

SUPREME COURT OF INDIA

Hindustan Petroleum Corp. Ltd.

Vs.

Rajkumari Padma Kumari

C.A.No.6190 of 2008

(S.H. Kapadia and B. Sudershan Reddy JJ.)

22.10.2008

ORDER

1. Leave granted. An application under Section 29-A(5) of the *U.P. Urban Buildings (Regulation of Letting, Rent and Eviction) Act, 1972* was filed by the predecessor of the respondents herein praying for determination of standard rent of the property in question. On that application, Case No.10/1999 was registered in the Court of District Magistrate, Dehradun. In the said application, it was stated that by a registered deed dated 11th January, 1971, a piece of land situate at Gandhi Road, Dehradun stood let out to Esso Eastern Inc. Under the said deed, the tenant had a right to install, erect and maintain underground tanks, delivery pumps connected thereto and building to be constructed for the purposes of storing, selling or otherwise carrying on trade petrol or petroleum products. The lease was for ten years from 15th March, 1970 at a monthly rent of Rs.450/-.

2. Esso Eastern Inc. stood acquired by Government of India under the provisions of *Esso (Acquisition of Undertaking in India) Act, 1974*. Consequently, Hindustan Petroleum Corporation Ltd. (HPCL), the appellant before us, came into picture in the said proceedings. HPCL thereafter filed its written statement in which, inter alia, it was contended that in the lease, there was a term for renewal for a further period of ten years at the option of the lessee, that during the said term of the lease, M/s. Esso Eastern Inc. stood acquired under the 1974 Act and, consequently, the lease stood transferred to HPCL. It was pleaded that consequent to the passing of the 1974 Act, under Section 5(2) of the said Act, such lease was to be renewed on the same terms and conditions on which the lease or tenancy was held by Esso Eastern Inc. According to HPCL, before expiry of the total term of twenty years, the lessee had availed of its statutory right for renewal of lease for a further term beyond 14th March, 1990 on the same terms and conditions as mentioned in the lease agreement.

3. To complete the chronology of events, the District Magistrate, Dehradun, in the above proceedings called for the valuation report of the Tehsildar. The report was given on 27th December, 2002 stating that the value of the property on the basis of circle rate as well as on the basis of market value should be fixed at the rate of Rs.50,000/- per month. The District Magistrate has assessed and fixed the standard rent at the rate of Rs.50,000/- per month. This

rate has been confirmed by the High Court vide its impugned judgment. Hence, this Civil Appeal by HPCL.

4. Two points arise for determination in this case. Firstly, the date from which the rent of Rs.50,000/- per month should be made applicable to the premises in question and, secondly, whether the High Court was right in confirming the standard rent fixed by the District Magistrate at the rate of Rs.50,000/- per month.

5. In the course of hearing, an argument was advanced on the first point by the learned counsel for HPCL that HPCL had exercised its option for renewal of lease for a further period of ten years commencing from 15th March, 1990 on the same terms and conditions on which it held the lease before 15th March, 1990. There is merit in this contention. We find from the correspondence annexed to the paper book at page 227 onwards and, particularly, in the context of the letter dated 15th May, 1990 at page 234, that the appellant herein had exercised its statutory right for renewal of the above lease upto 14th March, 2000 under Sections 5 and 7(3) of the *1974 Acquisition Act*. Therefore, on the first point, we hold that the District Magistrate had erred in determining the standard rent from 15th March, 1990 at the rate of Rs.50,000/- per month because the period from 15th March, 1990 to 14th March, 2000 came within the statutory right of the appellant under the 1974 Act.

6. However, we do not find fault in the Order of the District Magistrate as HPCL did not produce the correspondence which is now placed on record before us by the landlord.

7. On the second point, we find that HPCL did not lead any evidence in the form of valuation report challenging the rate of standard rent proposed by the Tehsildar in its report to the District Magistrate. After the expiry of the contractual lease and particularly from the period 15th March, 2000, HPCL claims to be a statutory tenant under the *U.P. Urban Buildings (Regulation of Letting, Rent and Eviction) Act, 1972*. Under Section 9(2), the District Magistrate is required to fix the standard rent in accordance with certain parameters indicated and provided for therein. One of the parameters refers to prevailing rents for similar buildings in the locality. No evidence has been led by the HPCL in this regard. For the aforesaid reasons, on the second question regarding fixation of standard rent fixed at Rs.50,000/- per month, we see no infirmity in the impugned judgment of the High Court and the District Magistrate. Consequently, we hereby declare that the respondent-lessor would be entitled to charge, levy and recover standard rent at the rate of Rs.50,000/- per months with effect from 15th March, 2000 and not from 15th March, 1990, as directed by the District Magistrate. The question as to whether HPCL is protected under the 1972 Act or not does not arise for consideration in this Civil Appeal.

8. We are informed that an eviction suit is also filed by the tenant herein under the Transfer of Property Act, which is pending before the trial court. We express no opinion regarding that suit. All contentions available to the parties in that suit are expressly kept open. Any observation made in the present order regarding claim to protection under the Rent Act will not bind the trial court in that suit.

9. Accordingly, Civil Appeal stands partly allowed, with no order as to costs.