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RAICHURMATHAM PRABHAKAR AND ANR.

v.

RAWATMAL DUGAR

APRIL 12, 2004

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[R.C. LAHOTI AND ASHOK BHAN, JJ.]

*Rent Control and Eviction:*

*Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960:*

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*Sections 12 and 5—Recovery of tenancy premises by landlord for repair, alteration, addition or for reconstruction—Tenant's re-entry into possession—Effect of—Held: Tenant re-enters into possession under the original tenancy on same terms and conditions on which he was occupying the building before handing over the possession to landlord—Tenants' obligation to make payment of rent which remain suspended for the period of non-occupation is revived as before—However, if the premises is altered, added or improved, revision of rent is permissible but landlord cannot insist on revision of rent as a condition precedent to re-entry by tenant.*

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*Section 12(1) and (2)—Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Rules, 1961—Rule 23—Order of Controller directing tenant to deliver possession of building to landlord—Tenant exercising his right of re-entry seeking enforcement of Controller's order—Nature of such application and limitation for—Held: Tenant's application for re-entry is not an application for execution of any order in his favour, hence does not come under Rule 23 but would be governed by Article 137—Limitation period is three years from the date specified by Controller—If no time is appointed by Controller, tenant must exercise his right to recover possession within reasonable time—Tenant who allows time to lapse or fails to avail the offer given by landlord within reasonable time, would not be allowed relief by Controller despite application being within limitation—Limitation Act, 1963—Article 137.*

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*Construction of Statutes—Internal aids—Heading of section or title—Reliance upon—Held: Heading or title have a limited role—In case of conflict between plain language of the provision and the meaning of heading or title,*

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*latter would not control the meaning clearly and plainly discernible from the language of the provision.* A

Appellant-landlord required tenancy premises for immediate purpose of demelition for erecting new building. He initiated proceedings for recovery under clause (b) of section 12(1) of the Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960. Rent Controller directed tenant to put landlord in possession of the premises. Tenants filed appeals which were dismissed. Tenants then delivered the possession to the landlord and landlord gave an undertaking that on completion of the work the premises will be offered to the tenants. Reconstruction work was completed. Appellants offered the rebuilt premises for lease at higher rent as the size of the premises was increased. Tenants filed execution petitions for enforcement of the undertaking given by the landlord. Executing Court dismissed the petitions on the ground of limitation as they were not filed within six months from the date of the appellate order. Tenants filed revision petitions. High Court allowed the revision petitions holding that the applications were filed within limitation and directed the landlord to restore possession to the tenants leaving it open to them to claim fair rent from the tenants. Hence the present appeals. B C D

**Dismissing the appeals, the Court**

**HELD:** 1.1 Under the Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960 when the tenant re-enters into possession, he does so under the original tenancy which stands statutorily protected under the Act and he has not been evicted nor held liable to be evicted. In spite of the building having been repaired, altered, added to or re-erected, the tenant shall re-enter to occupy the premises on the same terms and conditions on which he was occupying the building on the date on which he delivered possession to the landlord, pursuant to the order of the Controller. The rent for the period between the date of delivery of possession by tenant to landlord and the date of tenant's re-entry shall remain suspended because during that period it was not the tenant but the landlord who was in possession of the building. On the tenant's re-entry into possession of the building, his obligation to pay the same rent which he was paying on the date of delivery of possession by him to the landlord, shall stand revived. If the law permits a revision of rent or fixation of standard rent afresh, the landlord would be at liberty to invoke that provision and revise the rent but the revision cannot be insisted on E F G H

A by the landlord as a condition precedent to re-entry by the tenant. Therefore, in the instant case, landlord was not justified in offering the premises to the tenants for re-entry by qualifying the offer for payment of a higher rate of rent. [1141-G-H; 1142-A-D]

B *Kondeti Suryanarayana and Ors. v. Pinninti Seshagiri Rao*, [1995] 2 Andh. L.T. 100, disapproved.

*Kondeti Suryanarayana and Ors. v. Pinninti Seshagiri Rao*, [2000] Supreme Court 70, relied on.

C 1.2. When the premises are just repaired or only essential repairs are carried out and the premises remain the same, one can understand and assume that the rent appointed for the premises either by agreement or as fair rent has already taken care of the obligation of the landlord of maintaining the premises in good and habitable condition. In such cases, it may not be necessary to revise the rate of rent. However, when the D premises have been added to, improved, altered or rebuilt consequent upon the satisfaction of the Controller having been arrived at in that regard, it would be unreasonable, arbitrary and capricious to keep the such premises tied down to the old rate of rent which was being paid for premises in dilapidated condition or not worthy of human habitation. Such a provision would be liable to be struck down as unconstitutional.

E [1143-G-H; 1144-A-B]

F 1.3. Sub-section (1) of section 12 contemplates delivery of possession by the tenant to the landlord for repairs, alterations, additions, demolition, and reconstruction. A reconstruction carried out pursuant to order of Controller made under Section 12(1) is included within the meaning of the expression 'addition, improvement or alteration' which seems to have been used in wider sense. In the cases covered by Section 12, Section 5 is available for fixation of fair rent by way of revision over the rate of rent paid previously, consistently with the principles laid down in the proviso to sub-Section (1) of Section 5 on an addition, improvement or alteration G having been carried out. Such cases are excepted from the prohibition of 'on further increase.' [1144-F-G; 1145-D]

H 2.1. Where the tenant fails to deliver possession on or before the specified date to the landlord, the landlord may execute the Controller's order directing the tenant to deliver the possession of the building to the landlord before a specified date under Section 12(1), by filing an execution

petition which will be governed by Rule 23 of the Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Rules, 1961 and hence, has to be filed within a period of six months from the date of the order. The application is by landlord who is a decree-holder having an executable order in his favour. [1145-H; 1146-A]

2.2. Sub-section (2) of section 12 of the Act does not contemplate an order for re-entry by tenant into possession being made by the Controller. A tenant exercising his right of re-entry is neither a decree-holder nor seeking execution of any order in his favour; he is seeking enforcement of a solemn undertaking given by the landlord but for which the Controller would not have made an order for delivery of possession under sub-section (1) of Section 12 of the Act. The tenant's application is not an application for execution and hence does not attract applicability of Rule 23. It would be governed by Article 137 of the Limitation Act, 1963, it being an application for which no period of limitation is provided elsewhere and the period of three years would begin to run when the right to apply accrues. The right to apply will accrue on the date specified by the Controller under sub-section (2) in this behalf. However, the tenant must exercise his right to recover possession within the time appointed by the Controller for the purpose or if no such time is appointed then within a reasonable time, failing which the right of the tenant to seek restoration of possession would be lost. The tenant who has allowed the time appointed by the Controller to lapse or failed to avail the offer made by landlord within a reasonable time need not be allowed relief by the Controller in spite of his application being within limitation under Article 137 of the Limitation Act. The limitation of three years is the outer limit of time available to tenant seeking recovery of possession when the landlord has defaulted. [1145-F; 1146-A-C; 1146-E-G]

2.2 In the instant case, the application filed by the tenant for enforcing the right of re-entry pursuant to the undertaking given by the landlord, whether incorporated in the order of the Controller or not, is not barred by limitation. High Court has rightly allowed the revision petitions holding the application filed by the tenant to be within limitation and that it was open to the landlord to take necessary steps for claiming fair rent. Landlord would be entitled to claim fair rent as is permitted by law and till then the tenant would be liable to pay the rent at the same rate at which it was being paid earlier. [1146-H; 1147-A-B]

*K.S. Hanumantharayappa v. A.N. Vittal Rao*, (1987) 1 ALT 474; K.

A *Manik Rao and Ors. v. Smt. M. Bikshapamma and Anr.*, (1987) 2 ALT 15 and *Navin Chandra v. Smt. Prema Bai Pitti*, (1992) (3) ALT 181, disapproved

*Mukri Gopalan v. Cheppilat Puthanpuravil Aboobacker*, [1995] 5 SCC 5, relied on.

B *V. Dhanapal Chettiar v. Yesodia Ammal*, AIR (1979) SC 1745, referred to.

3. It is permissible to assign the Heading or Title of a section a limited role to play in the construction of statutes. They may be taken as very broad and general indicators of the nature of the subject-matter dealt with thereunder. The Heading or Title may also be taken as a condensed name assigned to indicate collectively the characteristics of the subject-matter dealt with by the enactment underneath; though the name would always be brief having its own limitations. In case of conflict between the plain language of the provision and the meaning of the Heading or Title, the Heading or Title would not control the meaning which is clearly and plainly discernible from the language of the provision thereunder.

[1140-G-H; 1141-A]

*Principles of Statutory Interpretation by Justice G.P. Singh, Ninth Edition, 2004, pp. 152, 155, relied on.*

E CIVIL APPELLATE JURISDICTION : Civil Appeal Nos. 2152-2153 of 1999.

From the Judgment and Order dated 16.10.98 of the Andhra Pradesh High Court in C.R.P. Nos. 2051 and 2052 of 1989.

F Mrs. D.V. Padma Priya for the Appellants.

M.L. Lahoty, Paban K. Sharma, Sushil Kumar Jain and Ms. Pratibha Jain for the Respondent.

The Judgment of the Court was delivered by

G R.C. LAHOTI, J. There are two cases relating to two premises, both being part of the same building, owned by the same owners but held on tenancy by two tenants. The two premises are described as Door Nos.11-45-60 and 11-45-60/A situated at Thavvavari Street of Vijayawada. The tenants in the two premises were holding each at a monthly rent of Rs.250 under the appellant-landlords. For convenience sake we would refer to the parties only as 'landlord' and 'tenant'.

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The landlord initiated proceedings for recovery of possession over the tenancy premises alleging that the same were required *bona fide* by the landlord for the immediate purpose of demolishing and such demolition was to be made for the purpose of erecting new building on the site of the building sought to be demolished, a ground contemplated under Clause (b) of sub-Section (1) of Section 12 of the A.P. Buildings (Lease, Rent and Eviction) Control Act, 1960 (hereinafter 'the Act', for short). The landlord was successful in both the proceedings and vide the order dated 21.2.1986, the Rent Controller directed the two tenants to put the landlord in possession of the tenancy premises within one month from the date of the order. The tenants preferred appeals which were dismissed on 5.2.1987. The time appointed for compliance by the tenants was extended by one month. The tenants delivered possession over their respective shops to the landlord on 5.3.1987. The landlord gave an undertaking to the effect that on completion of the work of repairs and alteration etc. in the building the same will be offered to the tenants.

The work was completed by the landlord within six months. On 3.9.1987, the landlord sent an offer to each of the two tenants to occupy the rebuilt premises subject to payment of Rs. 2400 p.m. by each of the two tenants. The area of the two shops in question before renovation was 27 ft. x 11 ft. = 297 sq. ft. each. It appears that the building continues to be non-residential as before but it has undergone structural alterations of far-reaching character. It is clear from the description of premises contained in the offer in writing made by the landlord on 03.09.87, relevant parts whereof read as under:

"You are aware that in my building D.No.11-45-60/A in Tavvavari Street, Vijayawada-1, in front of the Room (which was leased to you previously), a new shop room measuring about 11 x 12 feet has been constructed with the concrete Pillers, RRC roofing and iron shutter facing the northern side. The previous room which is now situated inside of this newly constructed shop room, is completely altered by removing the wooden door, window, walls, middle pillar, arches, and partition walls, and by putting new iron beams (guarders) in the place of partition walls and by constructing new walls, by removing wooden beams (guarders) in their places, by carrying out new cement planting to all walls, and raising height of the ground floor to one foot and putting new cuddappa stone slab flooring. All these rooms including newly constructed front shop room are being completely altered constructed with new additional constructions in order to make one

A big shop measuring about 40 x 11 feet with decent appearance as suitable for the offices, or wholesale shops. x x x

I offer this newly constructed shop/hall (with iron shutter) measuring about 40 x 11 feet (including newly constructed front shop room) to you for lease for the rent of Rs. 2400/(Rupees two thousand four hundred only) per month, and this rent is according to the market rate of the rents prevailing in this important business area.”

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The tenants did not reply. On 15.12.1987, the tenants filed two execution petitions seeking enforcement of the undertaking given by the landlord and recovery of possession to the tenants from the landlord. By order dated

C 6.1.1989, the executing Court directed the execution petitions to be dismissed solely on the ground that they were barred by limitation as they were filed on 15.12.1987 and not within six months from the date of the appellate orders i.e. 5.2.1987 (as required by Rule 23, quoted hereinafter). The tenants preferred two revision petitions before the High Court which have been disposed of by a common order. The revision petitions have been allowed.

D The landlord has been directed to restore possession to the tenants. The High Court has left it open to the landlord to take necessary steps for claiming fair rent from the tenants by approaching the Rent Controller for the purpose. Feeling aggrieved the landlord has come up in appeals by special leave.

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Two questions arise for decision:-

(1) Whether a new tenancy comes into existence, between the parties, on possession being restored to the tenant over the newly erected building or any part thereof, which would entitle the landlord to settle the rent and other terms of lease afresh?

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(2) What is the period of limitation for filing an application by the tenant seeking enforcement of the order of the Rent Controller made under Section 12 of the Act?

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Both the abovesaid issues call for construing the provision enacted in Section 12 of the Act.

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The Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act 1960 (Act No.15 of 1960) was enacted to replace former two State enactments namely the Madras Buildings (Lease and Rent) Control Act, 1949 (Madras Act XXV of 1949) and the Hyderabad Houses (Rent, Eviction and Lease) Control Act, 1954 (Hyderabad Act XX of 1954) which were operating in two

areas of the State namely the Andhra area and Telangana areas respectively. A  
 It seems that in the predecessor legislation there was no provision similar to  
 the one contained in Section 12 of the Act of 1960. The Statement of Objects  
 and Reasons states *inter alia* that new Act was introducing some important  
 new provisions and one of them being "to make a provision empowering the  
 Rent Controller to direct the tenant to hand over possession of a building to  
 the landlord to enable him to reconstruct or renovate the old building subject  
 to certain safeguards". Section 12 of the Act with which we are concerned  
 reads as under:- B

**"12. Recovery of possession by landlord for repairs, alterations  
 or additions or for reconstruction:-"** C

(1) Notwithstanding anything in this Act on an application made by  
 a landlord, the Controller may, if he is satisfied:

- (a) that the building is reasonable and bona fide required by the  
 landlord for carrying out repairs, alterations or additions  
 which cannot be carried out without the building being  
 vacated; or D
- (b) that the building consists of not more than two floors and is  
 reasonable and bona fide required by the landlord for the  
 immediate purpose of demolishing it and such demolition is  
 to be made for the purpose of erecting a new building on the  
 site of the building sought to be demolished, E

pass an order directing the tenant to deliver possession of  
 the building to the landlord before a specified date.

(2) No order for recovery of possession under this Section shall be  
 passed unless the landlord gives an undertaking that the building  
 on completion of the repairs, alterations or additions or the new  
 building on its completion will be offered to the tenant, who  
 delivered possession in pursuance of an order under sub-section  
 (1), for his occupation before the expiry of such period as may  
 be specified by the Controller in this behalf. F

(3) In case the tenant, to whom the building or the new building, as  
 the case may be, is offered under sub-section (2) by the landlord  
 does not want to occupy it the landlord shall give notice of  
 vacancy in writing to the authorized officer under sub-section  
 (1) of Section 3. G

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- A (4) Nothing in this Section shall entitle the landlord, who has recovered possession of the building for repairs, alterations or additions or for reconstruction to convert a residential building into a non-residential building or a residential building unless such conversion is permitted by the Controller at the time of passing an order under sub-section (1).”

B In exercise of the power conferred by Section 30 of the Act, rules have been framed by the Government of Andhra Pradesh, called the Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Rules, 1961. The relevant part of Rule 23, with which we are concerned, is extracted and reproduced hereunder:-

C “23. (1) Every application for the execution of orders passed under this Act shall be in writing signed and verified by the decree-holder and filed before the Controller within six months from the date of the order accompanied by a certified copy of the order concerned together with the necessary process fee:

D Provided that an application may be admitted after the specified period if the applicant satisfied the Controller that he has sufficient cause for not preferring the application within such period.

E (2) On receipt of an application for the execution of order as provided by sub-rule (1), the Controller shall ascertain whether all the requirements have been complied, and if they have not been complied, the Controller may reject the application or may allow the defect to be remedied within the time to be fixed by him.

F (3) & (4) xxx xxx xxx

G (5) An order of eviction passed under Sections 10, 12, and 13 shall be executed by evicting the persons against whom the order was passed or any other persons bound by the said order and by delivering the vacant possession of the building in regard to which the order was passed either to the person in whose favour the order was passed or to such person as he may appoint to take delivery on his behalf.

H (6) to (8) xxx xxx xxx”

The leases of immovable property and the relationship between landlord

and tenant are governed by Chapter V of the Transfer of Property Act, 1882. The rights and liabilities of lessor and lessee are stated in Section 108 of the T.P. Act which apply subject to the contract or local usage to the contrary. Under Clause (b) and (c) thereof, not only the lessor is bound on the lessee's request to put him in possession of the property but there is also an implied covenant for peaceful possession and enjoyment of the leased property by the tenant. So long as the lessee pays the rent reserved by the lease and performs the obligations cast on him by the contract of lease, he is entitled to hold and enjoy the property without interruption by anyone including the lessor. Under Clause (l) the lessee is bound to pay or tender, at the proper time and place, the premium or rent to the lessor.

There has developed what is known as the doctrine of suspension of rent based on principles of justice, equity and good conscience. If the lessee is dispossessed by the lessor from the leased property the obligation of the lessee to pay rent to the lessor is suspended.

In *V. Dhanapal Chettiar v. Yesodia Ammal*, AIR (1979) SC 1745, the Seven-Judges Bench of this Court examined the impact of Rent Control Legislations on the provisions of the Transfer of Property Act in the context of the issue whether for the purpose of seeking an eviction of tenant under the provisions of the rent control law, it was still necessary for the landlord to terminate the tenancy by giving a notice under Section 106 of the T.P. Act. Certain observations made by this Court during the course of its judgment are relevant for our purpose and may be noticed. The State Rent Acts have, to a very large extent, encroached upon the field of freedom of contract. The right of re-entry controlled by Section 111 of the T.P. Act is further restricted and fettered by the provisions of the Rent Restriction Act. In spite of the contract of lease having expired or terminated, the tenant lessee continues in possession under the protective wing of the Rent Restriction Act until the lessee loses that protection. The lessee is not bound to vacate nor can the lessor-landlord exercise his right of re-entry unless a ground entitling him to do so within the meaning of the Rent Act has been made out and established in a court of law. The landlord-tenant relationship stands snapped and the tenancy comes to an end only on a decree or order in that regard being passed by a competent court. Thus, the contractual lease may have come to an end and the landlord-tenant relationship may have ceased to exist under the contract or the T.P. Act, yet the same continues to exist for the purpose of Rent Act.

A With this much prefatory statement we proceed to examine the provisions of the A.P. Act.

B The Heading given to Section 10 of the Act is - 'Eviction of tenants'. It confers a protection on the tenant to occupy the tenancy premises by providing that the tenant shall not be evicted whether in execution of a decree or otherwise except in accordance with the provisions of Section 10 or Sections 12 and 13. Sub-section (2) of Section 10 enumerates the grounds on the availability whereof the tenant becomes liable to be evicted. The provision opens by enacting that a landlord who seeks to evict his tenant shall apply to the Controller for a direction in that behalf. If the Controller, after hearing C both the parties, is satisfied of the availability of any one or more of the grounds specified in sub-section (2) being made out, the Controller shall make an order directing the tenant to put the landlord in possession of the building. The Headings given to Sections 12 and 13 speak of 'Recovery of possession by landlord for repairs, alterations or additions or for reconstruction' of buildings.

D The view is now settled that the Headings or Titles pre-fixed to sections or group of sections can be referred to in construing an Act of the Legislature. But conflicting opinions have been expressed on the question as to what weight should be attached to the Headings or Titles. According to one view, the Headings might be treated as preambles to the provisions following them E so as to be regarded as giving the key to opening the mind of the draftsman of the clauses arranged thereunder. According to the other view, resort to Heading can only be taken when the enacting words are ambiguous. They cannot control the meaning of plain words but they may explain ambiguities. (See: Principles of Statutory Interpretation by Justice G.P. Singh, Ninth Edition, F 2004, pp.152,155). In our opinion, it is permissible to assign the Heading or Title of a section a limited role to play in the construction of statutes. They may be taken as very broad and general indicators of the nature of the subject-matter dealt with thereunder. The Heading or Title may also be taken as a condensed name assigned to indicate collectively the characteristics of G the subject-matter dealt with by the enactment underneath; though the name would always be brief having its own limitations. In case of conflict between the plain language of the provision and the meaning of the Heading or Title, the Heading or Title would not control the meaning which is clearly and plainly discernible from the language of the provision thereunder.

H In the present case, Sections 10 and, 12 and 13 are placed in close

proximity and yet assigned different titles which is suggestive of the legislative intent that the subject-matter dealt with under the two headings, differently named, is different. A comparative reading of Section 10 with Sections 12 and 13 shows that while sub-section (2) of Section 10 contemplates the tenant being directed to put the landlord in possession of the buildings consequent upon a ground for eviction of tenant having been made out and the landlord having succeeded in making out a case for eviction of his tenant. And so, the delivery of possession by tenant to landlord is in effect eviction of tenant by landlord. The tenancy itself is determined. Under Sections 12 and 13 the Controller orders the tenant to deliver possession of the buildings to the landlord for a specific purpose and according to a calendar of events which binds the landlord and the tenant both. In other words, under Sections 12 and 13 the tenant is not evicted; the tenancy does not come to an end; the lease continues to survive; and yet the tenant ceases to be in actual possession of the building which is placed in possession of the landlord for a specified purpose. Under Clause (a) of sub-section (1) of Section 12 the purpose is "for carrying out repairs, alterations or additions which cannot be carried out without the building being vacated". Under Clause (b) of sub-section (1) the purpose is "the immediate purpose of demolishing it and such demolition is to be made for the purpose of erecting a new building on the site of the building sought to be demolished." The provision seeks to achieve a multi-purpose. The tenant is protected because his tenancy does not come to an end and his right to re-occupy the building - repaired, altered, added or erected - continues to survive. The landlord is benefited because but for the tenant having been directed to deliver possession to him he could not have carried out such repairs, etc. or rebuilding. The public interest is served as the buildings are kept in good and habitable state and new building activity continues to be carried on.

Under Section 12, as we have already stated, the lease does not come to an end, nor the tenancy is terminated, merely on account of possession of the building having been delivered to the landlord; nor does it come to an end nor extinguished because the old building has been demolished and a new building has been erected. The tenant, when he re-enters into possession, does so under the original tenancy which stands statutorily protected under the Act and he has not been evicted nor held liable to be evicted. In spite of the building having been repaired, altered, added to or re-erected, the tenant shall re-enter to occupy the premises on the same terms and conditions on which he was occupying the building on the date on which he delivered

A possession to the landlord, pursuant to the order of the Controller. The rent for the period between the date of delivery of possession by tenant to landlord and the date of tenant's re-entry shall remain suspended because during that period it was not the tenant but the landlord who was in possession of the building. On the tenant's re-entry into possession of the building, his obligation to pay the same rent which he was paying on the date of delivery of possession by him to the landlord, shall stand revived. If the law permits a revision of rent or fixation of standard rent afresh, the landlord would be at liberty to invoke that provision and revise the rent consistently with such provisions. But the revision of rent cannot be insisted on by the landlord as a condition precedent to re-entry by the tenant.

C Therefore, the landlord in the present case was not justified in offering the premises to the tenants for re-entry by qualifying the offer for payment of a higher rate of rent.

D In *Kondeti Suryanarayana and Ors. v. Pinninti Seshagiri Rao*, (1995) 2 Andh. L.T. 100, a learned Single Judge of the High Court of Andhra Pradesh noticed G.O.M. No.636, G.A.D. dated 29.12.1983 which exempted newly constructed buildings from the operation of the Act, with effect from 26.10.1983, for a period of 10 years from the date on which their construction is completed. The Notification was issued in exercise of the power conferred by Section 26 of the Act. In the opinion of the learned Single Judge, inasmuch as the newly constructed building would remain exempted for a period of 10 years from the operation of the Act, it was not necessary for the landlord to give an undertaking as contemplated by sub-section (2) of Section 12 of the Act and the right of re-induction of the tenant remained suspended for a period of 10 years from the date of completion of the construction of building. This judgment was put in issue in appeal by special leave before this Court. A Division Bench of this Court by its judgment dated 04.11.1999 (reported as *Kondeti Suryanarayana and Ors. v. Pinninthe Seshagiri Rao*, AIR (2000) Supreme Court 70 set aside the judgment of the Andhra Pradesh High Court and held that where a landlord requires a building to be demolished necessarily he has to reconstruct the building on the same site of the building and on reconstruction of new building the tenant has to be allowed to re-enter in the said premises. If an interpretation, as given by the learned Single Judge of the Andhra Pradesh High Court, was to be accepted then it would encourage any unscrupulous landlord to get eviction of tenant on the ground of demolition of the building which would be repugnant to the object of the Act, said this

Court. We may hasten to add that the judgment of the Andhra Pradesh High Court reversed by this Court suffered from the fallacy of reading Section 12, as providing a ground to the landlord for evicting the tenant which it is not. A

A perusal of Section 12 of the Act shows the order being passed by the Controller directing the tenant to deliver possession of the building to the landlord before a specified date, subject to the Controller being satisfied of the availability of the ground for making such an order. B

An order for recovery of possession under Section 12 cannot be passed unless the landlord gives an undertaking for offering the building back to the tenant on the expiry of such period as may be specified by the Controller in this behalf. If the tenant does not avail the offer still the landlord cannot occupy the building. He has to notify the vacancy in writing to the authorized officer under Section (1) of Section 3. The nature of user after reconstruction must remain the same as it was before, that is to say, a residential building must continue to be a residential building and a non-residential building must continue to be a non-residential building on re-erection unless permitted otherwise by the Controller. Section 12 empowers the Controller to specify time or appoint the dates for three purposes: (i) the date by which the tenant has to deliver possession of the building to the landlord, (ii) the date by which the landlord has to complete the work, and (iii) the date by which the landlord shall offer the building to the tenant. The controller can also specify the date or time before the expiry of which the tenant must give response to the offer made by the landlord. 'Such period as may be specified by the Controller in this behalf' - the expression as employed in sub-section (2) of Section 12 qualifies all the events within the scope of that provision. Once these dates have been specified there will be no difficulty of implementation. C D E

Having reconstructed the premises totally anew, should the rent remain static? We can understand the premises being just repaired or only essential repairs having been carried out by the landlord in discharge of his obligation to secure peaceful enjoyment and possession of the tenancy premises by the tenant for the purpose for which the tenancy was created. So long as the premises remain the same, one can understand and assume that the rent appointed for the premises either by agreement or as fair rent has already taken care of the obligation of the landlord of maintaining the premises in good and habitable condition. In such cases, it may not be necessary to revise the rate of rent. However, when the premises have been added to, improved, altered or rebuilt consequent upon the satisfaction of the Controller having F G H

A been arrived at in that regard, it will be unreasonable and capricious to keep the premises tied down to the old rate of rent which was being paid for premises which were - may be - dilapidated or not worthy of human habitation. Such a provision, if contained in any Legislation, would be liable to be struck down as unconstitutional on account of being arbitrary, capricious and unreasonable. However, so far as the Act is concerned, care has been taken  
 B by Section 5 thereof which provides as under:-

**“5. Increase in fair rent in what cases admissible:-**(1) When the fair rent of a building has been fixed under this Act, no further increase in such fair rent shall be permissible except in cases where  
 C some addition, improvement or alteration has been carried out at the landlord’s expense and if the building is then in the occupation of a tenant, at his request:

Provided that the increase shall be calculated at a rate per annum not exceeding six per cent of the cost of such addition, improvement or alteration carried out and the fair rent as increased under this sub-section shall not exceed the fair rent payable under this Act for a similar building in the same locality with such addition, improvement or alteration:  
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Provided further that, any dispute between landlord and the tenant in regard to any increase claimed under this sub-section, shall be decided by the Controller.”  
 E

Sub-Section (1) of Section 12 contemplates delivery of possession by the tenant to the landlord for repairs, alterations, additions and demolition and reconstruction. Out of these four situations, Section 5 permits revision of  
 F rent in cases of alterations, additions and repairs amounting to improvements. A reconstruction carried out pursuant to order of Controller made under Section 12(1) of the Act is included within the meaning of the expression ‘addition, improvement or alteration’ which, in our opinion, seems to have been used in wider sense. In such cases, it will be permissible to have the rent fixed consistently with the principles laid down in the proviso to sub-Section  
 G (1) of Section 5. In the cases covered by Section 12, Section 5 is available for fixation of fair rent by way of revision over the rate of rent at which it was being paid previously. The opening part of sub-Section (1) of Section 5 is divisible into two parts, comprehending two situations, as under :

H (i) Where the fair rent of a building has been fixed under this Act, no

further increase in such fair rent shall be permissible; except in cases A

(ii) where some addition, improvement or alteration has been carried out at the landlord's expense and if the building is then in occupation of a tenant, at his request.

The next following two provisos respectively lay down the formula for calculating the revision in rent and confer exclusive jurisdiction on the Controller to decide the dispute. B

Sections 4, 5 and 6 are parts of one scheme. What first clause of sub-Section (1) of Section 5 provides is that the fair rent of a building having been fixed under Section 4 the same cannot be re-fixed once again. It is the rule of one-time fixation of fair rent. This rule does not apply to any case of addition, improvement or alteration having been carried out as stated in the later clause. It is an exception to 'one-time fixation of fair rent' rule. In spite of fair rent of building having been fixed already, the fair rent can be fixed again as per formula laid down in the proviso on an addition, improvement or alteration having been carried out. Such cases are excepted from the prohibition of 'no further increase'. C D

Now arises for determination the question of limitation for filing of execution petition by the landlord or by the tenant. Here again, a perusal of the scheme of Section 12 shows that the provision contemplates passing of an order directing the tenant to deliver the possession of the building to the landlord before a specified date under sub-section (1) of Section 12. Sub-Section (2) does not contemplate an order for re-entry by tenant into possession being made by the Controller; what the Controller does is to accept the undertaking given by the landlord without which an order for delivery of possession by the tenant in favour of the landlord under sub-section (1) shall not be passed. The specification of dates by the Controller is dependant on and consequent to the undertaking given by the landlord as condition precedent to the passing of the decree. If the landlord does not give the undertaking contemplated by sub-section (2), there shall be no order for recovery of possession under sub-section (1). E F G

Where the tenant fails to deliver possession on or before the specified date to the landlord, the landlord may execute the order of the Controller by filing an execution petition which will be governed by Rule 23 and hence shall have to be filed within a period of six months from the date of the order. The application is by landlord who is a decree-holder having an executable H

A order in his favour in his hands. A tenant exercising his right of re-entry is neither a decree-holder nor seeking execution of any order in his favour; he is seeking enforcement of a solemn undertaking given by the landlord but for which the Controller would not have made an order under sub-section (1) of Section 12 of the Act. The tenant's application is not an application for execution and hence does not attract applicability of Rule 23. It would be governed by Article 137 of the Limitation Act, 1963; it being an application for which no period of limitation is provided elsewhere and the period of three years shall begin to run when the right to apply accrues. The right to apply will accrue on the date specified by the Controller under sub-section (2) in this behalf. The period of limitation prescribed by Rule 23 may become otiose if applied to tenant as the period for completion of building by landlord may itself be more than six months and the period of limitation for tenant if governed by Rule 23 would have already expired by that time. An application filed before Rent Controller can attract applicability of Limitation Act, 1963 (See *Mukri Gopalan v. Cheppilat Puthanpurayil Aboobacker*, [1995] 5 SCC 5. There are three single-Judge Bench decisions of Andhra Pradesh High Court, namely, *K.S. Hanumantharayappa v. A.N. Vittal Rao*, (1987) 1 ALT 474, *K. Manik Rao and Ors. v. Smt. M. Bikshapamma and Anr.*, (1987) 2 ALT (Notes on Cases) 15 and *Navin Chandra v. Smt. Prema Bai Pitti*, (1992) 3 ALT 181, taking the view that the limitation for application by tenant seeking restoration of possession to him is governed by Rule 23. These decisions do not lay down the correct law and are overruled.

However, we hasten to add that the tenant must exercise his right to recover possession within the time appointed by the Controller for the purpose or if no such time is appointed then within a reasonable time and promptly on receiving offer from the landlord in that regard failing which the right of the tenant to seek restoration of possession shall be lost. The tenant who has allowed the time appointed by the Controller to lapse or failed to avail the offer made by landlord within a reasonable time need not be allowed relief by the Controller in spite of his application being within limitation under Article 137 of the Limitation Act. The limitation of three years is the outer limit of time available to tenant seeking recovery of possession when the landlord has defaulted.

Hence, in the present case, the application filed by the tenant for enforcing the right of re-entry pursuant to the undertaking given by the landlord, whether incorporated in the order of the Controller or not, cannot be said to be barred by limitation. It is futile to determine the question of

limitation by reference to Rule 23 above said. The High Court has rightly allowed the revision petitions holding the application filed by the tenant to be within limitation and rightly held that it was open to the landlord to take necessary steps for claiming fair rent. However, we clarify that the landlord shall be entitled to claim fair rent as is permitted by law and till then the tenant shall be liable to pay the rent at the same rate at which it was being paid.

Before parting we notice that when the revisions filed by the tenant were allowed by the High Court on 16.10.1998 it was brought to the notice of the High Court by the landlord, at the time of pronouncement of the judgment, that the reconstructed building had already been leased out to some other persons, and therefore, the High Court directed the operation of its judgment to remain stayed for approaching this Court. As to when and in what circumstances third persons have been inducted into possession of re-built building, are not known as the same are not discernible from the record. Before giving effect to the order of the High Court, the Controller shall have to give notice to such third parties who are presently in possession and they shall have to be heard. It is difficult for us to anticipate what these third persons in possession may have to say and, therefore, we make no observation on their rights, if any, and leave it open to be determined by the Controller.

Subject to the above said cautionary observation, the appeals are dismissed.

N.J.

Appeals dismissed.