IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL No. 4484 of 2025
(Arising out of SLP (C)NO. 8801/2025
@ Diary No. 41556/2023)

SOM NATH **...APPELLANT (S)**

VERSUS

RAVINDER KUMAR **...RESPONDENT (S)**

O R D E R

1. Delay condoned.

2. Leave granted.

3. This appeal impugns judgment and order of the High Court of Punjab and Haryana[1] at Chandigarh dated 27.09.2018, whereby the High Court allowed Civil Revision No. 7550 of 2012 filed by the respondent under Section 15(5) of The East Punjab Urban Rent Restriction Act, 1949[2] and set aside the eviction order

1 The High Court
2 The 1949 Act

passed by the Rent Controller, as affirmed by the Appellate Authority.

Facts

4. In short, the facts giving rise to this appeal, *inter alia*, are:

(a) The appellant filed a petition under Section 13 of the 1949 Act claiming, inter alia, that - the appellant being the owner of the disputed premises, inducted the respondent as a tenant in the month of June 2007 on a rent of Rs. 5,000 per month; later, *vide* agreement dated 3.10.2007, the respondent agreed to purchase the premises in question and a date (i.e., 31.10.2007) was fixed for execution /registration of sale deed subject to payment of balance consideration; however, before the said date, on 30.10.2007, a fresh agreement was prepared extending the date up to 30.11.2007; yet, the respondent did not perform his part of the contract and, instead, instituted a suit for specific performance which was decreed on condition that the respondent deposits balance sale consideration within one month from that date of the order (i.e., 10.06.2008); but,

despite the aforesaid decree, the respondent did not comply with the condition of deposit, as a result the decree lapsed. In that backdrop, by alleging that the respondent has failed to pay the agreed rent since August 2007, the appellant sought possession as well as arrears of rent.

(b) The respondent contested the aforesaid petition claiming, inter alia, that petition under Section 13 is not maintainable as there is no landlord-tenant relationship between the parties; that the appellant instituted the suit, mala fide, being annoyed by the decree of specific performance passed against him and, therefore, the petition is liable to be dismissed.

(c) The Rent Controller framed multiple issues. Relevant amongst them are about (a) existence of relationship of landlord and tenant between the parties; (b) the rate of rent; and (c) maintainability of the petition.

(d) The appellant examined himself (PW-1) and two other witnesses. From the side of respondent, three witnesses were examined one Bhola Ram (RW 1); a clerk from the Registry Office (RW 2); and respondent himself (RW 3).

(e) The Rent Controller upon consideration of evidence, *inter alia*, held, *vide* judgment and order dated 07.12.2020, (i) that their exists landlord-tenant relationship between the parties; (ii) that though a decree of specific performance was passed in favour of the respondent, the sale deed could not be executed as respondent failed to comply with its condition; (iii) that the nature of the premises is such that the rate of rent appears acceptable; (iv) that respondent's own admission discloses that he paid no rent and is therefore in arrears. With the aforesaid findings the eviction petition was allowed.

(f) Against the order of the Rent Controller, the respondent filed an appeal which was dismissed by the Appellate Authority *vide* order dated 22.10.2012.

(g) Assailing the orders of the Appellate Authority, the respondent preferred a revision before the High Court, which has been allowed by the impugned judgment and order.

The High Court's Reasoning –

5. The High Court by a short order allowed the revision primarily on the ground that there is no written note or tenancy agreement between the parties. Admittedly, the parties had entered into an agreement for sale and the respondent had also instituted a suit for specific performance which was decreed, though its benefit could not enure to the respondent. In the aforesaid circumstances, the eviction petition was not maintainable as there was no landlord-tenant relationship between the parties. With the aforesaid reasoning, the High Court allowed the revision and left it open to the appellant herein to seek possession in accordance with law.

6. We have heard learned counsel for the parties and have perused the materials on record.

Submissions on behalf of the appellant-

7. The learned counsel for the appellants submitted:

(i) The High Court exceeded its jurisdiction by interfering with a finding of fact returned by two courts below regarding existence of landlord-tenant relationship, which was based on the evidence on record.

(ii) Neither an agreement for sale nor a decree of specific performance would terminate the landlord-tenant relationship therefore, till such time a sale deed is executed in favour of the tenant, the landlord-tenant relationship would continue. Hence, the eviction petition was maintainable.

(iii) There was no legal basis to set aside the order of the Rent Controller as affirmed by the Appellate Authority.

Submissions on behalf of the respondent-

8. The learned counsel for the respondent submitted that in absence of any rent agreement or rent note, there was no justification for the Rent Controller and the Appellate Authority to hold that there was a landlord-tenant relationship between the parties, otherwise also, once there was an agreement of sale executed, followed by a decree for its specific performance, the relationship, if any, ceased to exist, therefore, the view taken by the High Court calls for no interference.

Analysis-

9. Before we address the rival contentions, it would be useful to examine the scope of the revisional power available to the High Court under Section 15(5) of the 1949 Act.

10. Section 15(5) of the 1949 Act provides thus:

> "The High Court may at any time on the application of any aggrieved party or in its own motion call for and examine the records relevant

> to any order passed or proceeding taken under this Act for the purpose of satisfying itself as to the legality or propriety of such order or proceedings and may pass such order in relation thereto as it may deem fit."

11. The aforesaid provision would indicate that the power of the High Court is not confined to examining jurisdictional errors of the subordinate courts, as is usual while exercising revisional powers. However, judicial discipline requires that while disturbing a finding of fact returned by the lower court, the appellate court or the revisional court must examine the merit of that finding with reference to the reasons recorded and the evidence on which it is based. Here, while disturbing the finding of the courts below as regards existence of landlord-tenant relationship between the parties, the High Court overlooked that tenancy could be based on oral agreement also, as was the case of the appellant. According to the evidence of the appellant, the respondent entered the premises in June 2007 i.e., prior to the date of the agreement of sale on a rent of Rs.5000/- per month. In such circumstances, when there was no recital in the

agreement of sale (annexure P-1) regarding handing over of possession to the respondent, on what basis the respondent entered possession of the premises in question needed an acceptable explanation from the respondent. In the instant case, the explanation of the respondent is that he entered possession of one room on execution of first agreement and, thereafter, on payment of further amount, he got possession of the entire premises. This explanation was not found acceptable by the Rent Controller and the Appellate Authority because the respondent admitted that prior to his occupation in the disputed premises he resided in his self-owned premises which he sold vide sale deed dated 28.8.2007 (Ex R-3). In that light, the Rent Controller and the Appellate Authority accepted the case set up by the appellant, which had support of his oral testimony. In our view, therefore, if, by relying on oral evidence and the circumstances, the courts below returned concurrent finding qua landlord-tenant relationship between parties, no interference was called

for by the revisional court for mere lack of written tenancy agreement or rent note.

12. The next submission on behalf of the respondent that in view of there being an agreement of sale and decree of specific performance in favour of respondent the landlord-tenant relationship between the parties ceased to exist, is completely misconceived for the following reasons.

13. As per Section 54 of the Transfer of Property Act, 1882 a contract for the sale of immovable property is a contract that a sale of such property shall take place on terms settled between the parties. It does not, of itself create any interest in or charge on such property. Thus, even if the suit for specific performance is decreed, without a specific decree for transfer of the possession of the suit property, the same can be enforced only when the court directs the judgment-debtor to convey the suit property to the decree holder.

It is only after registration that the transfer of title would take place from one to the other.

14. In the instant case, admittedly, the decree for specific performance was a conditional decree and the decree holder (the respondent herein) had failed to fulfill the condition and, therefore, the decree could not fructify into a conveyance. In such circumstances, there was no transfer of property from the appellant to the respondent. Thus, there was no termination of landlord-tenant relationship between the parties by virtue of Section 111(d)[3] of the Transfer of Property Act, 1882. In consequence, there was no good reason for the High Court to set aside concurrent findings of fact returned by the two courts below.

15. For all the reasons above, we find merit in this appeal. The appeal is accordingly allowed. The judgment and order of the High Court is set aside. The order of the

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3 3 **Section 111. Determination of lease**. – A lease of immovable property determines—
(a) ….;
(b) ….;
(c) …..;
(d) in case the interests of the lessee and the lessor in the whole of the property become vested at the same time in one person in the same right.

Appellate Authority affirming the order of the Rent Controller is restored.

16. Pending application(s) if any, stands disposed of.

.....**J.**
(Sanjay Karol)

.....**J.**
(Manoj Misra)

New Delhi;
March 25, 2025

ITEM NO.4 COURT NO.16 SECTION IV-B

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

SPECIAL LEAVE PETITION (CIVIL) Diary No(s). 41556/2023

[Arising out of impugned final judgment and order dated 27-09-2018 in CR No. 7550/2012 passed by the High Court of Punjab & Haryana at Chandigarh]

SOM NATH Petitioner(s)

VERSUS

RAVINDER KUMAR Respondent(s)

Date : 25-03-2025 This petition was called on for hearing today.

CORAM :
HON'BLE MR. JUSTICE SANJAY KAROL
HON'BLE MR. JUSTICE MANOJ MISRA

For Petitioner(s) :Mr. N. P. S. Maan, Adv.
Mr. Hitesh Kumar, Adv.
Mr. Pranav Singh Gautam, Adv.
Mr. R. C. Kaushik, AOR

For Respondent(s) :Mr. Gagan Gandhi, Adv.
Mr. Bhaskar Aditya, AOR

UPON hearing the counsel the Court made the following
O R D E R

1. Delay condoned.

2. Leave granted.

3. The appeal is allowed in terms of signed order.

4. Pending application(s) shall stand disposed of.

(RAJNI MUKHI) (ANU BHALLA)
ASTT. REGISTRAR-cum-PS COURT MASTER (NSH)

(Signed order is placed on the file)