

Rambai Manjanath Nayak and Others v. Union of India and Others

Civil Appeal No. 3119 of 1983

[1992] Supp. 3 SCR 56 | 1992-11-17

Chapter XX-A acquisition: contractual and statutory tenants must surrender possession after the acquisition order becomes final

Income-tax Act, 1961: Chapter XX-A; sections 269AB, 269C-269H, 269-I(1), (2), (4), 269J, 269K and 269RR | Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 (tenant-protection contention) | Constitution of India: Articles 19(1)(f), 31 and 133(1) (historical context)

Five-judge Constitution Bench; judgment delivered by J.S. Verma, J. | M.H. Kania, C.J. | J.S. Verma, J. | S.C. Agrawal, J. | Yogeshwar Dayal, J. | A.S. Anand, J.

Chapter XX-A, not XX-C

The free-from-encumbrances holding concerns Chapter XX-A acquisition under section 269-I. The separate same-date C.B. Gautam judgment concerns Chapter XX-C and must not be merged with this case.

Order finality and vesting are distinct

Finality of the acquisition order permits the demand for possession; absolute vesting under section 269-I(4) follows surrender/delivery or lawful taking of possession. No individual compensation share was quantified in this appeal.

01 FACTS OF THE CASE

The appellants ran Satkar Hotel and Restaurant as monthly tenants of a three-storeyed Vadodara building. Its indebted owner arranged a sale through a creditors' committee, and a registered deed dated 27 December 1973 conveyed it to purchasers for Rs.4,50,001, subject to the existing tenant's attornment. The competent authority initiated Chapter XX-A acquisition, served the tenants, and made an order under section 269F(6) on 12 December 1975. The tenants filed no acquisition objection; the order became final on 27 January 1976. After notices requiring delivery of possession, they petitioned the Gujarat High Court, which rejected their claim to retain the tenancy. Their Supreme Court appeal was confined to continuing statutory-tenancy rights and the asserted absence of compensation for those rights.

Source: [SCR pp. 60-62](#) / [PDF pp. 5-7](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court examined Chapter XX-A as an anti-evasion acquisition scheme reaching both proprietary and possessory rights. Notice is required to occupants and other interested persons, who can object, be heard, and pursue the statutory appeals before finality. Once the section 269F(6) order is final, section 269-I permits a notice requiring delivery within 30 days; refusal permits lawful taking of possession. Section 269-I(4) then vests the property absolutely in the Government free from encumbrances. Sections 269J and 269K provide compensation based on apparent consideration plus 15%, with apportionment disputes referred to court. That structure protects a qualifying occupant's monetary interest rather than continued occupation. Rent Act decisions about statutory tenants did not displace this distinct scheme.

Source: [SCR pp. 63-70 / PDF pp. 8-15](#)

03 JUDICIAL DECISION

A contractual or statutory tenant falls within the persons in occupation addressed by Chapter XX-A. No occupant can insist on continuing as a tenant of the Central Government after the final acquisition has triggered the obligation to surrender possession and the property has vested through possession being obtained. Any entitlement is to an appropriate share of compensation under section 269K, not retention of possession. A surviving encumbrance liability under the proviso to section 269-I(4) may be enforced by a damages suit against the transferee or another liable person, excluding the Government. The claim that tenancy automatically survived acquisition was rejected.

Source: [SCR pp. 67-71 / PDF pp. 12-16](#)

04 OUTCOME / IN WHOSE FAVOUR

The appeal was dismissed without costs. The High Court's rejection of the tenants' claim to remain in occupation under the Chapter XX-A acquisition stood. The Supreme Court did not quantify a compensation share or grant an individual damages award; it explained the statutory routes for monetary interests while rejecting continued possession.

Source: [SCR p. 71 / PDF p. 16](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the acquisition chapter and transfer date before using a property-vesting precedent. For Chapter XX-A, track notice, objections, appeal finality, the possession demand and actual surrender or taking separately; finality and absolute vesting are not interchangeable dates. Preserve each claimant's basis for compensation apportionment and distinguish that claim from damages against a non-Government person under a surviving encumbrance. Do not import this tenancy result into C.B. Gautam or Asgar Patel's Chapter XX-C regime, or claim that this historical decision establishes current eviction powers. Later statutory and judicial treatment must be checked before reliance.

Source: [AKHB analysis based on SCR pp. 63-71 / PDF pp. 8-16](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete 16-page report read; unnumbered judicial text SCR pp. 60-71 / PDF pp. 5-16; preceding headnote distinguished. No adjoining judgment.

Open cited source rendition

Identity, decision date, five-judge bench and Civil Appeal 3119/1983 checked against primary report. Original SHA-256 and 16-page count match reconciliation register.

All judicial pages and reproduced statutory provisions read. OCR often renders section 269D as 2690 and section 269-I as 269-1; statutory references are normalised using the context and reproduced headings, without changing substance.

The appeal was confined to tenancy survival and compensation arguments; no blanket holding on every constitutional challenge to Chapter XX-A is claimed.

Compensation may be apportioned under section 269K among persons entitled; surviving encumbrance liability under the proviso to section 269-I(4) is enforceable by damages against the transferee or another liable person, not the Government. The report does not award these appellants a quantified sum.

No party/docket match in the checked corpus; the same-date C.B. Gautam note is a different case, docket and statutory regime.

STATUTORY SCOPE

Historical Chapter XX-A acquisition following a 1973 transfer. The judgment itself records section 269RR's exclusion of transfers after 30 September 1986 and distinguishes Chapter XX-C, considered separately. This is not a general present-day power to evict tenants or a Chapter XX-C encumbrance ruling.

LATER TREATMENT

Source checked 2026-10-12. Comprehensive later judicial treatment has not been checked. No current-law or citator clearance is represented.

[Related note: C.B. Gautam v. Union of India and Others](#)

[Related note: Asgar S. Patel and Others v. Union of India and Others](#)

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report; independent human review is not represented.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, applicable statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding. No current-law clearance is claimed.