

Asgar S. Patel and Others v. Union of India and Others

Civil Appeal No. 6329 of 1998

[2000] 3 SCR 483 | 2000-04-25

Chapter XX-C compulsory purchase: buyer's prepaid-price charge survives, but contractual allocation and missing parties defeat writ refund relief

Income-tax Act, 1961: Chapter XX-C; sections 269UC, 269UD, 269UE(1), 269UF, 269UG and 269UH | Transfer of Property Act, 1882: sections 55(4)(b) and 55(6)(b) | Constitution of India: Article 226

Two-judge bench; judgment delivered by R.C. Lahoti, J. | S. Rajendra Babu, J. | R.C. Lahoti, J.

Charge recognised; refund refused

The Court's explanation of the buyer's statutory charge is not an order requiring the Government to refund these purchasers. The appeal was dismissed, with recourse against the transferor left open.

Different acquisition regimes

This case applies Chapter XX-C vesting subject to encumbrances unless lawfully annulled. Rambai Nayak concerns the distinct Chapter XX-A acquisition-and-possession regime.

01 FACTS OF THE CASE

Six purchasers agreed to buy a Bandra flat from Hemant Chawla on 1 May 1994 and paid Rs.4,55,000. Their agreement and Form 37-I disclosed that advance. The Appropriate Authority ordered compulsory purchase for a discounted Rs.44,25,680 and used the consideration to discharge a bank mortgage, honour a garnishee/attachment order, retain society transfer fees and pay the remainder to the vendor. The purchasers claimed Rs.5,05,000, comprising the disclosed advance and an additional asserted Rs.50,000. Their refund representation was not honoured. The Bombay High Court dismissed their writ petition and appeal, considering recovery from the vendor the appropriate remedy.

Source: [SCR pp. 486-488](#) / [PDF pp. 4-6](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court read sections 269UE-269UG with Transfer of Property Act section 55(6)(b). A buyer's charge for purchase money properly paid in anticipation of delivery follows the property unless a contrary contract or a lawful statutory annulment displaces it. After C.B. Gautam and the amended section 269UE(1), compulsory vesting does not by itself destroy encumbrances. The Appropriate Authority may annul a claimed encumbrance designed to defeat Chapter XX-C only through the prescribed finding and hearing. Section 269UG is not confined to paying the vendor: undisputed amounts must be tendered to the persons entitled; genuinely disputed apportionment calls for timely deposit. Mere absence of the vendor's consent letter was not itself a dispute about the jointly recorded Rs.4,55,000. The further Rs.50,000 lacked joint documentation or a corresponding opportunity for the vendor to admit or dispute it.

Source: [SCR pp. 488-495 / PDF pp. 6-13; p. 495 visually read](#)

03 JUDICIAL DECISION

The purchasers' genuine statutory charge was not defeated by the compulsory purchase. Nevertheless, their express agreement allowed the vendor to receive the consideration and stipulated recovery of the advance from the vendor if the Appropriate Authority did not pay it. Discretionary Article 226 relief could not be used to enforce an obligation contrary to that allocation. The vendor, bank and garnishee beneficiary—whose receipts would be affected by the requested refund—had not been joined in the High Court; their later addition in the Supreme Court was too late. The Court also declined to fault the Authority for not tendering the separately asserted Rs.50,000.

Source: [SCR pp. 495-498 / PDF pp. 13-16](#)

04 OUTCOME / IN WHOSE FAVOUR

The appeal was dismissed without costs. No refund, abrogation or revesting was ordered. The purchasers remained free to seek return of the money from the transferor under their agreement. Counsel had expressly confined the claim to enforcement of the charge, not revesting, and third-party interests had arisen after the Government resold the property.

Source: [SCR pp. 495-496 and 498 / PDF pp. 13-14 and 16](#)

05 AKHB REVIEW POINT

AKHB analysis: separate recognition of a proprietary charge from entitlement to a particular writ remedy. Preserve the signed agreement, joint Form 37-I, payment evidence, contractual fallback clause, distribution record and identities of every affected recipient. Distinguish the admitted Rs.4,55,000 from the unsupported additional Rs.50,000, and distinguish tender/deposit duties from an order actually setting aside purchase. Do not describe this dismissal as a purchaser refund victory, or transpose Chapter XX-A's free-from-encumbrances result into this Chapter XX-C judgment. Verify the applicable historical statutory version and later treatment before reliance.

Source: [AKHB analysis based on SCR pp. 492-498 / PDF pp. 10-16](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Complete 16-page report read; unnumbered judicial text SCR pp. 486-498 / PDF pp. 4-16; preceding headnote distinguished. SCR p. 495 / PDF p. 13 has no extractable text and was rendered, visually read and separately transcribed. No adjoining judgment.

Open cited source rendition

Identity, decision date and Civil Appeal 6329/1998 checked against primary report. Source SHA-256 and 16-page count match reconciliation register.

All judicial text read, including visually recovered SCR p. 495; retained render asgar-p495-13.png and manual transcription asgar-p495-manual-transcription.txt.

The report's factual opening gives the agreed price as Rs.45,50,000 and prints a balance of Rs.41 lakhs; no corrected arithmetic is silently substituted. The note uses exact relevant advance/compulsory-purchase amounts only.

Rs.4,55,000 was evidenced in the joint agreement/Form 37-I. The further asserted Rs.50,000 was separately considered and not established in joint material; no entitlement to it was assumed.

Revesting was expressly not sought and the Government had resold to a third party. The Court did not order abrogation of purchase or revesting.

STATUTORY SCOPE

Historical Chapter XX-C compulsory-purchase dispute, applying section 269UE after the amendment effective 17 November 1992 and sections 269UF-269UH. Do not apply this note as advice on current property transfers or substitute Chapter XX-A acquisition rules.

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: Rambai Manjanath Nayak 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.