of tax. In the said Chapter, as originally enacted, by Income-tax (Amendment) Act, 1981, Section 269AB was inserted with effect from 1st July, 1982 and Section 269RR was inserted by Finance Act, 1986 with effect from 1st October, 1986. G
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- A Section 269A contains the definition of expressions used in the different provisions in the Chapter. Section 269AB provides for registration of certain transactions requiring that such transactions shall be reduced to writing in the prescribed manner and registered with the competent authority. The specified transactions are those which allow the possession of any immovable property to be taken or retained and whereby a person acquires any right in or with respect to any building or part thereof which has been constructed or which is to be constructed, not being a transaction required to be registered under the Registration Act, 1908. Section 269B provides for appointment of competent authority for the purpose of the Chapter. Section 269C empowers the competent authority to initiate proceedings for the acquisition of immovable property transferred for an apparent consideration which is less than the fair market value of that property and the consideration had not been truly stated in the instrument of transfer with the object of facilitating the reduction or evasion of the tax liability of the transferor or facilitating the concealment of any income which ought to be disclosed by the transferee for the purpose of the taxation laws. The Section also provides certain safeguards prescribing the manner in which the power has to be exercised by the competent authority. Section 269D provides that the competent authority shall initiate proceedings for the acquisition under this Chapter of any immovable property referred to in Section 269C by notice to that effect published in the Official Gazette. It also requires such notice to be served on the transferor, the transferee, the person in occupation of the property and every other person known to be interested in the property. There is restriction against initiation of the acquisition proceeding after the expiration of nine months from the end of the month in which the instrument of transfer of the property is registered under the Registration Act or, as the case may be, under Section 269AB. Section 269E permits objections to be made by the transferor, the transferee or any other person interested in the property to whom notice is required to be given. Section 269F provides for hearing of the objections against acquisition of the immovable property and decision by the competent authority. Section 269G provides an appeal before the Appellate Tribunal against the order for acquisition of any immovable property which is required to be decided after giving an opportunity of hearing. A further appeal to the High Court is provided by Section 269H, at the instance of the Commissioner or any person aggrieved by the order of the Appellate Tribunal made under Section 269G. Section 269-I then provides for vesting of the property in the Central Government when the
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order of acquisition of any immovable property becomes final. Further reference to this Section would be made later. Section 269J provides for payment of compensation by the Central Government for acquisition of the immovable property which amount is a sum equal to the aggregate of the amount of the apparent consideration for its transfer and fifteen per cent of the said amount. Section 269K requires tender of the compensation amount to the person or persons entitled thereto, as soon as may be, after the property becomes vested in the Central Government under sub-section (4) of Section 269-I. It also provides for adjudication of dispute relating to apportionment of compensation amongst persons claiming to be entitled thereto after deposit of the compensation amount by the Central Government in the Court and for other ancillary matters. Section 269L provides for assistance by Valuation Officers to enable the competent authority to properly discharge its functions. Section 269Q exempts transfer of immovable property made by a person to his relative on account of natural love and affection for a consideration which is less than its fair market value if a recital to that effect is made in the instrument of transfer. Section 269RR inserted with effect from 1.10.1986 provides that the provisions of this Chapter shall not apply to, or in relation to the transfer of any immovable property made after the 30th day of September, 1986, in view of Chapter XX-C being inserted with effect from October 1, 1986. The remaining provisions of Chapter XX-A are not material for our purpose.

The main provisions of Chapter XX-A with reference to which the arguments advanced in the present case have to be considered are parts of Section 269D and Section 269-I. The material parts of these two Sections as they were at the relevant time are as under :-

"Preliminary notice.

269D. (1) The competent authority shall initiate proceedings for the acquisition, under this Chapter, of any immovable property referred to in section 269C by notice to that effect published in the Official Gazette:

xxx

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(2) The competent authority shall -

(a) cause a notice under sub-section (1) in respect of any

surrendered or delivered under sub-section (1) to the competent authority or a person duly authorised by him in that behalf or, as the case may be, when the possession thereof is taken under sub-section (2) or sub-section (3) by such authority or person, the property shall vest absolutely in the Central Government free from all encumbrances :

Provided that nothing in this sub-section shall operate to discharge the transferee or any other person (not being the Central Government) from liability in respect of such encumbrances and, notwithstanding anything contained in any other law, such liability may be enforced against the transferee or such other person by a suit for damages."

The main submission of learned counsel for the appellant is that the tenancy right of the tenant in occupation of the acquired property is not acquired and such a tenant continues in occupation as the tenant of the Central Government till evicted in accordance with law. The submission is that tenancy right not being an encumbrance on the acquired property, it continues. To support this submission it has been urged that no compensation is provided for acquisition of the tenancy right for this reason and there can be no acquisition of a property right without award of some amount as compensation.

The High Court has dealt with the contention at length before rejecting it and since we are in general agreement with the reasons given by the High Court it is not necessary to reiterate the same at length.

The scheme of Chapter XX-A clearly shows that the acquisition is not merely of the proprietary rights in an acquired property but also of the possessory rights therein which would undoubtedly include the tenancy rights. This also finds support from Section 269AB which was inserted subsequently. It requires registration of certain transactions which permit possession of any immovable property to be taken or retained and whereby a person acquires any rights in or with respect to any building or part of it, which has been constructed or which is to be constructed, not being a transaction by way of sale, exchange or lease thereof which is required to be registered under the Registration Act. This provision clearly indicates that any transaction conferring a right to take or retain possession of the

- A immovable property or whereby a person acquires any rights therein is also governed by Chapter XX-A. Accordingly, a lease which is not required to be registered under the Registration Act is clearly included within its ambit. In other words, any transaction whereby a person acquires any right to remain in possession of any immovable property is governed by the provisions. A person in possession under a monthly tenancy or continuing in possession as a statutory tenant by virtue of the protection against eviction given by the Rent Act cannot be outside the ambit of Chapter XX-A. Section 269D requires preliminary notice to be given by the competent authority to the transferor, the transferee and the person in occupation of the property if the transferee is not in occupation thereof as well as to every other person known to be interested in the property, in addition to publication of the notice in the Official Gazette for initiating proceedings for acquisition of the immovable property. The requirement of notice to the person in occupation of the property and every person interested in the property is obviously for the reason that all such persons including those having interest merely in possession are considered to be persons interested in the acquisition proceeding. Section 269E enables all such persons to make objections against the acquisition of the immovable property on publication of the notice and the competent authority is required by Section 269F to hear and decide those objections on merits, stating the reasons for the decision in writing, before making the final order for acquisition of the property. Obviously, a tenant in possession, of whatever nature, has this opportunity. An appeal to the Appellate Tribunal is provided by Section 269G which has to be decided on merits. A further appeal then lies to the High Court under Section 269H. A person interested only in possession of the property also has the opportunity to show cause against the acquisition of that property. The order of acquisition made by the competent authority under Section 269F(6) becomes final only thereafter on conclusion of this process wherein all legitimate objections are adjudicated on merits.

- G It is only after the order of acquisition of any immovable property made under sub-section (6) of Section 269F becomes final that the competent authority is empowered, to order any person who may be in possession of the immovable property to surrender or deliver possession thereof within 30 days of the date of service of the notice given for this purpose in accordance with sub-section (1) of Section 269D. Sub-section (2) of Section 269-I empowers the competent authority to take possession of the immov-

able property, if necessary by use of force if the person in possession A
 refuses or fails to comply with the notice under sub-section (1). Sub-section
 (4) then provides that on possession of the immovable property being
 obtained by the competent authority in this manner, 'the property shall vest B
 absolutely in the Central Government free from all encumbrances'. The
 proviso to sub-section (4) enacts that the transferee or any other person
 apart from the Central Government is however, not discharged from C
 liability in respect of such encumbrances which liability may be enforced
 against the transferee or such other person by a suit for damages. The
 proviso also makes it clear that the vesting of the property in the Central
 Government is absolutely free from all encumbrances on possession being
 obtained by the competent authority, giving a complete discharge to the D
 Central Government, the liability, if any, in respect of a surviving en-
 cumbrance being only of the transferee or any other person not being the
 Central Government; and that the person claiming to enforce such an
 encumbrance can do so only against the transferee or such other person
 merely by a suit for damages. Section 269J provides that on such acquisition E
 of the immovable property the Central Government shall pay as compen-
 sation a sum equal to the aggregate of the amount of apparent considera-
 tion for its transfer and 15% of the said amount. The additional 15% is in
 the nature of solatium for compulsory acquisition of the property. The
 proceedings are akin to those of acquisition under the Land Acquisition
 Act and the compensation payable is quantified in this manner. Section F
 269K requires the Central Government to tender the amount of compen-
 sation so payable to the person or persons entitled thereto as soon as may
 be after the property becomes vested in the Central Government under
 sub-section (4) of Section 269-I free from all encumbrances. Sub-section
 (2) therein requires the Central Government to deposit the amount of
 compensation in the Court, if any dispute arises as to the apportionment
 of the compensation amongst persons claiming to be entitled thereto and
 refer such dispute for decision to the Court. It is, therefore, clear that this
 compensation amount is to be shared between persons claiming to be
 entitled thereto and in case of any dispute the amount so deposited is to
 be apportioned according to the decision of the Court. G

These provisions make it clear that a tenant in possession is at best
 entitled only to a share in the compensation amount but has no right to
 continue in possession after the order of acquisition made under Section
 269F(6) has become final, since he is bound to deliver possession of the H

- A property to the Central Government in accordance with Section 269-I. It is also clear from the proviso to sub-section (4) of Section 269-I that any person claiming any encumbrance on the property which may survive against the transferee or any other person, not being the Central Government, can enforce the same only against the transferee or such other person and that too by a suit for damages alone. The scheme of Chapter XX-A
- B clearly envisages that no one in possession of the immovable property or any part of it, in whatever character, can retain or continue in possession after the order for acquisition of the immovable property made under sub-section (6) of Section 269F has become final, the right to immediate possession of the property being from that time only in the Central Government and none else. It is, therefore, futile to contend that a tenant in
- C possession under a contractual tenancy or a statutory tenant by virtue of the protection granted under the Rent Act can continue in possession as the tenant of the Central Government with no obligation to deliver possession to the competent authority, in spite of the clear provision for delivery of such possession under section 269-I of the Act.
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Learned counsel for the appellants referred to decisions of this court in *Gian Devi Anand v. Jeevan Kumar and others*, [1985] 2 SCC 683 and *Damadilal and others v. Parashram and others*, [1976] 4 SCC 855 dealing with the nature of right of a statutory tenant under the Rent Acts. These

E decisions are of no assistance to the appellants in the present context. They were rendered in the context of protection against eviction available to a statutory tenant or his heirs in accordance with the provisions of the Rent Acts in view of the definition of 'tenant' therein. Even assuming a statutory tenant can be said to have some right or interest in the property which is

F not merely a protection against eviction conferred by the Rent Acts, the scheme of Chapter XX-A of the Income Tax Act provides for acquisition of the property and its vesting in the Central Government free from all encumbrances. The only surviving right of all persons having any interest in the property at the time of acquisition is to share in the compensation amount and to enforce the right under a surviving encumbrance, if any,

G against the transferee or any such person, other than the Central Government, by a suit for damages alone. On such acquisition all rights, proprietary and possessory, vest in the Central Government which obviously eliminates the continuance of any tenancy rights.

H The net result of sub-sections (1) and (4) of Section 269-I read with

the other provisions of Chapter XX-A is that once the order of acquisition of any immovable property made under sub-section (6) of Section 269F has become final, the transferor, the transferee or any other occupant of the property has to deliver possession thereof to the competent authority and on the possession being so obtained, by virtue of sub-section (4) of Section 269-I, the property shall vest absolutely in the Central Government free from all encumbrances. There is no other situation visualised in the scheme of Chapter XX-A and no person including any tenant in occupation of the immovable property has any surviving right to continue in possession. The expression 'person in occupation of the property' in Section 269D(2)(a) includes every person including a contractual or a statutory tenant. The provision for sharing the compensation amount in Section 269K and that of enforcement of any right under a surviving encumbrance, if any, against the transferee or any other person, excluding the Central Government, by a suit for damages takes care of the interest, if any, of an occupant of the immovable property. There is, thus no room for any doubt that the transferor or the transferee in possession is bound to deliver possession of the property on its acquisition in this manner, and the right of a tenant including a statutory tenant to continue in possession is also not saved by the provisions in Chapter XX-A. The contention of the appellants that the appellants' right as a tenant survives and continues in spite of the order for acquisition of the immovable property having become final and the property having vested in the Central Government free from all encumbrances is untenable. It is therefore, rejected.

It may also be mentioned that the Rent Acts ordinarily exclude properties owned by the Central Government from operation of those Acts. The scheme envisaged by Chapter XX-A of the Income Tax Act is in conformity therewith.

Consequently, the appeal fails and is dismissed. No costs.

N.V.K.

Appeal dismissed.