SUPREME COURT OF INDIA

Kesri Commissariat

Vs.

Ministry of Food and Civil Supplies, Govt. of Maharashtra, Mumbai

C.A.Nos.3356-3357 of 2012

(Dalveer Bhandari and Dipak Misra JJ.)

03.04.2012

JUDGMENT

DIPAK MISRA, J

1. Leave granted.

2. The plaintiffs, trustees of the Parsee Girlsb School Association, being aggrieved by the judgment and order dated 5th March, 2010 in Writ Petition No. 1171 of 2009 and the order dated 17.9.2010 in Review Petition No. 160 of 2010 passed by the High Court of Judicature at Bombay whereby the Writ Court has overturned the judgment and order dated 29.8.2008 of the Appellate Court of Small Causes at Bombay in Appeal No. 123 of 2005 wherein the Appellate Court had reversed the judgment and decree passed by the Court of Small Causes at Bombay in T.E. R. Suit No. 241 of 2002 wherein the said court had decreed the suit against defendant No. 1 and dismissed the suit against defendant No. 2 for recovery of possession, and decreed the suit in toto and directed recovery of possession with a further direction of an enquiry as regards the future mesne profits under Order 20 Rule 12(1)(c) of the Code of Civil Procedure (for short b the Codeb); have preferred the present appeals by special leave under Article 136 of the Constitution.

3. Shorn of unnecessary details, the facts which are essential to be exposited are that the appellants/plaintiffs (hereinafter referred to as b the plaintiffsb) filed a suit against defendant Nos. 1 and 2 for recovery of the suit properties situate at 4th and 5th Floor of Bengallee Girls High School, 42, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai and for other reliefs. The case of the plaintiffs before the court of first instance was that the Parsee Girlsb School Association is a public

trust and owns the suit building where the B.S. Bengallee Girls High School is run. In the year 1954, the plaintiffs had permitted defendant No. 1, the New India Assurance Company Ltd., to occupy the 4th and 5th floors of the suit building on payment of rent of Rs.6114/- per month. The said company, in the year 1959, without the knowledge and consent of the plaintiffs, inducted defendant No. 2, the Ministry of Food and Civil Supplies, Government of Maharashtra, as a subtenant. It was pleaded that the plaintiffs had the privity of contract only with defendant No. 1 and had no relationship whatsoever with defendant No. 2 and, therefore, defendant No. 2 was in unlawful possession of the premises in question. It was the stance of the plaintiffs that they, being in need of the suit property for the School, requested the defendants to deliver the possession but as sphinx like silence was maintained to the request, being compelled, they issued notice on 19.11.2001 terminating the tenancy of defendant No. 1 and instituted the suit for recovery of possession. It was contended by the plaintiffs that the defendants were not protected under the provisions of Section 3(1)(b) of the Maharashtra Rent Control Act, 1999 (for brevity b the 1999 Actb) and were liable for eviction. A claim for mesne profit was put forth and the same was assessed by the plaintiffs at Rs.11,45,583/- per month as per the market value.

4. Defendant No. 1, the New India Assurance Company, filed its written statement setting forth the stance that the suit was misconceived and not maintainable as the proper remedy on the part of the plaintiffs was to take recourse to Section 16 of the 1999 Act. It was also asserted that there was no cause of action for eviction. The further stand of defendant No. 1 was that the plaintiffs had not obtained permission from the Charity Commissioner under the Bombay Public Trust Act, 1950. It was asseverated that defendant No. 1 being a Government Company was not exempted under the provisions of the 1999 Act. It was the further stand that with the knowledge and consent of the trustees, the predecessors of the plaintiffs, had given the suit premises to defendant No. 2 in the year 1959 and the present trustees were aware about these facts. The allegation that defendant No. 2 was in unlawful occupation was strongly refuted. The bona fide requirement of the plaintiffs was vehemently controverted. The claim of mesne profits was seriously resisted by the said defendant.

5. Defendant No. 2 filed a separate written statement stating, inter alia, that the suit was not maintainable; that it was barred by limitation; that no notice under Section 80 of the Code was served on it; that the Insurance Company had already shifted its premises to its own building and sublet the suit premises to defendant No. 2 and they are in peaceful occupation of the same with the knowledge of the plaintiffs;

and that it being a protected tenant under the 1999 Act, the relief of eviction was untenable.

6. The learned trial Judge framed number of issues and came to hold that the tenancy of defendant No. 1 had been validly and legally terminated; that the suit is not flawed for want of permission of the Charity Commissioner or want of notice under Section 80 of the Code; that the plaintiffs are the validly appointed trustees; that the plaintiffs are entitled to a decree for possession in respect of the suit premises as far as defendant No. 1 is concerned; and that defendant No. 2 had proved that being a lawful subtenant, it is protected under the provisions of the 1999 Act and, therefore, decree for possession in respect of the said defendant could not be granted. The learned trial Judge, to arrive at the conclusion that the provisions of the 1999 Act would not apply to the Insurance Company, relied on the evidence on record, namely, the manner in which it has come into existence and the paid-up capital is more than rupees one crore and that it is not a Government Company. As far as defendant No. 2 is concerned, an opinion was expressed that the 1999 Act is applicable as the premises in question has been given on licence to a Government Department. After so holding, as is perceptible, the learned trial Judge proceeded to state that defendant No. 2 is in exclusive possession of the suit property since 1959 and, therefore, it had acquired the status of a deemed tenant by virtue of Section 15(a) of the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 as amended in 1987 (for short b the 1947 Actb). He also recorded a finding that after coming into force of the 1999 Act, the status of deemed tenant of defendant No. 2 is not affected and, therefore, it would get protection as provided under the 1999 Act. Being of this view, he decreed the suit in part as has been indicated hereinabove.

7. On an appeal being preferred, the Appellate Court, after concurring with the findings recorded by the learned trial Judge and analysing the ambit, purpose and scope of Section 3 (1) (b) of the 1999 Act, came to hold that Section 3(1)(b) of the 1999 Act is applicable to both the defendants in respect of the suit premises and, therefore, defendant No. 2 could not become a lawful tenant of the landlord and claim protection under the provisions of the 1999 Act. On the basis of the aforesaid reasoning, the Appellate Court decreed the suit for recovery of possession against both the defendants and directed for mesne profits.

8. The reversal of the decree led defendant No. 2, the Ministry of Food and Civil Supplies, Government of Maharashtra, to prefer a writ petition under Article 227 of the Constitution of India in the High Court at Bombay. It was contended before the learned Single Judge that the second defendant was inducted as a subtenant in

the year 1959 and by virtue of the provisions of the 1947 Act, it had acquired the status of deemed tenant with effect from 1st February, 1973 in view of the language employed in sub- section (2) of Section 15 of the said Act and, therefore, it was entitled to protection. The said submission was combatted by the respondents therein contending that the suit was governed under the provisions of Transfer of Property Act and the conclusion arrived at by the Appellate Court was absolutely impeccable. The Writ Court, analysing the evidence and findings recorded by the courts below, came to hold that the writ petitioner was inducted by the Insurance Company in the year 1959 as a subtenant and if the amendment brought in Section 15 of the 1947 Act by Maharashtra Act No. VIII of 1987 is conjointly read with sub-section (11) of Section 5 of the 1947 Act, it would be clear that a subtenant who is inducted by the tenant before 1st February, 1973 becomes the tenant within the meaning of Section 5(11) of the 1947 Act and hence, the irresistible conclusion would be that the second defendant became a tenant. The Writ Court further opined that the 1999 Act came into force on 1st April, 2000 and by that time, by virtue of sub-section (1) of Section 4 of the 1947 Act, defendant No. 2, being a Government Department, had become a tenant and, as a logical corollary, Clause (a) of Section 3(1) of the 1999 Act would apply to the premises in question and, therefore, defendant No. 2 enjoyed the protection of the 1999 Act. Being of this view, the Writ Court unsettled the judgment and decree for eviction.

9. We have heard Mr. T.R. Andhiyarujina, learned senior counsel for the appellants, Mr. Chinmoy A. Khaladkar, learned counsel for respondent No. 1, and Mr. A.K. Raina, learned counsel for respondent No. 2.

10. The singular seminal issue that has emanated for consideration is whether defendant No. 2, which is respondent No. 2 herein, would be a protected tenant under the provisions of the 1999 Act. The learned Single Judge has treated defendant No. 2 as a deemed tenant and thereby opined that he is entitled to protection under the 1999 Act. He has placed reliance on the amended definition of b tenantb and the language employed in Section 15 of the 1947 Act to come to the conclusion that defendant No. 2 is a protected tenant under the 1999 Act. To understand the scheme of the 1947 Act, it is apposite to refer to Section 4 of the said enactment. It deals with exemptions. Section 4(1), being relevant, is reproduced below: -

> 4. Exemptions. b (1) This Act shall not apply to any premises belonging to the Government or a local authority or apply as against the Government to any tenancy, licence or other like relationship created by a grant from or a licence given by the Government in respect of premises requisitioned or

> taken on lease or on licence by the Government, including any premises taken on behalf of the Government on the basis of tenancy or of licence or other like relationship by, or in the name of any officer subordinate to the Government authorised in this behalf; but it shall apply in respect of premises let, or given on licence, to the Government or a local authority or taken on behalf of the Government on such basis by, or in the name of such officer.b

11. At this juncture, it is apt to state that Section 4(1) of the 1947 Act in its original frame had come up for consideration before this Court in Bhatia Co-operative Housing Society Ltd. v. D.C. Patel[1]. This Court was considering the applicability of the 1947 Act to a local authority, regard being had to the provisions contained in Section 4 of the Act. The crucial point that arose before the Court was to determine the question of jurisdiction of the city civil court to entertain the suit keeping in view the language in which Section 4 of the 1947 Act was couched. The applicability of the provision was the core issue. It was observed, if it applied, the city civil court had no jurisdiction but if it did not, then it had such jurisdiction. After so observing, the four-Judge Bench proceeded to deal with the fact whether the Act applied to the demised premises and, accordingly, proceeded as to what would be the true construction of Section 4(1) of the 1947 Act. This Court scanned the anatomy of the provisions of Section 4 (1) into three parts, namely, (i) the Act shall not apply to premises belonging to the Government or a local authority, (ii) the Act shall not apply as against the Government to any tenancy or other like relationship created by grant from the Government in respect of premises taken on lease or requisitioned by the Government, and (iii) the Act shall apply in respect of premises let out to the Government or a local authority. After reproducing the contentions, the Court proceeded to state as follows: -

> Section 4(1) provides for an exemption from or exception to that general object. The purpose of the first two parts of section 4(1) is to exempt two cases of relationship of landlord and tenant from the operation of the Act, namely, (1) where the Government or a local authority lets out premises belonging to it, and (2) where the Government lets out premises taken on lease or requisitioned by it. It will be observed that the second part of section 4(1) quite clearly exempts any tenancy or other like relationship created by the Government but the first part makes no reference to any tenancy or other like relationship at all but exempts the premises belonging to the Government or a local authority. If the intention of the first part were as formulated in item (1), then the first part of section 4(1), like the second part, would have run thus :- This Act shall not apply to any tenancy or other like

relationship created by Government or local authority in respect of premises belonging to it.

The Legislature was familiar with this form of expression, for it adopted it in the second part and yet it did not use that form in the first. The conclusion is, therefore, irresistible that the Legislature did not by the first part intend to exempt the relationship of landlord and tenant but intended to confer on the premises belonging to Government an immunity from the operation of the Act.

[Emphasis added]

Thereafter, the Bench proceeded to state as follows: -

It is said that if the first part of the section is so construed as to exempt the premises from the operation of the Act, not only as between the Government or a local authority on the one hand and its lessee on the other, but also as between that lessee and his sub-tenant, then the whole purpose of the Act will be frustrated, for it is well known that most of the lands in Greater Bombay belong to the Government or one or other local authority, e.g., Bombay Port Trust and Bombay Municipality and the greater number of tenants will not be able to avail themselves of the benefit and protection of the Act. In the first place, the preamble to the Act clearly shows that the object of the Act was to consolidate the law relating to the control of rents and repairs of certain premises and not of all premises. The Legislature may well have thought that an immunity given to premises belonging to the Government or a local authority will facilitate the speedy development of its lands by inducing lessees to take up building leases on terms advantageous to the Government or a local authority. Further, as pointed out by Romer L.J. in Clark v. Downes [1931] 145 L.T. 20, which case was approved by Lord Goddard C.J. in Rudler v. Franks [1947] 1 K.B. 530 such immunity will increase the value of the right of reversion belonging to the Government or a local authority. The fact that the Government or a local authority may be trusted to act fairly and reasonably may have induced the Legislature all the more readily to give such immunity to premises belonging to the Government or a local authority but it cannot be overlooked that the primary object of giving this immunity was to protect the interests of the Government or a local authority. This protection requires that the immunity should be held to attach to the premises itself and the benefit of it should be available not only to the Government or a local authority but also to the

> lessee deriving title from it. If the benefit of the immunity was given only to the Government or a local authority and not to its lessee as suggested by learned counsel for the respondent and the Act applied to the premises as against the lessee, then it must follow that under section 15 of the Act it will not be lawful for the lessee to sublet the premises or any part of it. If such were the consequences, nobody will take a building lease from the Government or a local authority and the immunity given to the Government or a local authority will, for all practical purposes and in so far at any rate as the building leases are concerned, be wholly illusory and worthless and the underlying purpose for bestowing such immunity will be rendered wholly ineffective. In our opinion, therefore, the consideration of the protection of the interests of the subtenants in premises belonging to the Government or a local authority cannot override the plain meaning of the preamble or the first part of section 4(1) and frustrate the real purpose of protecting and furthering the interests of the Government or a local authority by conferring on its property an immunity from the operation of the Act.
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> [Underlining is ours]
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> Eventually, this Court opined that the demised premises, including the building, belonged to the local authority and are outside the operation of the Act. The Act being out of the way the appellants were well within their rights to file the suit in ejectment in the City Civil Court and that Court had jurisdiction to entertain the suit and to pass the decree.

12. We have referred to the aforesaid dictum in extenso to highlight that the provision exempted the premises let out and a subtenant cannot claim protection in the premises belonging to the Government or a local authority as that would frustrate the real purpose of affording an immunity from the operation of the Act.

13. In a similar situation, the Court of Appeal in England in the case of Rudler v. Franks[2], speaking through Lord Goddard, C.J., has opined thus: -

> The reason why the Acts do not apply when the tenants of the Crown creates a sub-tenancy is first because, as I have just said, the Acts operate in rem and not in personam and so are never attached to the house at all.

14. In Percy G. Moore, Ltd. v. Stretch[3], it has been held that the Rent Act applies to property and not to a person or to a tenant or a subtenant. It is worth noting, in the said cases, the deliberation pertained to rent restriction.

15. Similarly, in Cow v. Casey[4], it has been laid down that a tenant of premises which are not protected by the Acts cannot create a sub-tenancy, of part of those premises which would be protected against the landlord.

16. In this regard, we may refer with profit to the decision in Nagji Vallabhji and Company v. Meghji Vijpar and Company and Another[5] wherein the question arose as regards the interpretation of Section 4(1) of the 1947 Act. Be it noted that sub-section (4)(a) to Section 4 was introduced by the Bombay Rent Act by the Act 4 of 1953. It was urged that they were lawful subtenants of the firm and were, therefore, entitled to protection under Section 4(1) of the 1947 Act. The Bombay City Civil Court decreed the suit for eviction. In appeal, the learned Single Judge of the High Court of Bombay remanded the matter on two issues. On remand, the City Civil Court recorded a finding that the tenancy of the appellant was not validly terminated. In appeal, the learned Single Judge came to hold that there was a valid notice and the provisions of the Rent Act did not apply to the premises in question. On a further appeal being preferred, the Division Bench dismissed the same. The Bench referred to the legislative history of the 1947 Act and the decision in Bhatia Co-operative Housing Society Ltd. (supra) and referred to Section 4(1) and sub-section (4)(a) to Section 4 and eventually came to hold as follows: -

> It is significant that the exemption granted under the earlier part of sub-section (1) of Section 4 is in respect of the premises and not in respect of the relationship. In order to confer the protection of the provisions of the Bombay Rent Act to the sub-lessees occupying the premises in any building erected on Government land or on land belonging to a local authority irrespective of the question who has put up the building as against the lessees of the land but without affecting the immunity conferred to the Government or local authorities as contemplated by sub-section (1) of Section 4 of the Bombay Rent Act, we would have practically rewritten the provisions of Section 4 and it is not open to us to do that.
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> Thereafter, the Bench proceeded to state as follows: -
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> We can only observe that if the intention of the Legislature is that the protection should be given to the sub-lessee against the lessee in a building taken on lease by the lessee from the Government or a local authority, it is for the Legislature concerned to make appropriate amendments in the

Bombay Rent Act and it is not open for us to re-write the provisions of Sub-section (4)(a) of Section 4 of the Bombay Rent Act.

17. In this regard, we may fruitfully refer to the decision in Parwati Bai v. Radhika[6]. In the said case, the appellant had filed a suit for eviction in the Civil Court. A plea was advanced by the defendants that the suit premises are governed by the provisions of the Madhya Pradesh Accommodation Control Act, 1961. The courts below accepted the stand of the defendant and dismissed the suit. The second appeal preferred by the plaintiff/landlord was dismissed. This Court referred to Section 3(1) of the 1961 Act and held as follows: -

> It is well settled by a decision of this Court in Bhatia Co- operative Housing Society Ltd. v. D.C. Patel [(1953) 4 SCR 185), wherein pari materia provisions contained in the Bombay Rents, Hotel and Lodging House Rates Control Act, 1947 came up for consideration of this Court. It was held that the exemption is not conferred on the relationship of landlord and tenant but on the premises itself making it immune from the operation of the Act. In identical facts, as the present case is, the decision of this Court was followed by the High Court of Madhya Pradesh in Radheylal Somsingh v. Ratansingh Kishansingh [1977 MPLJ 335] and it was held that the immunity from operation of the Madhya Pradesh Accommodation Control Act, 1961 is in respect of the premises and not with respect to the parties. If a tenant in municipal premises lets out the premises to another, a suit by the tenant for ejectment of his tenant and arrears of rent would not be governed by the Act as the premises are exempt under Section 3(1)(b) of Act though the suit is not between the municipality as landlord and against its tenant. We find ourselves in agreement with the view taken by the High Court of Madhya Pradesh in Radheylalb s case. It is unfortunate that this decision binding in the State of Madhya Pradesh was not taken note of by the courts below as also by the High Court.
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> From the aforesaid pronouncements, it is luminescent that the provision applies to premises and not to parties or persons. The learned Single Judge has referred to the definition of b tenantb which means b any person or by whom or in whose account rent is payable and includes a tenant or subtenant as derived under a tenant before the first day of February, 1973b and has held that the Government becomes a protected tenant.

18. The thrust of the matter is whether the original tenant is a protected tenant or not and if not, what benefit would enure to a subtenant.

19. At this stage we think it appropriate to refer to Section 3 of the 1999 Act. The said provision also deals with exemption. For our purpose Clauses (a) and (b) of sub-Section (1) of Section 3, being relevant, are reproduced below: -

3. Exemption. b (1) This Act shall not apply b

(a) to any premises belonging to the Government or a local authority or apply as against the Government to any tenancy, licence or other like relationship created by a grant from or a licence given by the Government in respect of premises requisitioned or taken on lease or on licence by the Government, including any premises taken on behalf of the Government on the basis of tenancy or of licence or other like relationship by, or in the name of any officer subordinate to the Government authorised in this behalf; but it shall apply in respect of premises let, or given on licence, to the Government or a local authority or taken on behalf of the Government on such basis by, or in the name of, such officer;

(b) to any premises let or sub-let to banks, or any Public Sector Undertakings or any Corporation established by or under any Central or State Act, or foreign missions, international agencies, multinational companies, and private limited companies and public limited companies having a paid up share capital of rupees one crore or more.

From the aforesaid provisions, it is quite plain that the Act does not apply to Government or a local authority or to any premises let or sub-let to a bank or any public sector undertaking or any corporation established by or under any Central or State Act, public limited companies and some other categories. The exception that has been carved out is that it shall apply in respect of premises let or given in licence to the Government or a local authority or taken on behalf of the Government on such basis by or in the name of such officer. In the case on hand, the trust has let out the premises to the Insurance Company.

20. In Leelabai Gajanan Pansare and Others v. Oriental Insurance Company Limited and Others[7], question arose whether a Government Company falls within the compendious expression `any public sector undertakingb or `corporationb established by or under any Central or State Act enshrined under Section 7 (1) of the 1999 Act. The respondent in the said case who was noticed was Oriental Insurance Company Limited. It was contended before the two-Judge

Bench that the concept of a Government Company is not a part of Section 3 (1) (a) and in the absence of the word 'Governmentb and the presence of other expressions in Section 3(1)(b), it is to be construed that the Government Companies are not entitled to receive the protection of the Rent Act. It was contended on behalf of the respondent company that a Government Company is sui generis in structure and in statutory treatment thereof and, therefore, it does not fall within the compendious expression and the exclusion clause which applies to public sector undertakings established by or under any Central or State Act does not apply to a Government Company like Oriental Insurance Company.

21. After dealing with various contentions, the two-Judge Bench referred to the various provisions of the 1999 Act, the Companies Act and dealt with Section 4(1) of the 1947 Act and, placing reliance on Malpe Vishwanath Acharya ors. v. State of Maharashtra Anr[8], came to hold as follows: -

> The above discussion is relevant because we must understand the reason why Section 3(1)(b) came to be enacted. As stated above, in our view, with the offer of an economic package to the landlords, the legislature has tried to maintain a balance. The provisions of the earlier Rent Act, as stated above, have become vulnerable, unreasonable and arbitrary with the passage of time as held by this Court in the above judgment. The legislature was aware of the said judgment. It is reflected in the report of the Joint Committee. In our view, the changes made in the present Rent Act by which landlords are permitted to charge premium, the provisions by which cash-rich entities are excluded from the protection of the Rent Act and the provision providing for annual increase at a nominal rate of 5% are structural changes brought about by the present Rent Act, 1999 vis-a:#-vis the 1947 Act. The Rent Act of 1999 is the sequel to the judgment of this Court in Malpe Vishwanath Acharya.
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> The entire discussion hereinabove is, therefore, not only to go behind Section 3(1)(b) and ascertain the reasons for enactment of the said clause but also to enable this Court to give purposive interpretation to the said clause.
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> After so stating, the two-Judge Bench speaking, through S.H. Kapadia, J. (as His Lordship then was), observed as follows: -
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>> 73. Moreover, if we are to hold that PSUs do not include government companies, as held by the High Court, we would be disturbing the package offered by the legislature of allowing increase of rent

annually at 5%, allowing the landlords to accept premium and exclusion of certain entities from the protection of the Rent Act under Section 3 (1) (b). On the other hand, acceptance of the arguments advanced on behalf of the respondents on the interpretation of Section 3(1)(b) would make the Act vulnerable to challenge as violative of Article 14 of the Constitution. Therefore, we are of the view that on a plain meaning of the word PSUs as understood by the legislature, it is clear that Indiab s PSUs are in the form of statutory corporations, public sector companies, government companies and companies in which the public are substantially interested (see the Income Tax Act, 1961). When the word PSU is mentioned in Section 3 (1) (b), the State Legislature is presumed to know the recommendations of the various Parliamentary Committees on PSUs. These entities are basically cash-rich entities. They have positive net asset value. They have positive net worths. They can afford to pay rents at the market rate.

74. Thirdly, we are of the view that, in this case, the principle of noscitur a sociis is clearly applicable. According to this principle, when two or more words which are susceptible to analogous meanings are coupled together, the words can take their colour from each other. Applying this test, we hold that Section 3(1)(b) clearly applies to different categories of tenants, all of whom are capable of paying rent at market rates. Multinational companies, international agencies, statutory corporations, government companies, public sector companies can certainly afford to pay rent at the market rates. This thought is further highlighted by the last category in Section 3(1)(b). Private limited companies and public limited companies having a paid-up share capital of more than Rs.1,00,00,000 are excluded from the protection of the Rent Act. This further supports the view which we have taken that each and every entity mentioned in Section 3(1)(b) can afford to pay rent at the market rates.

xxx xxx xxx

76. As stated above, Section 3(1)(b) strikes a balance between the interest of the landlords and the tenants; it is neither pro- landlords nor anti-tenants. It is pro-public interest. In this connection, one must keep in mind the fact that the said Rent Act, 1999 involves a structural change vis-a:#-vis the Bombay Rent Act, 1947. As stated above, with

the passage of time, the 1947 Act became vulnerable to challenge as violative of Article 14. As stated above, the legislature has to strive to balance the twin objectives of Rent Act protection and rent restriction for those who cannot afford to pay rents at the market rates.

77. To accept the interpretation advanced on behalf of the respondents for excluding government companies from the meaning of the word PSUs in Section 3(1)(b) would amount to disturbing the neat balance struck by the legislature.

22. From the aforesaid it is graphically clear that an Insurance Company is not protected under the 1999 Act. Once it is held that defendant No. 1, the New India Assurance Company, the original tenant, is not protected, the question would be whether a subtenant can be protected under the Act. In the case of Bhatia Co-operative Housing Society Ltd. (supra), it has been clearly laid down that Section 4(1) of the 1947 Act applies to premises and not to parties or their relationship. Section 3 uses the term b premisesb . The provision commences with the non-obstante clause that the Act does not apply to any premises belonging to the Government or a local authority. Sub-section 3(1)(b) makes it clear that the Act does not apply to any bank, public sector undertaking or certain other categories of tenants. The Insurance Company is covered under Section 3(1)(b). Thus, as a logical corollary, the Act does not apply to the premises held by the Insurance Company who is a tenant.

23. The learned Single Judge has allowed protection to the Government Department on the foundation that it has become a tenant. We are disposed to think that the analysis is fundamentally erroneous. When the Act does not cover the tenant, namely, the Insurance Company as basically the exemption applies only to premises and not to any relationship, the subtenant who becomes a deemed tenant cannot enjoy a better protection or privilege by ostracizing the concept of premises which is the spine of the provision.

22. In the ultimate analysis, we are obliged to allow the appeals, set aside the order passed by the High Court and restore that of the Appellate Court and, accordingly, it is so directed. The parties shall bear their respective costs.