

Karanpura Development Co. Ltd.

Vs

Union of India

Civil Appeals Nos. 2774-75 of 1980

( K. Ramaswamy, B. L. Hansaria JJ)

14.12.1995

ORDER

1. The appellant initially had a stint with the Raja of Ramgarh to execute mining licence, whereat he ultimately succeeded in getting 999 years' lease executed on 30-8-1946. But his lease was short-lived due to the implementation of Land Reforms Act, 1950, which put an end to the leasehold right. The only question is whether he would be entitled for compensation in that behalf. Though the lessees in similar situation were unsuccessful, subsequently they succeeded in this Court. By operation of Section 4(1) of the Coal Bearing Areas (Acquisition and Development) Act, 1957 (for short 'the Act') and the notification issued under Section 7 thereof which came to be published in the Gazette of Government of India dated 24-8-1963, the question is whether the appellant is entitled to the compensation. The High Court held that since the appellant is only a lessee he is not entitled for the compensation. The controversy is no longer res integra. This Court in Karanpura Development Co. v. Union of India [1988 Supp SCC 488] held that the position as it stood prior to the change in the law, by the introduction of Section 10-A of the Bihar Land Reforms Act, was that the head lessee, notwithstanding the sub-lease, retains his position as such head lessee, with the State Government becoming the lessor in place of the erstwhile grantor of the lease. The idea of possession under Section 10(1) cannot be so strictly construed as to be equivalent to actual physical possession. A lessee in law is in possession through a sub-lessee though possession of the sub-lessee is immediate and that of the lessee mediate. Consequently it was held that the lessee is entitled to the compensation.

2. How much compensation the lessee is entitled to have from leasehold interest held by the lessee was not determined by the High Court. Therefore, the quantification is now required to be done by a separate proceeding.

3. The appeal is accordingly allowed and the order of the High Court dated 4-7-1979 in Miscellaneous Petitions Nos. 216 of 1971 and 217 of 1971 stands set aside. The State Government is directed to constitute a tribunal in that behalf under Section 14(2) of the Act which would go into the question of quantification of compensation according to law and decide the same.

4. The appeal is accordingly allowed. No costs.