
(1974) 04 SC CK 0037
In the Supreme Court Of India
Case No : C.A. No. 2180 of 1970

Mattulal	Vs	APPELLANT
Radhelal		RESPONDENT

Date of Decision : 23-04-1974

Acts Referred:

Delhi Rent Control Act, 1958 — Section 14(1), 39(2)
Madhya Bharat Accommodation Control Act, 1955 — Section 4
Madhya Pradesh/Chhattisgarh Accommodation Control Act, 1961 — Section 12(1)

Citation : (1975) JLJ 1

Hon'ble Judges : P.N. Bhagwati, J; D.G. Palekar, J

Bench : Division Bench

Final Decision : Allowed

Judgement

P.N. Bhagwati, J.—It is common to find that paying regard, to acute shortage of non-residential as well as residential accommodation in the urban areas, litigation between landlord and tenant for recovery of rented premises is usually bitterly contested and fought to a finish, right upto the highest Court. This is what has happened in the present case. Twice foiled in his attempt, the Respondent filed a third suit to recover possession of a shop let out to the Appellant. The suit resulted in a decree for eviction by the Trial Court, but on appeal the decree for eviction was reversed by the Additional District Judge and on still further appeal, the judgment of the Additional District Judge was set aside and the decree for eviction was restored by the High Court. The Appellant challenges the judgment of the High Court in this appeal preferred by appeal leave.

2. The Respondent is the owner of a house situate in Lohia Bazar in the city of Gwalior. The house consists of a shop on the ground floor and residential accommodation on the first floor. The resident is in occupation of the residential accommodation on the first floor since the past few years. The ground floor shop, which may hereinafter for the sake of convenience be referred to as the Lohia

Bazar shop, has been in the possession of the Appellant as a tenant for the last about thirty years. The Appellant carries on business as a dealer in iron and steel materials in this shop. Originally, the rent of this shop was Rs. 8 per month but it was subsequently increased from time to time and ultimately in 1946 it was fixed at Rs. 25 per month.

3. It appears that towards the end of 1952 the Respondent decided to evict the Appellant from the Lohia Bazar shop and with that end in view, filed a suit for recovery of possession of Lohia Bazar shop. The Respondent claimed that he genuinely required the Lohia Bazar shop for personal use and the Trial Court, accepting this requirement, passed a decree for eviction against the Appellant. The decree for eviction was, however, reversed by the Additional District Judge in appeal since according to Madhya Bharat Premises Restriction Act, Smt. 2006, which was in force at the material time, requirement of the landlord of non-residential premises for industry or business was not a valid ground for eviction of the tenant. The suit was accordingly dismissed by the Additional district Judge on 8th December, 1956.

4. Within a few months after the dismissal of this suit, however the Respondent, undaunted by this reverse, filed another suit against the Appellant for recovering possession of the Lohia Bazar shop. By the time this second suit came to be filed, the Madhya Pradesh Accommodation Control Act, 1955 had come into force and under the provisions of that Act, a landlord could recover possession of rented premises from the tenant only on certain specified grounds. One of the grounds in case of nonresidential accommodation was that the landlord genuinely required the accommodation for continuing or starting his own business. Now the Respondent was throughout this period carrying on business as a grocer in a shop situated in Phalke Bazar which was taken by him on rent from one Vishwanath. With a view to availing himself of this ground for eviction under the Madhya Pradesh Accommodation Control Act, 1955 the Respondent pleaded that the landlord of the Phalke Bazar shop had given him a notice to quit and he, therefore, genuinely required the Lohia Bazar shop for continuing his grocery business. Before the suit came up for hearing, the Respondent amended the plaint with the leave of the Court in March, 1959 by introducing a plea that he wanted to start business as a dealer in iron and steel materials and the Lohia Bazar shop was genuinely required by him for the purpose of starting this business. This suit also followed the same pattern as the earlier one: the Trial Court passed a decree for eviction, but it was reversed in appeal by the Additional District Judge. The limited ground on which the Additional District Judge negatived the claim of the Respondent for possession was that the Respondent was in occupation of the Phalke Bazar shop which constituted "other accommodation in the city" and that, on the terms of Section 4 (h) of the Madhya Pradesh Accommodation Control Act, 1955, he was disentitled to obtain a decree for eviction against the Appellant. The Additional District Judge accordingly dismissed the suit by a judgment dated 4th August, 1962.

5. Thereafter, the Respondent, having failed in both his attempts to recover possession of the Lohia Bazar shop from the Appellant entered into a lease deed dated 15th September, 1962 with the Appellant by which gave a lease of the Lohia Bazar shop to the Appellant for a period of two years with effect from 15th September, 1962 at the rent of Rs 60 per month. Though the period of the lease expired on 15th September, 1964, the Appellant continued in possession of the Lohia Bazar shop as a monthly tenant of the Respondent paying the same rent of Rs. 60 per month. It appears that some time in 1964--the exact date does not appear from the record--the Respondent voluntarily surrendered possession of the Phalke Bazar shop to the landlord and close down his grocery business. The Appellant alleged that the Respondent gave up possession of the Phalke Bazar shop to the landlord in consideration of receipt of premium in cash but this allegation was held not established both by the Trial Court as also by the First Appellate Court. The Respondent did not have any other occupation after he gave up his grocery business.

6. On 17th August, 1966, after a period of inaction of about two years, the Respondent renewed the fight against the Appellant with added vigour and plunged into the turbulent waters of litigation by filing a third suit to recover possession of the Lohia Bazar shop from the Appellant. There were two grounds on which possession of the Lohia Bazar shop was sought by the Respondent. One ground was arrears of rent but that was wholly without substance, and was abandoned at the earlier stage. The second was the real ground urged on behalf of the Respondent and that was that the Respondent bona fide required the Lohia Bazar shop for starting his own business as a dealer in iron and steel materials. This was a ground for eviction recognised by Section 12(1) (f) of the Madhya Pradesh Accommodation Control Act, 1961 which had come into force in the meantime repealing the Madhya Pradesh Accommodation Control Act, 1955. The Appellant disputed that the Respondent required the Lohia Bazar shop for starting his own business or that his requirement was bona fide and alleged that in any event the Respondent had other accommodation in the city and hence he was not entitled to recover possession of the Lohia Bazar shop u/s 12 (1) (f) of the Act of 1961. The Trial Court on a consideration of the evidence led on behalf of both the parties came to the conclusion that the Respondent was without any occupation since about two years prior to the filing of the suit and he had no other shop in the city in which he could carry on business and he, therefore, bona fide required the Lohia Bazar shop for starting his own business as a dealer in iron and steel materials. The Trial Court negatived the plea of the Appellant that the Respondent was carrying on business as commission agent and money-lender and he did not really mean to start a new business as dealer in iron and steel materials and that was merely a ruse adopted by him for the purpose of securing possession of the Lohia Bazar shop from the Appellant. The Trial Court accordingly upheld the claim of the Respondent for recovery of possession u/s 12 (1) (f) of the Act of 1961 and passed a decree for eviction against the Appellant.

7. The Appellant being aggrieved by the decree for eviction preferred an appeal

to the Additional District Judge and since the Court of the Additional District Judge is the final Court of fact, we would set out the findings of fact reached by the Additional District Judge in some detail. The Additional District Judge on an appreciation of the evidence came to the following findings. The Respondent was about 63 years of age when he filed the suit but that was no ground for saying that he could not bona fide and reasonably think of starting a new business. Though it was stated by the Respondent in his evidence that he had in the past carried on business as a dealer in iron and steel materials, that was contradicted by his own witness Chotelal and it was, therefore, evident that the business of dealer in iron and steel materials for which he claimed to require the Lohia Bazar shop, was totally a new business for him. The plea of the Respondent was that he wanted to make a humble beginning in this new business but even so he asked for possession of the whole of the Lohia Bazar shop and not merely a portion of it. The Respondent had not led any evidence to show that "he had arranged for necessary capital to be invested or.....approached Iron and Steel Controller for the required permits" or "made agreements to receive stocks" of iron and steel materials. There was no material on record to establish that the Respondent had made preparations from which inference could be reasonably drawn that, but for possession of the Lohia Bazar shop, the Respondent was in a position to start the new business.

8. Though the period of two years for which the lease of the Lohia Bazar shop was granted by the Respondent to the Appellant expired on 15th September, 1964, the Respondent did not take any steps to obtain possession of the Lohia Bazar shop for a period of about two years and it was only in the middle of 1966 that he put forward the plea that he wanted to start business as a dealer in iron and steel materials and required possession of the Lohia Bazar shop for that purpose. It is true that the Appellant had failed to show that the Respondent was carrying on business as commission agent or money-lender, but that did not establish the bona fide requirement of the Respondent for possession of the Lohia Bazar shop. It was also evident that the object of the Respondent in filing the suit was not to obtain enhancement of rent from the Appellant but that too was not a circumstance which lent any positive support to the case of the Respondent. The burden of establishing that he bona fide required the Lohia Bazar shop for starting business as a dealer in iron and steel materials was on the Respondent and this burden, according to the Additional District Judge, the Respondent had failed to discharge. The Additional District Judge held that what the evidence showed was mere assertion on the part of the Respondent that he wanted to start business as a dealer in iron and steel materials in the Lohia Bazar shop and that fell far short of the proof required to establish that the Respondent bona fide required the Lohia Bazar shop for starting this new business. The additional District Judge accordingly set aside the decree for eviction passed against the Appellant and dismissed the suit of the Respondent. 8. This led to the filing of a second appeal in the High Court by the Respondent. The High Court pointed out that the Additional District Judge had fallen into an error in holding

that unless the Respondent showed that he had made preparations for starting the business of dealer in iron and steel materials, such as making arrangements for capital investment, permits from the Iron and Steel Controller etc., it could not be held that he bona fide required the Lohia Bazar shop for starting such business. The High Court observed that when the Respondent stated in his evidence that he required the Lohia Bazar shop for the purpose of starting business as a dealer in iron and steel materials, there was no cross-examination of the Respondent challenging the truth at bona fides of his statement and no attempt was made on behalf of the Appellant to show that the Respondent was not in a position to start such business, or that he lacked the necessary resources for that purpose, and his statement coupled with the other objective and outward facts must, therefore, be taken as sufficient to establish that he required the Lohia Bazar shop for starting this new business and his requirement was bona fide. The outward and objective facts on which the High Court relied as supporting the assertion of the Respondent were: firstly, the Respondent had as far back as March 1959 sought to recover possession of the Lohia Bazar shop for the purpose of starting this new business and it was not for the first time in the middle of 1966 that he dishonestly put forward this idea only with a view to securing possession of the Lohia Bazar shop from the Appellant and secondly, the Respondent having closed down his grocery business and surrendered possession of the Phalke Bazar shop, the landlord was without occupation for well nigh two years and it was, therefore, natural for him to want to start this new business in the Lohia Bazar shop in order to earn a living. The High Court thus came to the conclusion that the Respondent had succeeded in establishing that he bona fide required the Lohia Bazar shop for the purpose of starting business as a dealer in iron and steel materials and since he had admittedly no other shop in the city, he was entitled to recover possession of the Lohia Bazar shop from the Appellant. On this view the High Court reversed the judgment of the Additional District Judge and restored the decree for eviction passed by the Trial Court. Hence the present appeal by the Appellant with special leave obtained from this Court.

9. The main ground on which the Appellant attacked the judgment of the High Court was that, in reversing the finding of the Additional District Judge on the question of bona fide requirement of the Lohia Bazar shop by the Respondent the High Court exceeded its jurisdiction in second appeal, The jurisdiction of the High Court hearing second appeal, contended the Appellant, was limited only to examining whether the decision of the Additional District Judge suffered from an error of law and since the finding of the Additional District Judge that the Respondent did not bona fide require the Lohia Bazar shop for the purpose of starting his own business as a dealer in iron and steel materials was a finding of fact, it was not competent to the High Court to interfere with it, unless it could be shown that it was vitiated by an error of law which was not the position in the present case. This contention of the Appellant requires serious consideration.

10. It is settled law that the High Court in second appeal cannot reappreciate the evidence and interfere with findings of fact reached, by the lower appellate

Court. The lower appellate Court is final so far at findings of fact are concerned. The only limited ground on which the High Court can interfere in second appeal is that the decision of the lower appellate Court is contrary to law. It is only error of law which can be corrected by the High Court in exercise of its jurisdiction in second appeal. If the finding recorded by the lower appellate Court is one of law or of mixed law and fact, the High Court can certainly examine its correctness, but if it is purely one of fact, the jurisdiction of the High Court would be barred and it would be beyond the ken of the High Court unless it can be shown that there was an error of law in arriving at it or that it was based on no evidence at all or was arbitrary, unreasonable or perverse. This position was indeed not disputed by the learned Advocate appearing on behalf of the Respondent but his contention was that the finding of the Additional District Judge in regard to the question of bona fide requirement of Lohia Bazar shop by the Respondent was a mixed finding of law and fact and the High Court was, therefore, entitled to examine its correctness, and if it was found to be wrong, interfere with it even while exercising jurisdiction in second appeal. The question which, therefore, arises for consideration is whether the finding of the Additional District Judge that the Respondent did not bona fide require the Lohia Bazar shop for the purpose of starting the business of a dealer in iron and steel materials was a pure finding of fact or a mixed finding of law and fact. If it was the latter, the High Court would have a much larger freedom to interfere, but not so if it was the former, in which case only certain limited grounds would be available to the Appellant to attack the finding.

11. Now it is obvious that the issues whether the Respondent required the Lohia Bazar shop for the purpose of starting a new business as a dealer in iron and steel materials and if so, whether his requirement was bona fide were both questions of fact. Their determination did not involve the application of legal principles to the facts established in the evidence. The findings of the Additional District Judge on these issues were no doubt inferences from other basic facts, but that did not alter the character of these findings and they remained findings of fact. There is, therefore, no doubt that the conclusion of the Additional District Judge that the Respondent did not bona fide require the Lohia Bazar shop for the purpose of starting business as a dealer in iron and steel materials represented a finding of fact and it could not be interfered with by the High Court in second appeal unless it was shown that in reaching it a mistake of law was committed by the Additional District Judge or it was based on no evidence or was such as no reasonable man could reach. This was precisely the ground on which a Bench of four Judges of this Court in *Sarvate T.B. v. Nemichand* 1965 J.L.J. 973: 1966 M.P.L.J. 26 (S.C.), set aside the judgment of the Madhya Pradesh High Court which had interfered with the decree passed by the District Court dismissing a suit for eviction filed by the landlord against the tenant: The District Court, sitting as a Court of first appeal, had taken the view, on an appreciation of the evidence, that the requirement of the premises by the landlord for his residence was not genuine, but in second appeal the Madhya Pradesh High Court reversed this

finding and passed a decree for eviction against the tenant. This Court set aside the judgment of the Madhya Pradesh High Court on the ground that the finding reached by the District Court on an appreciation of the evidence that the landlord did not genuinely require the premises for his residence was a finding of fact and the Madhya Pradesh High Court had no jurisdiction in second appeal to disturb this finding. Shah, J, speaking on behalf of the Court, summed up the legal position in the following words:

The District Court considered the evidence for the purpose of ascertaining whether the Respondent honestly or in good faith required the premises and held that the Respondent failed to establish the else pleaded by him. This finding of the District Court was based on appreciation of evidence and was binding upon the High Court and the High Court had no power to reverse that finding. The Legislature has imposed a restriction upon the jurisdiction of the Court to pass a decree against the tenant in a suit in ejectment by the landlord; and the onus of proving the conditions, on proof of which alone the protection may not be claimed, lies upon the landlord. The burden of proving that he genuinely requires non-residential accommodation within the meaning of Section 4 (h) therefore lies upon the landlord. Whether in a given case, that burden is discharged by the evidence on the record is a question of fact. It must however be observed that mere a section by the landlord that he requires for his use the premises in the occupation of his tenant raised no presumption that he genuinely requires the premises for his use. The District Court held that the Respondent failed to establish that he genuinely required the premises in suit primarily on two grounds --(i) that he had in the first instance claimed that he required the premises for his residence and after the suit was remanded to the trial Court, he set up the plea that the premises were required for business purposes and abandoned his earlier case, and (ii) that the nature and extent of the business carried on by the Respondent were such that no additional accommodation could have been honestly claimed by him. The inference of fact raised by the District Court was pre-eminently reasonable. In any event the High Court has no jurisdiction in second appeal to set aside the conclusion reached by the District Court based on that inference of fact.

This decision, apart from principle, should conclude the question, but we find that there is one later judgment of this Court where a different view seems to have been expressed. That is the judgment in *Smt. Kamla Soni v. Rup Lal Mehra* AIR 1969 SC 116 (CA No. 2150 of 1966, DJ. 26-9-1969). This case was decided by a Bench of three Judges and the judgment was delivered by Shah, J., who was one of the members of the Bench. The learned Judge; speaking on behalf of the Court, observed in reference to Section 39 (2) of the Delhi Rent Control Act which confers an identical power on the High Court to interfere only where there is an error of law:

The argument that the learned Judges of the High Court exceeded their jurisdiction u/s 39 (2) of the Delhi Rent Control Act, when they reversed the

finding of bona fide requirement of the Appellant, has no substance. Whether on the facts proved the requirement of the landlord is bona fide within the meaning of Section 14 (1) (e) is a finding on a mixed question of law and fact. An inference that the requirement of the Appellant in the present case was bona fide could not be regarded as conclusive.

Now there can be no doubt that these observations made in Smt. Kamla Soni's case are plainly in contradiction of what was said by this Court earlier in Sarvate T.B.'s case. It is obvious that the decision in Sarvate T.B.'s case, was not brought to the notice of this Court while deciding Kamala Soni's case or else this Court would not have lanced itself in such patent contradiction. But whatever be the reason, it cannot be gainsaid that it is not possible to reconcile the observations in these two decisions. That being so, we must prefer to follow the decision in Sarvate T. B's case as against the decision in Smt. Kamla Soni's case as the former is a decision of a larger Bench than the latter. Moreover, on principle, the view taken in Sarvate T.B. 's case commends itself to us and we think that is the right view. We must, therefore, hold that the finding of the Additional District Judge that the Respondent did not bona fide require the Lohia Bazar shop for the purpose of starting business as a dealer in iron and steel materials was a finding of fact and not a finding of mixed law and fact.

12. The question would still remain whether there were proper grounds on which this finding of fact could be interfered with by the High Court. It is now well settled by several decisions of this Court including the decision in Sarvate T. B's case and Smt. Kamala Soni's case that mere assertion on the part of the landlord that he requires the non-residential accommodation in the occupation of the tenant for the purpose of starting or continuing his own business is not decisive. It is for the Court to determine the truth of the assertion and also whether it is bona fide. The test which has to be applied is an objective test and not a subjective one and merely because a landlord asserts that he wants the non-residential accommodation for the purpose of starting or continuing his own business, that would not be enough to establish that he requires it for that purpose and that his requirement is bona fide. The word 'required' signifies that mere desire on the part of the landlord is not enough but there should be an element of need and the landlord must show--the burden being upon him--that he genuinely requires the non-residential accommodation for the purpose of starting or continuing his own business. The Additional District Judge did not misdirect himself in regard to these matters, as for example, by misconstruing the word 'required' or by erroneously placing the burden of proof on the Appellant and no error of law was committed by him in arriving at the finding of fact in regard to the question of bona fide requirement of the Respondent, which would entitle the High Court in second appeal to interfere with that finding of fact.

13. The Respondent; however, contended that the finding of the Additional District Judge that the Respondent did not bona fide require the Lohia Bazar shop for the purpose of starting new business as a dealer in iron and steel materials

was vitiated, firstly because he erroneously assumed that unless the Respondent showed that he had made preparations for starting this new business, such as making arrangements for capital investment, approaching Iron and Steel Controller for the required permits etc, it could not be said that the Respondent bona fide required the Lohia Bazar shop for such new business, and secondly because he relied wrongly and unjustifiably on the fact that the Respondent had asked for possession of the whole of the Lohia Bazar shop and not merely a portion of it. Now there can be no doubt that these two circumstances relied upon by the Additional District Judge were wholly irrelevant. It is difficult to imagine how the Respondent could be expected to make preparations for starting the new business unless there was a reasonable prospect of his being able to obtain possession of the Lohia Bazar shop in the near future. It is a common but unfortunate failing of our judicial system that a litigation takes an inordinately long time in reaching a final conclusion and then also it is uncertain as to how it will end and with what result and unless the Respondent could be reasonably sure that he would within a short time be able to obtain possession of the Lohia Bazar shop and start a new business, it would be too much to expect from him that he should make preparations for starting the new business. Indeed, from a commercial and practical point of view, it would be foolish on his part to make arrangements for investment of capital, obtaining of permits and receipt of stocks of iron and steel materials when he would not know whether he would at all be able to get possession of the Lohia Bazar shop, and if so, when and after how many years. So also we do not see how the Respondent could possibly ask for possession of a portion of the Lohia Bazar shop. The Lohia Bazar shop was given on rent under a single tenancy and even if the requirement of the Respondent extended only to a portion of this shop, he had no other option but to terminate the tenancy and seek to recover possession of the whole shop. The Additional District Judge was, therefore, clearly in error in relying on these two circumstances in support of the finding of fact reached by him. But that would not entitle the High Court to interfere in second appeal and set aside this finding of fact so long as there was some evidence to support it and it could not be branded as arbitrary, unreasonable or perverse. There is no doubt that here there was evidence to sustain the finding of fact arrived at by the Additional District Judge. The Respondent had been trying to obtain possession of the Lohia Bazar shop from the Appellant since as far back as 1952 and it was apparent that the Respondent was anyhow bent upon evicting the Appellant from the Lohia Bazar shop. Though the period for which the lease was granted by the Respondent to the Appellant expired on 15th September, 1964, the Respondent allowed the Appellant to continue as a monthly tenant, in respect of the Lohia Bazar shop and did not, for a period of about two years, take any steps to terminate the tenancy of the Appellant and recover possession of the Lohia Bazar shop from the Appellant. If the Respondent was really serious about starting the new business of a dealer in iron and steel materials, he would not have waited for a period of two years before taking action to recover possession of the Lohia Bazar shop from the Appellant. He would have bestirred himself immediately as

soon as the lease, which prevented him from asking for possession, expired. Moreover, the Respondent had no experience in the business of dealing in iron and steel materials and it was entirely a new business so far as he was concerned, and it would indeed be strange and unusual--taxing the credulity of the Court-- that the Respondent, who was all his life a grocer, should at the age of 63 years, want to start a new business as a dealer in iron and steel material-- a business in which he had no experience at all. These circumstances, borne out by the evidence on record and held established by the Additional District Judge, clearly supported the finding of fact reached by the Additional District Judge that the Respondent did not bona fide require the Lohia Bazar shop for starting business as a dealer in iron and steel materials. Nor could this finding of fact be said to be arbitrary, unreasonable or perverse so as to merit interference by the High Court in second appeal. There can, therefore, be no doubt that the High Court exceeded its jurisdiction in second appeal in reversing the decision of the Additional District Judge and passing a decree for eviction against the Appellant.

14. We, therefore, allow the appeal, set aside the decree for eviction passed by the High Court against the Appellant and dismiss the suit of the Respondent. There will be no order as to costs all throughout.