* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Reserved on: 04th August, 2026***
Pronounced on: 10th August, 2026

\# **CNR No : DLHC010262162026**

\+ **RSA 108/2026**

SIR SOBHA SINGH AND SONS PVT. LTD. .....Appellant

Through: Mr. Neeraj Kishan Kaul, Sr. Advocate and Mr. Sandeep Sethi, Sr. Advocate with Mr. ShaunakKashyap, Ms. Mayanka Dhawan, Mr. VikramKalra, Ms. Namisha Choudhary, Mr. Toshiv Goyal, Ms. Monika Phartyal, Ms. Shreya Sethi, Mr. Krisna Gambhir, Mr. Anmol Aggarwal, Advocates.

versus

UNION OF INDIA .....Respondent

Through: Mr. Ashish k Dixit, CGSC with Mr.Adhiraj Singh, GP, Mr. Umar Hashmi, Mr.AyushKumar, Ms.IqraShiekh, Mr. Nishant Bahuguna, Advocatesand Mr. Kunal Bhashkar, Dy. L&DO.

CORAM:
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

CM APPL. 39009/2026 (*under Order XLI Rule 5 read with Section 151 CPC for Stay of impugned Judgment and Decree dated 09.06.2026*)

1. An Application has been filed on behalf of the Appellant for Stay of the impugned Judgment and Decree dated 09.06.2026 and for interim Injunction.

SUBMISSIONS AND GROUNDS ON BEHALF OF THE APPELLANT:

2. It is submitted by the Plaintiff/Appellant in the Application that ***vide the impugned Judgment dated 09.06.2026,*** *the learned First Appellate Court* ***has allowed the Appeal preferred by Union of India*** under Section 96 CPC and **set aside the Judgment and Decree dated 31.08.2009 of learned Senior Civil Judge** cum Rent Controller, whereby the Suit of the Plaintiff/Appellant for *Permanent Injunction and Specific Performance,* had been decreed.

3. The Plaintiff had filed **the Suit** ***No. 1388/06/60,***seeking a ***Declaration*** *that the re-entry with effect from 29.07.1960, communicated vide Letter dated 05.08.1960, was illegal;* ***Permanent Injunction*** *for restraining the Defendant from dispossessing the Plaintiff from the suit property; and* ***Specific Performance of the Agreement for Lease dated 08.10.1945*** *by directing the Government/Defendant to execute the Perpetual Lease in the prescribed form annexed to the said Agreement, in respect of the land admeasuring 7.58 acres, known as Sujan Singh Park, New Delhi.*

4. The Suit was decreed by learned Civil Judge *vide* ***Judgment dated 31.08.2009*** by declaring that the buildings had been constructed in accordance with the instructions and orders of the Defendant; that the alleged misuse had not been established; and that the Notice dated

24.02.1959 for re-entry, was illegal. *A Decree of Specific Performance* was also passed directing the Defendant to take the requisite steps in terms of the Agreement for Lease dated 08.10.1945.

5. However, in **RCA DJ No. 61729/2016**, preferred by the Union of India, the learned District Judge reversed the Judgment and Decree of the learned Trial Court, and dismissed the Suit by upholding the re-entry communicated *vide* Letter dated 05.08.1960 w.e.f. 29.07.1960.

6. It was claimed that the Appellants have a strong ***prima facie*** case and the impugned Judgment of the learned Appellate Court is not sustainable for the following reasons:

> (a) It was held that the civil suit was *"not competent"*. The First Appellate Court could not lawfully have proceeded to decide the merits and to validate the re-entry; when as per its own findings, if the civil court was without jurisdiction, it could not have adjudicated the *lis*.
>
> (b) The Supreme Court's judgment dated **22.04.2026**, by paragraph 57, *expressly preserved the Appellant's civil remedies.* The First Appellate Court reproduced only paragraphs 51 to 55, ignored paragraph 57 and read a ruling on the jurisdiction of a Rent Controller, as a bar to an ordinary Civil Suit.
>
> (c) The Government Grants Act, 1895 contains no bar, express or implied, to a civil suit and the jurisdiction of the civil court under Section 9 CPC, is not ousted.

(d) The re-entry was upheld without compliance with the conditions precedent in the Grant, and in disregard of the settled rule that the Government cannot resume possession extra-judicially, otherwise than by due course of law.

(e) The findings of the Trial Court were reversed without any re-appreciation of the evidence of the Appellant, especially when the Union led no evidence at all.

7. It is claimed that the learned Appellate Court had done a selective reading of the **Judgment of the Supreme Court dated 22.04.2026** to observe that the Suit filed by the Appellant was *'not a competent suit'*. Though it was held that there was a breach of the covenants and conditions of the Government Grant/Agreement for Lease dated 08.10.1945, the purported re-entry was upheld without examining whether all the conditions precedent prescribed in the Grant had been duly satisfied. The learned Appellate Court has not addressed the issue-wise findings of the Trial Court; has not discussed any documents or interrogatories, andhas not noted that the Government had led no evidence during the Trial.

8. The Appellant has been in continuous and uninterrupted possession of the suit property since 1943. *Its possession has throughout been protected by way of* ***Injunction granted on*****14.10.1960,** which subsisted for over sixty-four years. The impugned Judgment unsettles the long-standing *status quo*. Unless the operation of the Judgment is stayed, the Appellant would be exposed to dispossession from the suit premises, which it had held and possessed for over eight decades.

9. The suit property houses many other establishments, Ambassador Hotel, and other long-standing occupants. Any dispossession during the pendency of the Appeal would cause irreparable loss, harm, injury, and prejudice to the Appellant, which cannot be compensated in terms of money. If the impugned Judgment is set aside in the Appeal, the injury occasioned in the interim, would be incapable of restitution and the Appeal itself would be rendered infructuous.

10. This is a matter of grave concern and urgency, as even before the reasoned Judgment was signed or made available to the Appellant, ***the Estate Officer, L&DO issued a Notice dated 11.06.2026 under Section 4 of the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 upon the Appellant.*** The Notice reproduced in detail the reasoning of the impugned Judgment including its characterisation of the Government Grant, its reliance on the Government Grants Act, 1895, the alleged breach of Clauses II and XII, and the exclusion of the Specific Relief Act.

11. It is stated that the operative Order was pronounced on **09.06.2026,** while the reasoned Judgment was digitally signed only on **12.06.2026 at 17:53 hours.** Admittedly, the Notice had been issued on **11.06.2026** and received by the Appellant on **12.06.2026** at about 11:40 A.M., which is several hours before the reasons were signed. The Appellant was therefore, placed in a position of responding to executive action premised on reasons it was not permitted to access. The Appellant applied for the copy of the reasoned Judgment on **12.06.2026.**

12. The Appellants assert that multiple serious and substantial questions of law which go to the root of the impugned Judgment, have been raised which establishes a strong *prima facie* case in favour of the Plaintiff. The balance of convenience lies decisively in favour of the Appellant who has been in continuous, uninterrupted physical possession of the Suit property since 1943. The Government, on the other hand, has not been in physical possession of the suit property for even a single day since the purported paper re-entry in 1960.

13. No prejudice whatsoever would be caused to the Respondent in maintaining the *status quo* during the pendency of the Second Appeal. On the contrary, disturbing the possession that has been continuously exercised for the last over eighty years and judicially protected since 1960, would cause disproportionate hardship to the Appellant. The Appellant would suffer irreparable and grave harm, if the stay of the operation of the Judgment is not granted.

14. A prayer is, therefore, made that the operation and execution of the impugned Judgment and Decree dated 09.06.2026 be stayed; the Respondent be restrained from dispossessing the Appellant or taking any coercive action pursuant thereto; and the parties be directed to maintain *status quo* with respect to the possession and nature of the suit property during the pendency of the Appeal.

SUBMISSIONS OF THE RESPONDENT / UNION OF INDIA:

15. The Application is contested on behalf of the Respondents, wherein the learned Counsel has contended that the Grant given to the Appellant, has been rightly cancelled and the proceedings under the Public Premises Act have been initiated for re-possession of the suit property, which is the due process of law.

16. It is further contended that the Notice under Section 4 of the Public Premises Act is not based on the impugned Judgment, *but has been issued on various other grounds, as stated in the Notice.* It is asserted that once the Grant is cancelled by the Union of India, no vested right subsists in the Appellant and there is no reason for staying the operation of the Judgment and Decree or for granting any kind of protection to the Appellant. The learned District Judge has in detail, considered the grounds of cancellation of Grant, to be in accordance with law.

17. Therefore, it is submitted that the Application may be dismissed, as being without merit.

BRIEF FACTS & BACKGROUND:

18. Briefly stated, the Plaintiff/Appellant had filed a Civil Suit No. 1388/06/60 for ***Declaration*** *that the re-entry with effect from 29.07.1960, communicated vide Letter dated 05.08.1960, was illegal,* ***Specific Performance of the Covenants of the Grant*** *dated* ***08.10.1945*** *and for* ***Permanent Injunction*** to restrain the Respondent Union of India from taking possession of the suit property.

19. ***The facts, in brief,*** are that in the year 1943–44, on the request of the Union of India through its Officers and Secretary of Labour Department, who were in-charge of the Government Estates and responsible for providing accommodation for the Government, approached *Sir Sobha Singh, Chairman of the Board of Directors of the Plaintiff Company,* to undertake the *construction of hundred flats* on a plot of land to be granted on a perpetual lease, with the material to be arranged by it for the Government, against payment.

20. Accordingly, the Private Limited Company *(i.e., the Plaintiff)* was formed by Sir Sobha Singh with the object of executing the aforesaid Project. The then Secretary of Labour Department Mr. Prior, the Chief Architect of the Central Government Mr. Medd, Representative of CPWD, K.B. Mohammad Solaiman, and the Chief Commissioner of Delhi, Mr. A.V. Askwith guided and directed the Plaintiff in construction of the aforesaid Plot. The entire building as it stands today, was included in the scheme from the very beginning with minor variations, from time to time.

21. The construction was carried out in compliance with the covenants of the Lease and by-laws of the Municipal Committee, and the building was constructed under the guidance the Officers of the Defendant. The portion of the building now called the *'Hotel Block' formed part of the construction and was included in the Project.*

22. According to the Plaintiff, various Letters were exchanged between the years 1943–44, before the signing of the Grant on ***08.10.1945,*** whereby the construction of the Hotel was undertaken with the approval and under the guidance of the Chief Commissioner and the Chief Architect. It was asserted that the entire construction was carried out with the approval of the competent Officers of Defendant. The ***ex-post facto Sanction for the construction of the Hotel was given vide Resolution No. 78 of 1951***.

23. ***The Grant was signed on 08.10.1945,*** after most of the construction had been carried out, and the Hotel Block was also almost complete.

Thereafter, a *Show Cause Notice dated* ***03.01.1956*** was served upon the Plaintiff alleging misuse of the building erected on the plot, known as Sujan Singh Park. The alleged breaches were stated as under:

> (i) *Construction of a public hotel;*
>
> *(ii) Misuse of Ground Floor of one of the Blocks of Servant Quarters as a public laundry and a motor service station; and*
>
> *(iii) Misuse of 31 garages in the servants block as petty shops and one garage as a workshop.*

24. It was further stated that Respondent/U.O.I. was *willing to negotiate a fresh Agreement* on payment of additional charges, for the above stated misuse.

25. Thereafter, a *response dated* ***02.02.1956*** was given by the Plaintiff, wherein a reference was made to numerous communications with the Union of India, to assert that the Hotel Block was built as per the requirement of the Government; completed, and made fit for occupation subsequently, strictly in accordance with the instructions of CPWD. It was claimed that there was no infringement, in this regard.

26. ***In respect of the second objection,*** it was explained that one Mr. Khullar was running the laundry and the Motor Service Station without authorization, but a Decree from the Civil Court had been obtained and he was evicted. *The Ground Floor of Servant Quarters was no longer being used as a public laundry or Motor Service Station.*

27. ***In respect of the third alleged misuse*** regarding 31 garages in the Servant Block, it was stated that after the partition/turmoil of June to August, 1947, a large number of refugees had taken forcible possession of whatever premises were available in and around Delhi and in Sujan Singh Park, without exception. The Civil Suits filed against many of them were not successful in achieving the objective of their eviction. It was stated that Plaintiff had never authorized the use of these garages as shops and sought the help of the Government in eviction of these unauthorized occupants.

28. *The Union of India,* ***vide Letter dated 03.01.1956****, offered to condone the alleged breaches and permit the change of user, subject to the Plaintiff agreeing to negotiate a fresh agreement with the Government* ***and paying additional premium and ground rent.***

29. The Plaintiff responded through *Letter dated* ***06.04.1956*** asserting that since there has been no misuse by the Plaintiff, there was no question of payment of additional premium/charges and the claim was arbitrary.

30. The Union of India vide *Letter dated* ***24.02.1959*** directed the Plaintiff to remove the breaches within two months, from the receipt of the Notice. Thereafter, on *05.08.**1960***, UOI informed the Plaintiff that they had re-entered the property ***w.e.f. 29.07.1960*** on account of non-removal of breach within two months, as directed. The Plaintiff was directed to hand over the possession of the premises on ***12.08.1960***. **This resulted in filing of the Suit by the Plaintiff/Appellant on 11.08.1960.**

31. The ***learned Trial Court*** considered the evidence as led by the Plaintiff *(though no evidence was led by the Defendant),* to conclude that there was no breach in construction of the Hotel Block, since various correspondences *inter-se* the parties before the signing of Grant in 1945, reflected that the Hotel Block was constructed with the prior consent and approval of the Union of India.

32. **Consequently, the Suit of the Plaintiff was decreed** and it was held that the building plot had been constructed as per the instructions and orders of the Defendant, and that there was no misuse of the Ground Floor or the Servant Quarters as laundry or garages or any other area. Consequently, the ***Demand Notice dated 24.02.1959*** was declared as illegal and the ***Decree of Specific Performance*** was passed directing the Defendant to do the needful in terms of ***Agreement of Lease dated 08.10.1945.***

33. This Suit was challenged in **First Appeal, wherein the learned District Judge** went strictly by the terms of the ***Lease Agreement dated 08.10.1945,*** to hold that there was breach of this Agreement by the Plaintiff in raising construction of the Hotel.

34. It was also observed that *'the relief of Specific Performance, Declaration and Injunction was not a competent Suit, in view of express provisions of Government Grants Act, 1895'.*

35. ***Consequently the Decree was set aside and the Suit of the Plaintiff/Appellant was dismissed.***

Analysis and Observations:

36. The entire controversy in the present Suit revolves around the construction and user of the building described as the *'Hotel Block'* in Sujan Singh Park, and the misuse of the Servants' Quarters and 31 garages in the Servants' Block.

I. Agreement to Lease Dated 8.10.1945 and its Scope Under Government Grants Act, 1895:

37. The allotment and the Agreement for Lease, which govern the relationship between the parties, ***emanate from a Government Grant and are governed by the provisions of the Government Grants Act, 1895.***

38. At this juncture, reference may be made to *Union of India v. Sir Sobha Singh and Sons Pvt. Ltd.*, 2026 INSC 406. The said decision concerned another part of the property forming part of Sujan Singh Park, governed by a separate Perpetual Lease Deed dated 26.04.1945. While considering the nature of the allotment in that case, Letter of Allotment dated 04.12.1944, which contemplated the construction of approximately 100 residential flats on the demised premises, was reproduced, which reads as under:

> *"I am to convey formal sanction of the Government of India to the allotment to you of two sites in New Delhi,* ***One on the North and the other on the south of the junction of the Cornwallis and Humayun Roads*** *(sic)* ***measuring about 7.58 acres each for the purpose of the constructing about 100 residential flats on the following terms.***
> *1. to 4. ....*
> ***5.*** *So long as the war continues and for one year thereafter, the Labour Department of the Government of India, to have the right to use the whole of the building or any part thereof paying a rental assessed by that Department on the basis of the capital cost. The present war (sic) shall be treated as having continued to, and as having ended on, such date as the Central Government may declare.*

> ***6. Even after the conclusion of the period mentioned at (5) above, the Central Government to be entitled to require that a certain number of the flats, not exceeding 50% of the total, shall be leased to officials named by them, at a fair rent as assessed by or under the orders of the Central Government.”***

39. The legal effect of a ***Government Grant*** was considered by the Supreme Court in Collector of Bombay v. Nusserwanji Ratanji Mistri and Others, (1955) 1 SCC 184, wherein it was observed as under:

> *“19. The contention is that as the grant is of a freehold estate without any reservation it must, to take effect according to its tenor, be construed as granting exemption from assessment to revenue. But that will be extending the bounds of Section 3 beyond its contents. The object of the Act as declared in the Preamble is to remove certain doubts ‘as to the extent and operation of the Transfer of Property Act, 1882, and as to the power of the Crown to impose limitations and restrictions upon grants and other transfers of land made by it or under its authority’. Section 2 enacts that the provisions of the Transfer of Property Act do not apply to Crown grants. Then follows Section 3 with a positive declaration that ‘all provisions, restrictions, conditions and limitations over’ shall take effect according to their tenor. Reading the enactment as a whole, the scope of Section 3 is that it saves ‘provisions, restrictions, conditions and limitations over’ which would be bad under the provisions of the Transfer of Property Act, such as conditions in restraint of alienations or enjoyment repugnant to the nature of the estate, limitations offending the rule against perpetuities and the like. But no question arises here as to the validity of any provision, restriction, condition, or limitation over, contained in Ext. A on the ground that it is in contravention of any of the*

> *provisions of the Transfer of Property Act, and there is accordingly nothing on which Section 3 could take effect."*

40. Likewise, in the case of *Hajee S.V.M. Mohamed Jamaluddin Bros. and co. vs. Government of T.N.* (1997) 3 SCC 466, the Supreme Court explained that the rights and obligations arising from a Government Grant are regulated by the terms of the Grant itself. It was observed as under:

> ***"10. The combined effect of the above two sections of the Grants Act is that terms of any grant or terms of any transfer of land made by a Government would stand insulated, from the tentacles of any statutory law. Section 3 places the terms of such grant beyond the reach of any restrictive provision contained in any enacted law or even the equitable principles of justice, equity and good conscience adumbrated by common law is such principles are inconsistent with such terms.*** *The two provisions are so framed as to confer unfettered discretion on the Government to enforce any condition or limitation or restriction in all types of grants made by the Government to any person.* ***In other words, the rights, privileges and obligations of any grantee of the Government would be completely regulated by the terms of the grant, even if such terms are inconsistent with the provisions of any other law."***

41. Similarly, the nature of the allotment of Land under the Grant was explained *in the case of Chief Executive Officer v. Surendra Kumar Vakil* (1999) 3 SCC 555wherein it was held that **the grantee under the old Grant terms is a mere occupier/licensee** having no title over the land so as to entitle him to transfer the land to another person without prior consent of the authorities concerned. The Regulations as well as the General Land

Register, being old documents maintained in the regular course and produced from proper custody, clearly indicated that the land was held on an Old Grant basis, which was sufficient for the Government to resume the land in accordance with law.

42. The aforesaid decision was rendered in the context of land, held under Old Grant terms. The nature of the interest acquired by a grantee would, therefore, depend upon the terms of the particular Grant. However, it is well settled that the rights, privileges and obligations of the grantee are governed strictly by the tenor of the Grant.

43. *Therefore, it is clear that a person who gets the land under the Grant, is a licensee, who acquires no title in the land and the rights and obligations are governed strictly in terms of the Grant.*

44. In this context, Sections 2 and 3 of the Act, become relevant, which read as under:

> *"2. **Transfer of Property Act, 1882, not to apply to Government grants**.— Nothing in the Transfer of Property Act, 1882, contained shall apply or be deemed ever to have applied to any grants or other transfer of land or of any interest therein heretofore made or hereafter to be made by or on behalf of the Government to, or in favour of, any person whomsoever; but every such grant and transfer shall be construed and take effect as if the said Act had not been passed."*
>
> *3. **Government grants to take effect according to their tenor.**—All provisions, restrictions, conditions and limitations over contained in any such grant or transfer as aforesaid shall be valid and take effect according to their tenor, any rule of law, statute or*

enactment of the Legislature to the contrary notwithstanding."

45. Section 2 of the said Act *excludes the application of the provisions of the Transfer of Property Act, 1882 to such a Grant*. Section 3 of the Act, 1895 provides that the provisions, restrictions, conditions and limitations contained in a Government Grant shall take effect according to their tenor, notwithstanding any rule of law, statute or enactment of the Legislature to the contrary.

46. The scope and object of the two provisions of the Government Grants Act, 1895 were explained by the Apex Court in *State of U.P. v. Zahoor Ahmad* AIR 1973 SC 2520, in the following terms:

> *"15. In the present case the High Court correctly found on the facts that the respondent after the determination of the lease held over. Even if the Government Grants Act applied Section 116 of the Transfer of Property Act was not rendered inapplicable* ***. The effect of Section 2 of the Government Grants Act is that in the construction of an instrument governed by the Government Grants Act the Court shall construe such grants irrespective of the provisions of the Transfer of Property Act. It does not mean that all the provisions of the Transfer of Property Act are inapplicable.*** *To illustrate, in the case of grant under the Government Grants Act Section 14 of the Transfer of Property Act will not apply because Section 14 which provides what is known as the rule against perpetuity will not apply by reason of the provisions in the Government Grants Act. The grant shall be construed to take effect as if the Transfer of Property Act does not apply.*
> ***16. Section 3 of the Government Grants Act declares the unfettered discretion of the Government to impose such conditions and limitations as it thinks fit, no***

matter what the general law of the land be. The meaning of Sections 2 and 3 of the Government Grants Act is that the scope of that Act is not limited to affecting the provisions of the Transfer of Property Act only. The Government has unfettered discretion to impose any conditions, limitations, or restrictions in its grants, and the right, privileges and obligations of the grantee would be regulated according to the terms of the grant, notwithstanding any provisions of any statutory or common law."

47. The aforesaid principles were reiterated in <u>*Pradeep Oil Corporation v. Municipal Corporation of Delhi*</u>, (2011) 5 SCC 270.

48. The Court reiterated the principle in <u>*Hajee S.V.M. Mohamed Jamaluddin Bros. & Co. v. Government of T.N.*,</u> (1997) 3 SCC 466 that the rights, privileges and obligations of the grantee are regulated by the terms of the Grant, even where such terms are inconsistent with the provisions of any other law. The material observations can be read as follows:

> *"**16. It is almost becoming a forgotten proposition of law that the Government is not bound by the Transfer of Property Act, 1882, when it seeks to transfer any land vested in it or any interest therein. It may not be possible to trace out the entire history of the vesting of lands in the Government and the legal rights and obligations flowing from such vesting as it is a huge topic by itself.** It is sufficient to state that **Articles 294 to 296** of the Constitution of India provide for vesting of property (which includes land) and assets in the Union of India and various States. **Article 294** deals with the development of the property and assets which vested (prior to the coming into force of the Constitution) in His Majesty for the purposes of the Government of the Dominion of India and for the*

> *purposes of the Government of each Governor's Province. Article 295 provides for the succession to the property and assets which vested prior to the commencement of the Constitution in any Indian State. Article 296 deals with accrual of properties by escheat or lapse or as bona vacantia.* ***The Imperial Legislature recognised the need of*** *a law to regulate the method and manner by which the Governments could transfer or create any interest in the land vested in the Government.* ***Section 2 of the Government Grants Act declares that "nothing contained in the Transfer of Property Act, 1882 applies to any grant or other transfer of land or any interest therein" made by or on behalf of the Government either prior to or after the commencement of the said Act.*** *In other words, when the Government transfers land or any interest therein to any person, such a transfer is not governed by the Transfer of Property Act, 1882****. The rights and obligations flowing from the transfer of either a piece of land or an interest therein by the Government cannot be determined on the basis of the rights and obligations specified under the Transfer of Property Act, 1882. They are to be ascertained only from the tenor of the document made by the Government evidencing such a transfer."***

49. The Apex Court in the case of *Azim Ahmad Kazmi v. State of U.P*. (2012) 4 SCC (Civ) 214, similarly held that the government grant of lease of land is governed entirely *by the terms of the grant*. The Court took note of Section 3 of the Government Grants Act, 1895 which provides that the Grant shall take effect according to its tenor, notwithstanding any other law to the contrary.

50. In <u>*Union of India and Another vs. Dinshaw Shapoorji Anklesari and Others*</u> (2014) 14 SCC 204,while considering the resumption of Old Grant land situated in a cantonment area, the Supreme Court endorsed the observations made in the case of ***Azim Ahmad Kazmi (supra)*** and observed as follows:

> *37. **Not only the Transfer of Property Act is made inapplicable to the government grants but Section 3 of the Government Grants Act, 1895 further makes it clear that the Government grants is to take effect according to their tenor, notwithstanding any rule of law, statute or enactment of the legislature to the contrary**."*

51. In <u>*Tata Steel Limited v. State of Jharkhand and Others*</u>, (2015) 15 SCC 55, the Supreme Court reiterated that a transfer of land or of an interest therein by the Government is not governed by the Transfer of Property Act, 1882. The rights and obligations flowing from such transfer have to be ascertained from the tenor of the document evidencing the Government Grant.

52. The consistent principle emerging from the aforesaid decisions is that a transfer of land or of an interest therein by the Government is not governed by the ordinary incidents of the Transfer of Property Act, 1882. *The rights and obligations flowing from such transfer have to be ascertained from the tenor of the document evidencing the Government Grant.*

53. In view of the aforesaid exposition of law, it becomes evident that a Grant made under the Government Grants Act, 1895 constitutes a legal relationship whose incidents and enforceability are governed by the tenor of the Grant. **The rights and obligations of the grantee** are therefore, required to be determined with reference to the terms of the Grant itself and not *dehors* it. Furthermore, the terms in the covenants of such Grant are independent of the provisions of Transfer of Property Act and nothing contained therein shall be deemed applicable to the Grants under the Act. Additionally, in terms of Section 3 all the restrictions, conditions and limitations imposed in such Grant or transfer shall be valid to take effect according to their tenor and any rule of law, statute or enactment of the Legislature to the contrary notwithstanding. The terms of the covenants are absolute and not circumscribed by any legislation.

II. Procedure For Resumption of Possession:

54. The question which thus, arises is which Court or Forum would have the jurisdiction for recovery of possession, in the event of cancellation or termination of a Government Grant.

55. In *Union of India v. Kamla Verma* (2010) 13 SCC 511 : (2010) 4 SCC (Civ) 802, the Supreme Court held that it is always open to the Union of India to resume the land held on old Grant terms and that the Union of India cannot be prevented from resuming the said land. The relevant observations read as under:

> *"42. The grants of lands situated in cantonment area under Old Grants form a self-contained provision prescribing the procedure as to the grant and resumption of the land and* ***hence, recourse to the civil procedure code or the Specific Relief Act will not be applicable.***"

56. The Supreme Court considered this aspect of whether the State Government could dispossess the lessees under the Government Grants Act, 1895 by resorting to the procedure established by law, in *Azim Ahmad Kazmi and Others v. State of Uttar Pradesh and Another,* (2012) 7 SCC 278. The relevant observations read as under:

> *"17. The questions which require consideration are: (i) whether the Order passed by the State Government on 15-12-2000 for cancellation of lease and resumption of possession is legally valid; and (ii)* ***whether the State Government can dispossess the lessees in accordance with the Government Grants Act, 1895 without resorting to other procedure established by any other law.***
>
> *27.* ***For taking possession,*** *the State Government is required to follow the law, if any, prescribed. In the absence of any specific law, the State Government may take possession by filing a suit.*
>
> *28. Under the provisions of* ***the Land Acquisition Act, 1894, if the State Government decides to acquire the property*** *in accordance with the provisions of the said Act, no separate proceedings have to be taken for getting possession of the land. It may even invoke the urgency provisions contained in Section 17 of the said Act and the Collector may take possession of the land immediately after the publication of the notice under Section 9. In such a case, the person in possession of the land acquired would be dispossessed forthwith.*
>
> *29.* ***However, if the Government proceeds under the terms of the Government Grants Act, 1895 then what procedure is to be followed. Section 3 of the Government Grants Act, 1895, stipulates that the lease made by or on behalf of the Government is to take effect according to their tenor—All provisions, restrictions, conditions and limitations contained in any such creation, conferment or grant referred to in***

Section 2, shall be valid and take effect according to their tenor; any decree or direction of a court of law or any rule of law, statute or enactments of the legislature, to the contrary."

57. It is well explained with reference to the Land Acquisition Act, that when Private Land is acquired by the govt., the land may be re-possessed as per the procedure detailed under the Act. However, when it is Govt land given on Licence which is to be re-possessed, then the appropriate Act is Public Premises Act, and no Civil Suit is maintainable.

58. Recently, in *Union of India v. Sir Sobha Singh and Sons Pvt. Ltd.*, 2026 INSC 406, it has been held that the Delhi Rent Control Act, 1958, which regulates conventional tenancies arising under the general law, would not govern a holding originating in and regulated by a Government Grant.

59. From the aforesaid Judgments, it is clear that once a Grant is given, then the Government need not file a *Suit for Possession before a Civil Court, Rent Court or any other Court.* On valid determination of a Grant, the land being of the Government, it has an absolute right to initiate proceedings under the Public Premises Act. This position is further reinforced by the observations of the Supreme Court in *Hajee S.V.M. Mohd. Jamaludeen Bros. & Co. v. State of T.N.*, (1997) 3 SCC 466, as referred to hereinabove.

60. Having so concluded that in case of valid termination of Grant, **the Government has absolute right to seek possession through Public Premises Act.** However, the applicability of these principles presupposes a valid and lawful determination of the Grant.

61. The question which, therefore, arises for consideration is whether the re-entry in the present case was validly effected in accordance with the terms of the Grant, and whether the Civil Court's jurisdiction to examine that question stands excluded.

III. Determination of Grant on Breach of its Terms:

62. The most pertinent question for consideration is that while the Respondent has alleged breach of terms of the Grant and ordered re-entry, ***which forum or Court shall determine the legality of such termination.***

63. In terms of the Allotment Letter, the Plaintiff carried out the construction in the years 1943–44, under the supervision of the Secretary of the Labour Department, the Chief Architect to the Central Government, the representative of the CPWD and the Chief Commissioner of Delhi, with the construction material being arranged by the Plaintiff, through the Government, against payment.

64. The building now described as the *'Hotel Block'* formed part of the construction and was included in the Project, as is reflected in the Letter dated 03.09.1943 for "*Proposal to build Flats For Government Use*" wherein one of the clause stated *"The adjoining site 1st, Cornwallis Road which is entitled 'Hotel Site' on Drawing L.D.O No. 988 has also been dealt with"*.

65. The Plaintiff has relied upon various Letters exchanged between the parties during the years 1943–44, in respect of the construction on the aforesaid plot. The Letter dated 26.04.1945 addressed by the Electrical Engineer, NDMC to the Superintending Engineer also referred to the grant of electricity connections to Buildings A, B, C, D, E, F and G, including the Hotel. In the Letter dated 16.01.1950 issued by the L&DO on behalf of the Government of India, the Plaintiff was requested to submit a proposal regarding the completion of the Hotel Block.

66. The **Letter dated 01.10.1948** addressed by the L&DO to the Plaintiff stated that copies of the Plans be forwarded to its Office for record and that steps be taken for approval by the NDMC Committee to regularize the matter. It was further specified *that the additional construction was mainly confined to a Hotel, with the concurrence of the Government of India, Ministry of Works, Mines and Power, and that the necessary modification would be made in the Perpetual Lease Deed to permit not only residential flats but also a Hotel, subject to the conditions under which permission to construct the Hotel had been granted by the Government.*

67. Likewise, the Letter dated 29.06.1950 again referred to the construction of the Hotel Block and certain other structures in Sujan Singh Park. Similarly, the Letter dated 07.09.1950 addressed on behalf of the Government of India to the General Manager, Grand Hotel, Mussoorie, referred to the handing over of the running Hotel by the Plaintiff to the Management.

68. *The aforesaid correspondence over-whelmingly indicates that the construction of the Hotel Block was undertaken with the knowledge and approval of the competent Officers of the Government.*

69. Significantly, a Letter dated 09.07.1951 was addressed by the L&DO to the NDMC seeking **grant of *ex post facto* sanction**, under the applicable by-laws. The Appellant has also referred to Resolution No. **78/1951 dated**

19.09.1951, whereby *ex post facto* sanction for the Hotel was granted by the Respondent.

70. There is a subsequent **Letter of L&DO dated 21.01.1955 to NDMC,** wherein again the entire background of the construction on the two plots had been detailed. ***It was mentioned that there was no misuse of any kind in respect of the plot on the Southern side and, therefore, there was no objection against the issue of Completion Certificate by NDMC for the building constructed on the Southern Plot.*** It was further stated that in respect of the Plot on the North of Cornwallis Road, there were certain misuses, and in the Meeting held on 18.01.1955 in the room of the Joint Secretary, Ministry of Works, it was proposed to regularize the matter, on payment of additional charges.

71. This Letter in this connection, was being issued to the owner and on acceptance of its terms by the owner, the existing objection would no longer exist and the Committee would be free to issue a Completion Certificate under the by-laws. The question about the payment of compensation fee, however, had yet to be decided by the Committee.

72. This Letter further referred to the **Letter dated 28.10.1944 of Mr. Walter Bryant, President NDMC, addressed to their own Architect Walter George,** stating that the building construction was taken to be within the purview of the Government Building Act and, **therefore, the question of payment of compensation fee to the NDMC, would not arise**. An *ex post facto* Sanction for the construction of the Hotel was also granted *vide* Resolution No.78 of 1951.

73. The aforesaid correspondence exchanged during the years 1943–44 and thereafter, as well as the Resolution dated 19.09.1951 granting *ex post facto* Sanction for the Hotel Block, were considered by the learned Civil Judge in the Judgment dated 31.08.2009, while decreeing the Suit in favour of the Plaintiff.

74. However, the learned First Appellate Court, while dismissing the Suit of the Plaintiff, has essentially *relied upon the Agreement for Lease dated 08.10.1945,* without considering the import of the multiple Letters and especially the Letter dated 09.07.1951 written by the Land & Development Office for *ex post facto* Resolution No. 78 of 1951.

75. It also cannot be overlooked that the Respondent itself had issued the Letter dated 03.01.1956 demanding additional premium and ***offering to negotiate a fresh Agreement,*** upon payment of additional charges. The Appellant declined to pay the additional premium on the ground that there was no misuse and that the *Hotel Block* had been constructed in accordance with the instructions of the Respondent.

76. The significant question which arises is that, the various correspondence exchanged between the Plaintiff and the respondent establishes that the decision for construction of Hotel block was taken in 1943 itself at the time of the commencement of the project; all the drawings were approved by the Chief Architect as well as the Chief Commissioner and was duly supervised. Therefore, to say that Hotel was not the part of the Project may not be correct. **This also involves whether the construction carried out, was amenable to Municipal laws, in terms of S.3 Grants Act.** All this needs to be considered in the light of the fact that construction was carried out under the pre-independence regime while the implementation is sought, post-independence.

77. Another significant aspect is that *vide* Letter dated 03.09.1943, the entire outline and details of the construction of the flats, as well as the Hotel Site were given and the construction was carries out accordingly. On 08.10.1945 what came to be executed between the parties was an Agreement for Lease, while substantial construction had already been carried out during the years 1943–44.

78. The parties had signed only an Agreement to Lease, but perpetual lease Deed was yet to be executed. *Therefore, it also raises the question whether the Agreement for Lease dated 08.10.1945 was the final document crystallising all the rights and obligations of the parties.*

79. Even if it is assumed for the sake of consideration, that the Hotel Block did not find an express mention in the terms of the Grant, it still needs consideration as to whether the alleged misuse was capable of being regularised by negotiation and execution of a fresh Agreement upon payment of additional charges. *This is an aspect which merits reconsideration of the findings returned by the learned District Judge.*

80. Furthermore, two divergent views have emerged, inasmuch as the learned Civil Judge decreed the Suit, while the learned First Appellate Court reversed the said Judgment and dismissed the Suit of the Plaintiff. The *substantial questions of law arising from the said divergence, have already been framed*. The question whether the reversal was occasioned without considering material evidence and the contemporaneous correspondence, therefore, requires examination. Till such questions are decided, the suit property needs to be preserved.

81. Another relevant aspect is that the learned First Appellate Court observed that *"the relief of Specific Performance, Declaration and Injunction was not a competent Suit in view of the express provisions of the Government Grants Act, 1895"*.

82. The consistent principle emerging from the aforesaid decisions referred to in Part II of the discussion, is that the rights and obligations of the parties are governed by the tenor of the Government Grant. A *prima facie* reading of Section 3 shows that the terms of the Grant shall prevail notwithstanding any rule of law, statute or enactment to the contrary. S.3 does not exclude the jurisdiction of the Civil Court to interpret the Grant; to determine whether its terms have been breached or examine whether the action taken by the Government is in accordance with the Grant. *It does not provide that no civil remedy shall be available to an aggrieved person.* This is the exclusive domain of the civil court and such jurisdiction cannot be challenged. *In fact, in this litigation of about 65 years, the jurisdiction of Civil Court, was not even questioned by either party.*

83. The decisions referred above, also do not state that the jurisdiction of the Civil Court to interpret the Grant or examine an action purportedly taken thereunder, stands excluded.

84. The principle *ubi jus ibi remedium* which means that where there is a right, there is a remedy entails that a person who asserts a breach of a civil right cannot ordinarily be left remediless, unless the jurisdiction of the Civil Court is expressly or by necessary implication excluded.

85. *The moot legal question which arises is:* ***whether Section 3 of the Government Grants Act, 1895 excludes the civil remedy*** *available to a person aggrieved by an act purportedly done either by the Plaintiff or by the Government under the Agreement for Lease dated* ***08.10.1945*** *granted in favour of the Plaintiff.*

86. *A* ***substantial question of law*** *thus arises as to whether the Suit seeking Specific Performance, Declaration and Injunction was not a "competent Suit" in terms of Section 3 of the Government Grants Act, 1895, which provides that Government Grants shall take effect according to their tenor, notwithstanding any rule of law, statute or enactment of the Legislature to the contrary.*

87. The dispute pertains to the Agreement for Lease executed in the year 1945, under which a Perpetual Lease was agreed to be executed in favour of the Plaintiff. Substantial investments were made and the entire Sujan Singh Park Complex/suit property was developed. The possession of the Plaintiff has remained protected since the year 1960, pending adjudication of the disputes in accordance with law.

88. The Plaintiff has remained in long and continuous possession of the suit property. It is yet to be determined whether the Plaintiff is entitled to continue in possession and to seek execution of the Perpetual Lease Deed. The Appellant has, therefore, established a *prima facie* case for protection of the suit property, till the adjudication of the substantial questions of law arising in the Appeal.

89. It also cannot be overlooked that the property has been constructed and has remained in use for several decades, since 1960s. The impact of the impugned Judgment would not only affect the rights of the Appellant, but may also affect numerous persons residing in the flats constructed in the suit property. *The balance of convenience, therefore, lies in maintaining the existing position till the Regular Second Appeal is decided.*

90. For the same reasons, irreparable loss and injury may be caused not only to the Appellant but also to the occupants of the suit property. On the other hand, considering that the litigation has remained pending since the year 1960, preservation of the existing position till the final adjudication of the disputes, *would not cause any irreparable loss or injury to the Respondent, particularly when no immediate public interest requiring disturbance of possession has been pleaded.*

91. Such legal questions require due consideration and till these questions are decided, it is imperative that the operation of the Judgment and Decree dated 09.06.2026 be stayed during the pendency of the Appeal.

92. In the end, it may be observed that *learned Counsel for the Union of India has submitted that the proceedings under the Public Premises Act* are not based upon the impugned Judgment and Decree, but have been initiated on independent grounds and have no concern with the impugned Judgment.

93. The grounds of eviction stated in the Show-Cause Notice dated 11.06.2026 read as under:

"GROUNDS

1. Because the Agreement for Lease dated 08.10.1945 was determined by the competent authority through lawful re-entry on 05.08.1960, consequent upon the Respondent's failure to rectify breaches of Clause II and Clause XII *thereof, and no further right to continue in possession survived thereafter in favour of the Respondent.*

2. Because the said Agreement for Lease dated 08.10.1945 is a Government Grant within the meaning of the Government Grants Act, 1895, and the Hon'ble Supreme Court of India has authoritatively held that the provisions of the Transfer of Property Act and the Specific Relief Act stand excluded in relation to the subject premises. The rights of the Union of India to effect re-entry and to resume possession are accordingly governed exclusively by the Government Grants Act, 1895.

3. Because ***no renewal, fresh allotment or fresh lease deed has been executed or granted by the competent authority in favour of the Respondent after 05.08.1960****, and in the absence of any express grant, no tenancy or leasehold rights can be claimed by the Respondent.*

4. ***Because the continued occupation of the said premises by the Respondent after the re-entry and forfeiture on 05.08.1960 is without authority of law*** *and renders the Respondent an unauthorized occupant within the meaning of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971.*

5. Because upon determination of the Agreement for Lease, the relationship between the parties ceased to be contractual and became purely statutory in nature, and therefore the provisions of the Public Premises (Eviction of Unauthorized ,Occupants) Act, 1971 exclusively govern the field.

6. Because the said premises are public premises within the meaning of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971, and once the ***Agreement for Lease has been determined,*** *the*

Respondent has no manner of right, title or interest in the said premises.

7. Because disputes relating to eviction of unauthorized occupants from public premises are governed by a special statutory mechanism and therefore the Respondent cannot seek to bypass the statutory process by invoking alternate remedies.

8. Because the ***Hon'ble Court of the District Judge, Tis Hazari, Delhi, vide order dated 09.06.2026 in RCA DJ/61729/2016, has allowed the appeal*** *of the Union of India and set aside the judgment and decree dated 31.8.2009 passed by Shri Ajay Goel, Senior Civil Judge-Cum-Rent Controller (Central), Delhi in Suit No. 1388-06-60filed by the Respondent. The present plaint has been filed in compliance of and in pursuance of the said order. That the* ***Hon'ble Court of District Judge has allowed the appeal of the Union of India and directed that due process of law be followed in accordance with the provisions of the Public Premises (Eviction of Unauthorized Occupants) Act, 1971 for recovery of possession of the subject premises, and the*** *present proceedings have been instituted in compliance thereof.*

9. Because the Respondent ***has no legal, equitable or enforceable right, title or interest in the said premises after determination of the Agreement for Lease on05.08.1960 and is liable to vacate the same forthwith.*** *All sub-tenants and persons claiming through or under the Respondent are equally bereft of any right to remain in occupation of the subject premises.*

10. Because the Applicant, being the lawful authority in control and management of public premises, is entitled to recover possession of the said premises in accordance with *law and ensure that public property is not retained by an unauthorized occupant.”*

94. Though it is asserted by learned Counsel for the Respondent/Union of India that the grounds for commencement of proceedings under the Public Premises Act are distinct, but the contents of the Show-Cause Notice dated 11.06.2026 *prima facie* indicate otherwise. The eviction has been commenced as the cancellation of the Grant has been upheld by the Ld. Appellate Court.

95. Much has been argued on behalf of the Appellant to create the prejudice by asserting that, even before the reasons for judgments were made available, the same were incorporated in the show cause notice dated 11.06.2026, which was served a day prior to the uploading of the reasoned judgment.

96. However, from the grounds mentioned in the Show Cause Notice, it is evident that what has been stated therein is what was announced in Court, i.e., the operative part of the judgment announced on 09.06.2026, and not the reasons contained in the detailed judgment uploaded on 12.06.2026.

97. Accordingly, the operation of the Judgment and Decree dated 09.06.2026 is hereby, stayed and the Respondent is restrained from acting upon the said Judgment and Decree.

98. It is, however, clarified that the Judgment and Decree dated 09.06.2026 ***shall not*** form the basis for the initiation or continuation of proceedings under the Public Premises Act. The Union of India shall, however, be at liberty to pursue its remedies under any law, *dehors* the

Judgment and Decree dated 09.06.2026, the operation of which has been stayed.

99. It is hereby clarified that the observations made herein, are for the purpose of determination of the present Applicationand is not an expression on the merits of the Appeal.

Conclusion:

100. *The Application under Order XLI Rule 5 read with Section 151 CPC is accordingly allowed. The operation of the Judgment and Decree dated 09.06.2026 is* ***stayed and the parties are directed to maintain status quo in respect of the suit property till the disposal of the Appeal.***

(NEENA BANSAL KRISHNA)
JUDGE

AUGUST 10, 2026/va