SARASWAT CO-OP. BANK LTD. AND ANR. A

v.

STATE OF MAHARASHTRA AND ORS.

AUGUST 17, 2006

[B.P. SINGH AND ALTAMAS KABIR, JJ.] B

Rent Control and Eviction:

Maharashtra Rent Control Act, 1999:

C

Section 3(1)(b)—Exclusion of certain premises from the protection of the Act—Constitutional validity of—Held: It is within the legislative competence of the State to enact laws for the protection of certain sections of society on the basis of economic criteria so long as it does not result in unreasonable classification—The decision to exclude private limited companies and public limited companies having a paid-up share capital of Rupees one crore or more from the protection of the Act is in consonance with the object sought to be achieved by the Act—Inclusion of scheduled banks, along with other banks, which have been excluded from the protection of the Act, is also valid—The Act would have equal application to all premises let out either before or after the commencement of the Act—Hence, provisions of S. 3(1)(b) are **intra vires** *and did not offend Art. 14 of the Constitution.* D E

With a view to achieving the objects for which the Maharashtra Rent Control Act, 1999 was enacted, certain premises, as indicated in Section 3 thereof, were exempted from the provisions of the Act. The appellants contended that the provisions of Section 3(1) of the Act offended the equality clause enshrined in Article 14 of the Constitution. It was contended that the Legislature had acted arbitrarily in discriminating between the different sets of premises and tenants and in prescribing the standard for the purpose of excluding certain companies from the protection of the Act. It was contended that exclusion of private limited companies and public limited companies having a paid-up share capital of Rupees one crore or more was discriminatory. It was also contended that inclusion of scheduled banks, along with other banks, which have been excluded from protection of the Act was arbitrary. The High Court held that provisions of Section 3(1)(b) of the Act were *intra vires* and F G

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A did not offend Article 14 of the Constitution. Hence the appeal.

Dismissing the appeal, the Court

HELD: 1.1. Although, earlier a view had been taken by this Court that prescribing a standard or differentiating between categories of tenancies was
B violative of Article 14 of the Constitution, the subsequent view taken by this Court is that so long as the classification sought to be made was based on an intelligible differentia and had a nexus with the object sought to be achieved by the statute, the same would not offend the equality clause contained in Article 14 of the Constitution. [579-A-B]

C 1.2. It is quite clear that it is within the legislative competence of the State to enact laws for the protection of certain sections of society on the basis of economic criteria and so long as it does not result in unreasonable classification, it is for the Legislature to decide whom it should include or exclude from the application of such laws. [579-B-C]

D *Motor General Traders* v. *State of Andhra Pradesh,* [1984] 1 SCC 222, *Rattan Arya* v. *State of Tamil Nadu,* [1986] 3 SCC 385, *D.C. Bhatia* v. *Union of India,* [1995] 1 SCC 104, *Shamrao Vithal Co-op. Bank Ltd.* v. *Padubidri Pattabhiram Bhat,* AIR (1993) Bom. 91, *Delhi Cloth & General Mills Ltd.* v. *S. Paramjit Singh,* [1990] 4 SCC 723 and *Kedar Nath Bajoria* v. *State of West*
E *Bengal,* [1954] SCR 30, referred to.

2. The decision to exclude private limited companies and public limited companies having a paid-up share capital of Rupees one crore or more from the protection of the Maharashtra Rent Control Act, 1999 is in consonance with the object sought to be achieved by the Act as indicated in its preamble.
F In order to achieve such an object, a cut-off point has to be settled and the Legislature in its wisdom has settled such cut-of point in excluding companies having a paid-up share capital of Rupees one crore or more from the protection of the Act. [579-D]

3. It is not possible to accept the contention that the paid-up share capital
G of the company is not a fair indicator of a company's worth and that its net worth is a better indicator. Which of the two methods ought to have been adopted by the Legislature is not for this Court to decide once a view has been taken that the method as adopted is not arbitrary or violative of Article 14 of the Constitution. Of the two methods available, the Legislature has chosen the
H one which appeared to it to be reasonable. [579-E-F]

4. The other submission relating to the inclusion of scheduled banks, along with other banks, which have been excluded from the protection of the Act, is also without substance since Section 3(1)(b)(iv) is of general application intended to cover all banks forming part of the schedule of the Reserve Bank of India Act which may or may not overlap those banks which have been indicated in clauses (i), (ii) and (iii). [579-G-H]

5. Once the Maharashtra Rent Control Act, 1999 was enacted and came into force, it would have equal application to all premises let out either before or after the commencement of the Act. [580-A-B]

6. The provisions of Section 3(1)(b) of the Maharashtra Rent Control Act, 1999 are *intra vires* and, as has been held by the High Court, they do not violate Article 14 of the Constitution. [580-B-C]

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 8015 of 2002.

From the Judgment and Order dated 20.7.2001 of the High Court of Bombay in W.P. No. 1406/2001.

WITH

C.A. Nos. 8016/2002, 6017/2004, 7594/2004, 1825/2005, 6016/2004, 4830-4831/2005, 4825/2005 and W.P. (C) No. 164/2003.

Ranjit Kumar, Jaspal Singh, T.R. Andhiyarujina, Jaspal Singh, Soli J. Sorabjee, Raju Ramachandran, Y.R. Naik, Rakesh K. Sharma, Imtiaz Ahmed, Naghma Imtiaz, Abhishek Anand (for Equity Lex Associates), Shujaat Ullah Khan, Mukesh Jain, Ambar Jain, Asha Jain Madan, S.C. Ghosh, Snehasish Mukherjee, Parijat Sinha, Prameet Saxena, S.V. Deshpande, S. Sukumaran, Meera Mathur, Jayashree Wad, Ashish Wad for (J.S. Wad & Co.), Dr. Rajeev B. Masodkar, Anil Kumar Jha, Mukesh K. Giri (N.P.) for R.C. Kohli (N.P.) Dr. S.K. Verma, S.K. Mishra, Atul Kumar, Ananya Verma, Gaurav Agrawal, Naresh Kumar, S. Janani, Deepak Goel, S.S. Jauhar, E.C. Agrawala, Mahesh Agrawala, Rishi Agrawala, Rajiv Kapur, Shubhra Kapur, Arti Singh, Sanjay Kapur, Aslam Ahmed, Rachna Jain, Avijit Bhattacharjee and Aniruddha P. Mayee for the appearing parties.

The Judgment of the Court was delivered by

ALTAMAS KABIR, J. Having regard to the existence of different rent

A control laws in the State of Maharashtra, The Maharashtra Rent Control Act, 1999, (hereinafter referred to as "the 1999 Act") was enacted to unify, consolidate and amend the law relating to the control of rents and repairs of certain premises and of eviction and for encouraging the construction of new houses by assuring a fair return on the investment by landlords and to provide for matters connected with the said purposes. The said Act came into B force on 31st March, 2000, and repealed the existing Bombay Rents, Hotel and Lodging House Rates Control Act, 1947, the Central Provinces and Berar Regulation of Letting of Accommodation Act, 1946, including the Central Provinces and Berar Letting of Houses and Rent Control Order, 1949; and the Hyderabad Houses (Rent, Eviction and Lease) Control Act, 1954. With a view C to achieving the objects for which the Act was enacted, certain premises, as indicated in Section 3 thereof, were exempted from the provisions of the Act.

The exclusion of certain premises from the protection provided under the Act gave rise to litigation in which challenge was thrown by different litigants to the vires of the new Act as also Section 3 (1) (b) thereof as being D arbitrary and discriminatory and without having any nexus with the object sought to be achieved by the Act.

Of the several writ petitions filed in the Bombay High Court, the Writ Petition of M/s. Crompton Greaves Ltd. was taken up for decision and it was held that the classification made in Section 3 with regard to different types E of tenants was on the basis of an intelligible differentia having nexus with the object sought to be achieved by the Act. It was held that the provisions of the new Act were intra vires and did not offend Article 14 of the Constitution.

Several writ petitions were thereafter decided on the basis of the decision F arrived at in the aforesaid writ petition filed by M/s. Crompton Greaves Ltd. and some of them have been carried to this Court by way of Special Leave Petitions which are now being analogously heard as civil appeals along with a writ petition filed under Article 32 of the Constitution, being No.164/2003, wherein also the vires of Section 3 (1) (b) of the new Rent Act has been challenged.

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The common grievance in all these appeals and in the writ petition is with regard to the constitutionality of Section 3 (1) (b) of the Maharashtra Rent Act, 1999 which *inter alia* replaced the Bombay Rents, Hotel and Lodging House Rates Act, 1947.

H Mr. Ranjit Kumar, learned senior advocate, who appeared for the

appellants in Civil Appeal No. 8015/2002, as also for the intervenors in one of the other appeals, argued the matter extensively and his submissions were generally adopted by the other appellants and the writ petitioner with a few variations. In order to appreciate Mr. Kumar's submissions, the provisions of Section 3 (1)(a) and (b) of the 1999 Act are reproduced hereinbelow:-

3. Exemption.

(1) This Act shall not apply

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

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

Explanation - For the purpose of this clause the expression "bank" means, -

(i) the State Bank of India constituted under the State Bank of India Act, 1955;

(ii) a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959;

(iii) A corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or under section 3 of the Banking Companies (Acquisition and Transfer of Undertaking) Act,

A 1980, or

(iv) Any other bank, being a scheduled bank as defined in clause (e) of section 2 of the Reserve Bank of India Act, 1934."

It was contended that the provisions of Section 3 (1) (b) of the 1999 Act B offend the equality clause enshrined in Article 14 of the Constitution. It was urged that the aforesaid provisions sought to distinguish between different types of tenants and in particular private limited companies and public limited companies having a paid up share capital of rupees one crore or more. It was urged that the worth of a company could not always be assessed on the basis of the paid up share capital and that a more correct assessment could be C arrived at on the basis of the net worth of the company. While a company having a paid up share capital of rupees one crore or more, may not be making large profits, a company with a lesser amount of paid up share capital, may be making larger profits. While the former was denied the protection of the Act, the latter was protected thereunder. It was urged that the distinction D sought to be made was not on the basis of any intelligible differentia having a reasonable nexus with the object sought to be achieved by the new enactment. It was pointed out that the new Act created a divide between different categories of tenants, some of whom were afforded the protection under the 1999 Act while some were excluded. It was contended that if the object of the Act was to provide for better housing facilities in terms of the E National Housing Policy then all landlords should have been treated on an equal footing without benefiting only a certain affluent class of landlords.

The next contention which was advanced on behalf of the appellants was that even between banks, a discriminatory policy was adopted. While excluding banks and public sector undertakings established by or under any F State or Central Act, scheduled banks were treated separately, thereby creating a privileged class of landlords. It was contended that no rational basis had been indicated for making such classification. It was submitted that banks generally require large spaces for their business activities and if they were excluded from the protection of the Act, they would become easy targets for G eviction and in the event of their eviction, it would be difficult for them to acquire new premises of equal or similar dimensions in the same vicinity which could even result in the banks having to close down their business.

Another submission advanced on behalf of the appellants was that since the banks covered by clauses (i) (ii) and (iii) of Section 3 (1) (b) of the H 1999 Act, all come within the definition of "State" within the meaning of

Article 12 of the Constitution, by invoking the rule of *ejusdem generis,* the fourth category which referred to scheduled banks as defined in clause (e) of Section 2 of the Reserve Bank of India Act, 1934, should also answer the description of "State" within the meaning of Article 12 of the Constitution. In other words, since scheduled banks were not "State" within the meaning of Article 12 of the Constitution, they had been wrongly included with other banks and excluded from the protection of the 1999 Act. It was submitted that the classification of banks under different categories amounted to institutional classification and discrimination within the same class which would be hit by the provisions of Article 14 of the Constitution. It was urged that a similar matter fell for consideration of this Court in the case of *Motor General Traders and Anr.* v. *State of Andhra Pradesh and Ors.,* reported in [1984] 1 SCC 222, wherein a similar provision of the Andhra Pradesh Buildings (Lease, Rent and Eviction) Control Act, 1960 fell for consideration of this Court. Section 32 of the said Act contained a similar provision excluding certain premises from the ambit of the Act. The said provision reads as follows:-

> 32. *Act not to apply to certain buildings.*—The provisions of this Act shall not apply :
>
> (a) to any building owned by the Government;
>
> (b) to any building constructed on and after August 26, 1957."

It was sought to be contended that the distinction made between buildings constructed before and after the cut-off date was wholly unreasonable and was not founded on any intelligible differentia having a rational relation to the object sought to be achieved by the statute in question. It was pointed out that although the said provision had been held by the High Court in earlier proceedings to be *intra vires*, this Court after considering the matter at length was of the view that clause (b) of Section 32 was violative of Article 14 of the Constitution as it sought to create a privileged class of landlords without any rational basis, as the incentive to build which provided a nexus for a reasonable classification of such class of landlords, no longer existed by lapse of time in the case of the majority of such landlords. It was observed that while the classification may be founded on different basis what is necessary is that there must be a nexus between the basis of classification and the object of the Act under consideration.

Reliance was also placed on another decision of this Court in the case of *Rattan Arya and Ors.* v. *State of Tamil Nadu and Anr.,* [1986] 3 SCC 385,

A wherein Section 30 (ii) of the Tamil Nadu Buildings (Lease and Rent Control) Act, 1960 was under challenge. The said provision exempted any residential building or part thereof occupied by any tenant, if the monthly rent paid by him exceeded Rs.250/-. As was observed in the said decision, the intention of the Legislature clearly was that the protection of the beneficent provision of the Act should be available only to small tenants paying rent exceeding B Rs.250/- per month, as they belong to the weaker sections of the community and needed protection against exploitation by rapacious landlords. Following its decision in *Motor General Traders* case (supra), this Court struck down the said provision as being violative of Article 14 of the Constitution being entirely inconsistent with the protection given to tenants of non-residential C buildings who were in a position to pay much higher rents than the rents which were paid by those who were in occupation of residential buildings.

Mr. Ranjit Kumar in his usual fairness also referred to the decision of this Court in the case of *D.C. Bhatia and Ors.* v. *Union of India and Anr.*, [1995] 1 SCC 104, in which the learned Judges were considering the validity D of Section 3 (c) the Delhi Rent Act, 1958, which was introduced by the Delhi Rent Control (Amendment) Act, 1988, so as to exclude from the operation of the Rent Act, premises whose monthly rent exceeded Rs. 3,500/-. After considering several decisions of this Court in case of similar provisions in other State enactments, this Court distinguished the view that had earlier E been taken in *Rattan Arya's* case (supra) and held that tenants who could afford to pay a sum of Rs. 42,000/- per year could not be said to belong at that point of time to the weaker sections of the community so as to get the protection under the Act. However, it was for the Legislature to decide as to which section of people should be protected and what should be the basis of classification namely, income, rent, etc. Mr. Ranjit Kumar, however, pointed F out that in *D.C. Bhatia's* case (supra), the benefit of protection had been given to one class of persons, namely, those whose monthly rents were less than 3,500/- and a reasonable classification had been made in the context of the economy prevalent at the relevant time.

In respect of the case made out in the appeal preferred by Hindustan G Petroleum Corporation Ltd., Mr. Ranjit Kumar, who appeared for the intervenors, submitted that a duty had been cast on the State under Article 39 (b) of the Constitution to direct its policy towards securing that the ownership and control of the material resources of the community are so distributed as best to sub-serve the common good. It was submitted that along with residential H buildings, there was also need for other establishments, such as the one

being run by the appellant, which also require the protection of the Rent Control Act, but had been excluded by virtue of Section 3 (1) (b) thereof. A

Mr. Jaspal Singh, learned senior counsel, who appeared for the Bombay Mercantile Co-operative Bank Ltd., while adopting Mr. Ranjit Kumar's submissions, added a new dimension to the said submissions on certain facts which were peculiar to the said Bank alone. He tried to persuade us that the Bank had been included as a scheduled bank in the Reserve Bank of India Act on 1st September, 1988 whereas the premises in question had been let out to the Bank in 1979. According to Mr. Jaspal Singh, since the letting referred to in Section 3 (b) was in respect of a scheduled bank, and in the instant case, since the Bank was not a scheduled bank when the premises had been let out to it, the provisions of the 1999 Act could have no application to the Bank. He also submitted that having regard to the wording of clause (b) of Section 3 (1) of the Act, only those banks or public sector undertakings or any corporation established by or under any Central or State Act could be included within its ambit. B C D

Mr. Andhyarujina, learned senior advocate, adopted a pragmatic approach to the problem. While adopting Mr. Ranjit Kumar's submissions, he did seek to urge that in the definition of the expression *"premises"* a major change from the 1947 Act had been introduced in the 1999 Act in that the word "land" had been excluded from the said definition. He urged that the Legislature had consciously omitted *"land"* from the purview of the 1999 Act. Mr. Andhyarujina submitted that in the event the appeal preferred by the company was dismissed, suitable time may be given to the company to vacate the premises. As an interim arrangement, Mr. Andhyarujina submitted that his client was ready to pay mesne profits to the landlord at the rate of Rs.60,000/- per month. E F

Mr. Shujaat Ullah Khan, learned advocate, who appeared for the appellants in Civil Appeal No. 1825/2005, submitted that the credit society became a co-operative society in 1941 and was subsequently converted into a multi-state co-operative society. In effect, the society was a co-operative bank, but following the doctrine of *ejusdem generis* only those banks which were "State" within the meaning of Article 12 of the Constitution and had been included in clauses (i) (ii) and (iii) of Section 3 (1) (b) of the 1999 Act stood excluded from the provisions of the Act. G

Relying on a Full Bench decision of the Bombay High Court in the case of *Shamrao Vithal Co-op. Bank Ltd. and Anr.* v. *Padubidri Pattabhiram Bhat and Anr.*, AIR (1993) Bombay 91, Mr. Khan submitted that since the H

A appellant was not "State" within the meaning of Article 12 of the Constitution, it could not be excluded from the protection afforded by the 1999 Act. Besides his aforesaid submission, Mr. Khan also adopted all the submissions advanced by Mr. Ranjit Kumar.

As indicated hereinbefore, along with the civil appeals, a separate writ B petition, being No. 164/2003, had been filed by the Central Bank of India also challenging the vires of Section 3 (1) (b) of the 1999 Act. Appearing for the Bank, Ms. J.S. Wad submitted that since the Bank was a nationalized bank, whatever protection was made available to the government establishments should also be made available to the appellant.

C The submissions made on behalf of the appellants as also the writ petitioner were strongly opposed by Mr. Raju Ramachandran, learned senior advocate, appearing for the respondents-landlords in Civil Appeal No. 7594/ 2004. Referring to Mr. Jaspal Singh's submissions, he pointed out that there was a basic fallacy in Mr. Singh's contention since banking was a Central D subject included at Item No. 45 of the 1st List of the Seventh Schedule to the Constitution and it is only public sector undertakings which could be established under a State Act.

Also referring to the preamble of the 1999 Act, Mr. Ramachandran pointed out that Section 3 of the Act had been enacted in consonance thereof E with the intention of ensuring a fair return to the landlords who were ready to invest in the construction of new buildings to provide greater accommodation. It was contended that Section 3 of the Act was integral to the purpose of the Act and all premises which the Legislature considered to be appropriate had been afforded protection under the 1999 Act. It was F pointed out that the same would be available from Section 2 (1) of the Act which indicates that the Act, in the first instance, would apply to premises let for the purpose of residence, education, business, trade or storage in the area specified in Schedule I and Schedule II. No special reservation was made in respect of premises set apart for residential purposes. Even in the preamble, the expression *"houses"* has been used generally and does not specify G residential houses in particular, as has been urged on behalf of the appellants. There was, therefore, no discrimination between premises of different types and only a reasonable classification has been made with regard to companies where the paid up capital share had been taken to be the yard stick for excluding certain companies from the protection provided under the Act.

H It was submitted that while the net worth of companies fluctuate, the

paid up share capital was stable and was more concrete for the purpose of assessment of a company's worth. The Legislature had to strike a balance at a point which it considered to be just and fair and accordingly provided for exclusion of those companies which it felt could afford to either pay higher rents or procure alternate accommodation in the present scenario.

It was submitted that having regard to the reasonable approach of the Legislature, it could not be contended that the provisions of Section 3 (1) (b) of the 1999 Act were arbitrary and/or discriminatory and violative of Article 14 of the Constitution.

Mr. Ramachandran submitted that the arguments now sought to be advanced on behalf of the appellants and the writ petitioner on Article 14 of the Constitution on account of the classification made between categories of tenants was no longer available to the appellants having regard to the views expressed by this Court in *Delhi Cloth & General Mills Limited* v. *S. Paramjit Singh and Anr.*, [1990] 4 SCC 723 and in *D.C. Bhatia's* case (supra) in which it has been categorically indicated that it is for the Legislature to decide whether or not any section of tenants should be protected in any way by law. For the said purpose, the Legislature could identify the section of the people who needed protection and decide how the classification was to be done or what would be the cut off point for the purpose of making such classification. The Court could only consider whether the classification had been done on an understandable basis having regard to the object of the statute. The Court would not question its validity on the ground of lack of legislative wisdom.

Mr. Ramachandran ended his submissions by referring to a Constitution Bench judgment of this Court in the case of *Kedar Nath Bajoria* v. *State of West Bengal*, [1954] SCR 30, wherein it was stated as follows:-

> "Now, it is well settled that the equal protection of the laws guaranteed by Article 14 of the Constitution does not mean that all laws must be general in character and universal in application and that the State is no longer to have the power of distinguishing and classifying persons or things for the purposes of legislation. To put it simply, all that is required in class or special legislation is that the legislative classification must not be arbitrary but should be based on an intelligible principle having a reasonable relation to the object which the legislature seeks to attain. If the classification on which the legislation is founded fulfils this requirement, then the differentiation which the legislation

A makes between the class or persons or things to which it applies and other persons or things left outside the purview of the legislation cannot be regarded as a denial of the equal protection of the law, ..."

Learned counsel appearing for the State adopted Mr. Ramachandran's B submissions.

Mr. Soli J. Sorabjee, learned senior advocate, who appeared for the landlords-respondents in the appeal filed by Hindustan Petroleum Corporation Ltd. (Civil Appeal Nos. 4830-4831/2005) urged that the Legislature was fully C aware of the prevailing economic conditions while including public sector undertakings with those institutions which were kept out of the protection of the 1999 Act. He urged that petrol pumps, such as the one being run by the appellant, require a good deal of open space, which the landlord could better utilize for getting higher returns. The amount of rent paid for the utilization of such lands were extremely meagre in relation to the value of the property D and the very object of the 1999 Act would be frustrated if such lands were not kept out of the purview of the Act so that the same could be utilized by the landlords for constructing new buildings which would ensure a fair return to them.

Mr. Sorabjee submitted that some of the petrol pumps were of necessity, E situated in prime areas within metropolitan cities and the Legislature had very correctly excluded them from the protection of the 1999 Act.

Much the same views were expressed by Mr. Gaurav Agarwal, who appeared for the respondent No.2 in Civil Appeal No. 4830-31of 2005. It was F pointed out that 1228 Sq.Ft. of a commercial premises in the Fort area in Mumbai had been let out initially for a sum of Rs.2732/- per month and the present valuation in terms of the Valuer's report suggested that the rent should be Rs.2,45,600/- per month.

As will be evident from the submissions made on behalf of the appellants G and the writ petitioner, the main challenge is to the constitutionality of Section 3 (1) (b) of the 1999 Act. In view of the categorization of different premises, some of which have been excluded from the protection of the Act, an attempt has been made to establish that the Legislature had acted arbitrarily in discriminating between the different sets of premises and tenants and in H prescribing the standard for the purpose of excluding certain companies from the protection of the Act.

Although, earlier a view had been taken by this Court that prescribing such a standard or differentiating between categories of tenancies was violative of Article 14 of the Constitution, the subsequent view taken by this Court is that so long as the classification sought to be made was based on an intelligible differentia and had a nexus with the object sought to be achieved by the statute, the same would not offend the equality clause contained in Article 14 of the Constitution.

Resultingly, it is quite clear that it is within the legislative competence of the State to enact laws for the protection of certain sections of society on the basis of economic criteria and so long as it does not result in unreasonable classification, it is for the Legislature to decide whom it should include or exclude from the application of such laws.

Although, the decision to exclude private limited companies and public limited companies having a paid up share capital of Rs. One crore from the protection of the Act has been questioned on the ground of discrimination, we are unable to accept such contention, since in our view, it is in consonance with the object sought to be achieved by the Act as indicated in its preamble. In order to achieve such object, a cut-off point has to be settled and the Legislature in its wisdom has settled such cut-off point in excluding companies having a paid up share capital of Rs. One crore or more from the protection of the Act.

We are also unable to accept the contention that the paid up share capital of the company is not a fair indicator of a company's worth and that its net worth is a better indicator. As submitted by Mr. Ramachandran, the net worth of a company may vary from time to time, but its paid up share capital is more stable. Which of the two methods ought to have been adopted by the Legislature is not for us to decide once we have taken a view that the method as adopted is not arbitrary or violative of Article 14 of the Constitution. Of the two methods available, the Legislature has chosen the one which appeared to it to be reasonable.

The other submission relating to the inclusion of scheduled banks, along with other banks, which have been excluded from the protection of the Act, is also without substance since clause (iv) of Section 3 (1) (b) is, in our view, of general application intended to cover all banks forming part of the Schedule of the Reserve Bank of India Act which may or may not overlap those banks which have been indicated in clauses (i) (ii) and (iii).

A The submission of Mr. Jaspal Singh that the 1999 Act would not apply to the appellant-bank represented by him, appears to be an argument of desperation and not of conviction. Once the Act of 1999 was enacted and came into force, it would have equal application to all premises let out either before or after the commencement of the Act.

B The issues raised before us have been elaborately considered by the High Court, and, in our view, no fault can be found with the findings arrived at by the High Court. The provisions of Section 3(1)(b) of the Maharashtra Rent Control Act, 1999, are *intra vires* and as has been held by the Bombay High Court, they do not violate Article 14 of the Constitution.

C In our view, there is no merit in these appeals nor in the writ petition and the same are accordingly dismissed.

In this context, we are required to take into consideration Mr. Andhyarujina's submission for sufficient time to be given to his client to D vacate the premises during which the interim arrangement as proposed for payment of higher rent could be continued. Considering the fact that Mr.Andhyarujina's client is operating a petrol pump, which will require some time to acquire a new place and to construct the necessary infrastructure therein, we grant time to Mr. Andhyarujina's client till 31st December, 2007, to vacate the premises occupied by them. The parties in Civil Appeal Nos. E 4830-4831/2005 will be at liberty to have the question of mesne profits finally decided by the trial court which is requested to dispose of the matter at an early date. Till final determination of the matter relating to *mesne profits* by the trial court, Mr. Andhyarujina's client shall pay to the landlords *mesne profits* at the rate of Rs.60,000/- per month as agreed from the date of the F decree till the date of vacating the premises. The amount that may be found due on the aforesaid basis from the date of the decree till the date of this order shall be paid by Mr. Andhyarujina's client to the landlords in three equal instalments within a period of three months from the date of this judgment along with the *mesne profits* payable each month under this judgment. The first of such instalments is to be paid by the 7th day of September, 2006 and G thereafter by the 7th day of October, 2006 and 7th day of November, 2006, respectively. In case of default in payment of any of the instalment/s or the current *mesne profits,* the time given to Mr. Andhyarujina's client to vacate the premises shall stand revoked and the decree for possession will become executable forthwith.

H

Mr. Andhyarujina's client will file the usual undertaking in this Court in the above regard within four weeks from today. These directions will not prevent Mr. Andhyarujina's client from negotiating with the landlord for grant of a fresh tenancy on fresh terms and conditions, if so advised. A

Having regard to the nature of the issues involved in these appeals and the writ petition, the parties will bear their own costs. B

V.S.S. Appeal dismissed.