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IN THE HIGH COURT OF JUDICATURE AT BOMBAY

CIVIL APPELLATE JURISDICTION

CIVIL REVISION APPLICATION NO. 300 OF 2026

Saidpur Jute Company Limited
A Company incorporated under the Companies Act 1956 having its registered office at 15-A, Bharat Insurance Building, 3rd Floor, Horniman Circle, Fort, Mumbai 400 023. **...Applicant**

Versus

National Co-operative Consumer's Federation of India Limited
A Multi State Co-operative Society constituted under the Multi State Cooperative Society Act 2002 having its head office at 'Deepali', 5th Floor, 92, Nehru Place, New Delhi 110 019 and branch office at 65, 67, 68, Shree Sitaram Mills Compound, N. M. Joshi Marg, Mumbai – 400 011. **...Respondent**

Mr. Rohaan Cama *a/w Mr. Aseem Naphade, Mr. Aman Sadiwala & Mr. Kush Shah i/b Mr. Vikrant D. Shetty, for the Applicant.*
Mr. Mahesh Menon *a/w Ms. Aakansha Anand & Ms. Vaishali Chhabra i/b Mahesh Menon & Co., for the Respondent.*

AJIT RAMESH PATHRIKAR
Digitally signed by AJIT RAMESH PATHRIKAR Date: 2026.07.17 20:20:10 +0530

CORAM	**ARUN R. PEDNEKER, J.**
RESERVED ON :	**10th JULY 2026**
PRONOUNCED ON:	**17th JULY 2026**

JUDGMENT :-

1. By the present Civil Revision Application, the Applicant challenges the Judgment and Order dated 13th March 2026 passed in R. Appeal No.125 of 2023 by the Court of Small Causes at Mumbai (Appellate Bench), whereby the Appellate Bench was pleased to set aside the Judgment and Decree dated 30th March 2023 passed in T. E. Suit No.41/45 of 2012 by the Court of Small Causes at Mumbai and dismissed the Suit filed by the Applicant for eviction of the Respondent from the suit premises under the provisions of Section 41 of the Presidency Small Causes Courts Act, 1882.

2. The legal question that arises for consideration in the present Civil Revision Application is whether the protection under Section 3(1)(b) of the Maharashtra Rent Control Act, 1999 ("**MRC Act**") is available to the premises leased to the Respondent i.e. National Co-operative Consumer's Federation of India Limited, a Multi-State Co-operative Society registered under the Multi-State Co-operative

Societies Act, 2002 ("**MSCS Act**") and listed in schedule II of the MSCS Act.

3. The facts leading to the filing of the application are that a Leave and Licence agreement dated 30th May 2005 was executed between the Applicant and the Respondent, whereby the Respondent was permitted and allowed to use, occupy and possess the suit premises as a monthly tenant of the suit premises. The suit premises are admeasuring 4,511 sq. ft. situated at 65-67-68, Ground Floor, Shree Sitaram Mills Compound, N. M. Joshi Marg, Mumbai 400011 ("**Suit Premises**"). The Respondent was required to a pay monthly rent of Rs.75,000/- inclusive of the Municipal Taxes for the period from 1st January 2005 to 31st December 2007 in respect of the suit premises.

4. The agreement expired by afflux of time on 31st December 2007. Accordingly, by notice dated 8th April 2008 addressed to the Respondent, the Applicant terminated the tenancy in respect of the suit premises. The Applicant again addressed a notice dated 7th December 2011 to the

Respondent and terminated the monthly tenancy of the Respondent in respect of the suit premises.

5. Since the Respondent failed to comply with the requisitions contained in the Termination Notice and handover quiet, vacant and peaceful possession of the suit premises, the Applicant filed an Eviction Suit being T.E. Suit No.41/45 of 2012 under Section 41 of the Presidency Small Causes Court Act before the Court of Small Causes at Mumbai.

6. The Respondent resisted the suit by filing its written statement. The Applicant filed its Affidavit of Evidence along with compilation of documents. Thereafter, the Trial Court by Judgment and Decree dated 30th March 2023, was pleased to decree the T.E. Suit No.41/45 of 2012 and was pleased to direct the Respondent to handover quiet, vacant and peaceful possession of the suit premises.

7. Being aggrieved by Judgment and Decree dated 30th March 2023, the Respondent preferred an Appeal being R. Appeal No.125 of 2023 before the Court of Small Causes at Mumbai (Appellate Bench). By Impugned Order dated 13th

March 2026, the Appellate Court was pleased to allow the R. Appeal No.125 of 2023 and was pleased to set aside the Judgment and Decree dated 30th March 2023 passed by the Trial Court.

8. During the pendency of Appeal before the Small Causes Court at Mumbai (Appellate Bench), as a condition for stay of the Trial Court's Judgment and Decree, the Respondent deposited interim compensation of Rs.8,00,000/- per month. The Appellate Court by the impugned order directed the present Appellant to re-deposit the compensation amount.

9. Heard **Mr. Rohaan Cama** with Mr. Aseem Naphade, Mr. Aman Sadiwala and Mr. Kush Shah, the learned counsel for the Applicant and **Mr. Mahesh Menon** with Ms. Aakansha Anand and Ms. Vaishali Chhabra the learned counsel for the Respondent and with consent, heard finally.

10. Challenging the Judgment and Decree of the Appellate Court, **Mr. Cama**, the learned counsel for the Applicant, submits that the Respondent, a Multi-State Co-operative Society, is a public sector undertaking. As such, no protection is available under the MRC Act to the premises licenced to the Respondent. In order to ascertain the factual status of the Respondent, Mr. Cama submits that the Respondent is operating under the administrative control of the Department of Consumer Affairs (Ministry of Consumer Affairs, Food and Public Distribution) and plays a pivotal role by serving as strategic link between farmers and consumers. It was established to function as the apex body of consumer cooperatives in the country. The Respondent operates through a network of 28 Branch Officers located in different parts of the country with its headquarters in New Delhi.

11. The Respondent discharges public functions such as price stabilization, essential commodities procurement, consumer welfare etc. under the administrative control of the Ministry of Consumer Affairs. Therefore, its inclusion in the second schedule of MSCS Act reflect a legislative judgment that it performs national public functions.

12. As per the Respondent's website, the Respondent has 152 members including the Government of India and three national-level cooperative organizations: National Cooperative Union of India (NCUI), National Cooperative Development Corporation (NCDC), and National Agriculture Cooperative Marketing Federation of India (NAFED). The Respondent's total paid-up share capital stood at Rs.15.02 Crore, of which the Government of India contributed Rs.9.49 Crore (63.18%). In the FY 2023-24, the Respondent achieved a sales turnover of Rs.5,968.96 Crore, a significant increase from Rs.2,811.39 Crore in FY 2022-23. The Audit Report for the FY 24-25 reported that Respondent has achieved Sales Turnover of 8270.86 Crores and the Profit after Tax as Rs.216.53 Crores. The bulk of these sales came from the supply of grocery and general merchandise, as well as textiles, agri-inputs, and civil construction. Respondent also undertakes projects related to Government of India such as the Price Support Scheme and the Price Stabilization Schemes.

13. Under the bye laws of the Respondent, the objects of the Respondent include:

a. To establish trade connections with consumers which will include Governments, Government Undertakings, Local Bodies and others, as well as, manufacturers, distributors and suppliers/ dealers including Government agencies, cooperative or corporate agencies [Bye Law No.3(iv)];

b. Act as agents of Central, State Governments or undertakings, corporations or cooperative institutions or other business enterprises [Bye Law No.3(xiii)];

c. Arrange supplies of various items required by the Central/State Government. Public Sector Undertakings, Co-operative Organizations and others [Bye Law No.3(ix)]; and

d. Securing from the Government such requisite facilities, assistance and financial aids for itself and its members institutions [Bye Law No.3(vii)]

14. The bye-laws further provide control of Government in the following manner:

a. The Board of Directors of the Respondent includes nominees of the Government of India [Bye Law No.25(b)]

b. The membership of the Respondent is open to Government of India and government agencies [Bye Law No.5(d) and (h)]

15. Several statutory provisions of the MSCS Act conclusively prove that the Central Government or State Government have deep pervasive control over the Respondent, namely:

a. Section 48 provides that the Central or State Governments have a right to nominate members of the Board of Directors of the Respondent, which Director cannot be removed by other directors of the Respondent.

b. Under Section 122, the Central Government has the power to give directions to the Respondent in public interest or for the purposes of securing proper implementation of co-operative production and other development programmes approved or undertaken by Central Government or to secure proper management of the business of Respondent or for preventing the affairs of the Respondent being conducted in manner detrimental to the interest of members, depositors or creditors.

16. There is substantial government control in the affairs of the Respondent as Senior Officers of the Department of Consumer Affairs, including the Joint Secretary, Economic Advisor and Advisor (Cost), serve on its Board of Directors. The Government therefore participates directly in the Respondent's administration, policy formulation and decision-making processes.

17. Likewise, as set out hereinabove, Respondent also acknowledges that it functions under the administrative control of the Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution. This conclusively proves that Respondent operates within a governmental framework and serves as an institutional mechanism through which governmental policies relating to consumer welfare and market regulation are implemented.

18. The records of the Respondent demonstrate that it functions as an implementing agency of the Central

Government. It is utilised for procurement under the Price Support Scheme and Price Stabilization Fund, market intervention operations, export canalisation functions, maintenance of buffer stocks and various consumer welfare programmes. In performing these functions, Respondent acts pursuant to governmental directions and policy objectives. Its activities are therefore functionally integrated with those of the State and constitute a mechanism through which governmental objectives concerning food security, consumer welfare and price regulation are carried into effect.

19. The aforesaid provisions and functions of the Respondent conclusively determines that it falls within the criteria of Public Sector Undertaking. The expression Public Sector Undertaking is not defined in the Rent Control Act and must, therefore, be given its ordinary, purposive and contextual meaning. A Public Sector Undertaking' in its ordinary and well-understood sense means any undertaking in which the public sector i.e. the Government has dominant and controlling interest. As set out hereinabove, the Government of India holds 65.42% of the paid-up share capital, making it the single dominant shareholder.

20. In the above factual submissions, Mr. Cama submits that in the case of ***Leelabai Gajanan Pansare & Ors. Vs. Oriental Insurance Company Limited & Ors.***,[1] the Supreme Court observed that the word 'PSU' is not defined in the Rent Act or in the Companies Act. However, as long as it performs a public function, it's a PSU and a PSU is not only a Government Company. It can also be an autonomous body. He further submits that considering the object of Section 3(1)(b) of the MRC Act, whereby the State instrumentalities or corporations establish under the State Act or the public sector undertakings are kept out within the protection of the MRC Act so that the landlord gets the market price of the tenanted premises. He further submits that the Appellate Court has erred in holding that the Respondent is not a public sector undertaking and has protection under the MRC Act and does not fall within the categories mentioned under Section 3(1)(b) of the MRC Act.

1 MANU/SC/3535/2008

Accordingly, he submits that the Judgment of the Appellate Court, on these aspects, is perverse and the Judgment of the Trial Court be restored.

21. In support of his submissions, Mr. Cama relies upon the following judgments:

(i) ***Digambar Behera Vs. State of Odisha & Ors.***[2]

(ii) ***Central Bureau of Investigation, State of Madhya Pradesh Vs. P.G. Jain***[3]

(iii) ***Pradeep Kumar Biswas Vs. Indian Institute of Chemical Biology***[4]

(iv) ***Ramana Dayaram Shetty Vs. International Airport Authority of India***[5]

(v) ***Chairman/President, National Co-operative Consumers' Federation of India Ltd. Vs. Bibhuti Bhushan Sinha***[6]

(vi) ***NCCF Employees Union Vs. Union of India***[7]

(vii) ***Ajay Hasia & Ors. Vs. Khalid Mujib Sehravaradi & Ors.***[8]

22. **Mr. Menon**, the learned counsel for the Respondent, submits that the Respondent is a Multi-State Co-operative

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2 2017 SCC OnLine Ori 1025

3 (2016) 12 SCC 360

4 (2002) 5 SCC 111

5 (1979) 3 SCC 489

6 LPA No. 926 of 2008, decided on 7th July 2011

7 Writ Petition (civil) No. 512 of 2017, Order dated 7th January 2022

8 (1981) 1 SCC 722

Society and autonomous body registered under the MSCS Act. It is governed by its own Bye-Laws for the purpose of governance, management, etc. It is neither a body created through a Statute by the Government of India, not is carries out any Statutory functions or obligations. The management of the Respondent vests in the Board of Directors, while the ultimate authority of Respondent vests in the hands of the General Body. Furthermore, the Board of Directors of Respondent exercise all the powers of the Respondent, save and except those which are specifically reserved for the General Body.

23. Mr. Menon places reliance upon the Judgment in the case of ***Union of India & Anr. Vs. Deoki Nandan Aggarwal***[9] to contend that it is not the duty of the court either to enlarge the scope of the legislation or the intention of the legislature when the language of the provision is plain and unambiguous. He submits that the Respondent is not a public sector undertaking and that the term public sector undertaking

9 1992 Supp (1) SCC 323

would not be expanded include a co-operative society. For the same purpose, he also relies upon the Judgment in case of *The Hon'ble Supreme Court in Saregama (India) Ltd. Vs. Next Radio Ltd. & Ors.*[10]

24. It is further submitted that the Respondent is not a "corporation established by or under a Central or State Act" within the meaning of Section 3(1)(b) of the MRC Act, or "State" within the meaning of Article 12 of the Constitution of India. National Co-operative consumers' Federation of India Limited ("**NCCF**") is registered way far back in 1965, which continues to be governed by, but was not established by or under, the MSCS Act. NCCF, begin a pre-existing multi-state cooperative society, was continued, in due course, to be administratively designated a "National Co-operative Society" for the purpose of Section 3(r) read with Section 116 of the MSCS Act, a category of recognition available generally to qualifying pre-existing federal cooperative societies. This statutory continuation and administrative designation of a

10 (2022) 1 SCC 701

pre-existing entity cannot be equated with the "establishment" of NCCF by or under the MSCS Act.

25. It is further submitted that the nature, functions and objects of the NCCF, set out in Bye-Law 3, are to assist, aid and counsel its member institutions in accordance with cooperative principles, and to facilitate their working by providing supply support to consumer cooperatives and allied agencies for distribution of consumer goods at reasonable and affordable rates. Towards this end it renders technical guidance in grading, packaging, standardisation, bulk buying, storing, pricing and account keeping; creates and trains cadres of personnel for the cooperative sector, in collaboration with NCUI; holds seminars, conferences and training programmes; establishes trade connections with Governments, cooperative organisations and corporate bodies.

26. Bye-law 4 also functions in the same mould. In practice, NCCF is principally a trading body/implementing agency/nodal agency. It deals chiefly in groceries and essential commodities, including under the Price Stabilisation Fund and

Price Support Scheme, and also in general merchandise, textiles, import and export, construction and agri-inputs, all conducted on its own account and at its own commercial risk. Even where NCCF procures or distributes commodities at the instance of Government, as under price stabilisation operations from time to time, it does so under its own Bye-laws (Bye-law 3(ix) and (xiii)), as a commercial agency executing business for a client, and not in discharge of any governmental or sovereign function delegated to it. “Public sector undertaking” has no fixed statutory meaning; it is defined neither in the Rent Act nor in the Companies Act.

27. It is submitted that Governmental shareholding in the NCCF, without more, is not determinative. Under Bye-law 20(a) of NCCF's Bye-laws, the ultimate authority of NCCF vests in its General Body, and under Bye-law 20(c), every delegate present at a General Body meeting has one vote, exercised in person, with no proxy permitted. The Government of India, notwithstanding that it presently holds a substantial share of NCCF's paid-up capital, possesses only one vote in the General Body, out of delegates of over 150 member institutions drawn from State-level consumer cooperative federations and other cooperative societies across the country (Bye-law 5(a) to (g)). This is the cooperative principle of "one member, one vote", standing in direct contrast to the one share, one vote" principle that governs control in a company, where voting power is coextensive with shareholding. The Government's shareholding is not permanent proprietary concern. Shares held by members, including the Government of India, are subject to withdrawal or transfer only after a minimum holding period and Board approval (Bye-law 18(v) and (vi)), are retirable by NCCF as per terms of sanction in the case of Government's holding (Bye-law 18(vii)), and, being cooperative share capital, do not carry the attributes of equity ownership in a company. Management likewise remains with elected representatives. Under Bye-law 25, the Board of Directors comprises not exceeding 17 members (of which only the Government's nominee(s) under Section 48 of the MSCS Act (Bye-law

25(b)), being, one nominee each of NCUI, NCDC and NAFED (Bye-law 25(c)) sit outside the elective process; the remaining Directors, five from State-level Apex Federations (Bye-law 25(a)) and five from other member cooperatives (Bye-law 25(d)), are elected by the General Body. The Chairman and Vice-Chairman are elected by the Board from amongst themselves (Bye-law 25(f)), and even the Managing Director, though the Chief Executive, functions under the overall control of the Board (Bye-law 36).

28. It is submitted that NCCF is financially self-sustaining. It draws its income from the commercial operations described in Part C, not from budgetary support, and reported a turnover of about Rs.5,969 crore in FY 2023-24 and about Rs.8,271 crore in FY 2024-25, with profit after tax of about Rs.182 crore and about Rs.250 crore respectively, against a total paid-up share capital, across all members, of roughly Rs.15 crore. The value of Government's shareholding is thus negligible against NCCF's self-generated turnover, and NCCF cannot be said to be "substantially financed" by Government in any relevant sense. Reliance is placed on ***D.A.V. College Trust & Management Society v. Director of Public Instructions***[11], where Government shareholding or assistance, without more, was held insufficient to constitute substantial financing of an institution otherwise capable of carrying on its activities independently.

29. It is further submitted that the NCCF is not "State" within the meaning of Article 12. For that purpose, he relies upon the Judgment of the Delhi High Court in the case of ***J. S. Arneja Vs. NCCF***[12]. NCCF fails every indicium of State control laid down in ***Ramana Dayaram Shetty*** (supra), and applied in ***Ajay Hasia v. Khalid Mujib Sehravardi***[13], and ***Pradeep Kumar Biswas v. Indian Institute of Chemical Biology***[14], its entire share capital is not Government owned; it receives no financial assistance beyond ordinary share subscription; it enjoys no State-conferred monopoly; there is no deep and pervasive administrative control over its day to day

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11 (2019) 9 SCC 185
12 1994 (28) DRJ 546
13 (1981) 1 SCC 722
14 (2002) 5 SCC 111

functioning, which rests with its elected Board and General Body; its objects and functions are those of an ordinary consumer cooperative federation, not a governmental function transferred to it. ***Zee Telefilms Ltd. v. Union of India***[15], declined to treat even a body performing functions of undoubted public importance as "State" in the absence of pervasive control. NCCF similarly is not a “State” within the meaning of Article 12 of the Constitution of India.

30. It is further submitted that NCCF is not a corporation established by or under any Central or State Act and this does not fall within the categories mentioned in Section 3(1)(b). For that purpose, he relise upon the Judgment in the case of ***Shetkari Sahakari Sangh Ltd. Vs. Dilip Shankarrao Patil***[16], ***Deoki Nandan Aggarwal*** (supra) and ***Saregama (India) Ltd.*** (supra). The Respondent-Society is not created under the MSCS Act Act as it is merely governed by and in accordance with the provisions of Multi-State Co-operative Society. NCCF

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15 (2005) 4 SCC 649

16 2024 SCC OnLine Bom 3649

stands on the same footing as the ordinary registered society considered in ***Shetkari Sahakari Sangh Ltd.*** (supra).

31. Having considered the rival submissions, the question that arises for consideration is whether the Respondent is a public sector undertaking as contemplated under Section 3(1)(b) of the MRC Act and whether the Public Sector Undertaking has to be incorporated under the Central or State Act for being excluded from protection of the provisions of the MRC Act? For ready reference, Section 3(1)(b) of the MRC Act is noted below:

> *"**3(1)(b)** to any premises let or sub-let to banks, or any Public Sector Undertakings or any Corporation established by or under any Central or State Act, or foreign missions, international agencies, multinational companies, and private limited companies and public limited companies having a paid up share capital of more than rupee one crore or more."*

32. Section 3(1)(b) of the MRC Act uses the expression "Public Sector Undertaking or corporation established by or under any Central or State Act." The above portion of Section 3(1)(b) is separated by commas from the other part of Section 3(1)(b). The contention is that the PSU has to be established by or under the Central or State Act to be excluded from the protection of MRC Act. However, the Supreme Court in the case of ***Leelabai Gajanan Pansare & Ors.*** (supra) has extensively dealt with this aspect and has held in paragraph 46 thus:

> *"**46. According to the respondents, the words `PSUs' in Section 3(1)(b) has to be read with the words any corporation established by or under Central or State Act.** In other words, according to the respondents, only those PSUs which are established by or under any Central or State Act alone stand excluded from the protection of the Rent Act. According to the respondents, PSUs which are Government companies incorporated under Section 617 of the 1956 Act are entitled to the protection as they are not expressly excluded under Section 3(1)(b). We do not find merit in this submission. Firstly, it may be noted that several entities have been enumerated in Section 3(1)(b), namely, banks, PSUs or statutory corporations, foreign missions, international agencies, multinational companies and private limited and public limited companies having a paid up share capital of Rs. 1,00,00,000 or more. As stated above, the said Rent Act, 1999 has brought about structural changes in the legislation. In this case, it was open to the legislature to opt for any of the tests, namely, test of origin, test of public character of the functions performed by each of these entities, test of public character of each of the undertakings, test of agency or instrumentality, test of monopolistic status, test of mobilization of resources etc. In the present case, we find that the legislature has opted for an economic criteria, namely, entities which are in a position to pay rent at market rates are to stand excluded from Rent Act protection. This is the test of Financial*

Capability. This is the golden thread which runs through Section 3(1)(a). Be it banks, PSUs. Statutory corporations, multinational companies, foreign missions, international agencies and public and private limited companies having a paid up share capital of Rs. 1,00,00,000 or more stand excluded from the Rent Act protection. This criteria has been selected by the legislature knowing fully well that each of these entities including PSUs can afford to pay rent at the market rates. Secondly, we have given in- depth consideration to the contention advanced on behalf of the respondents on the interpretation of Section 3(1)(b). ***We are of the view that to accept the contention of the respondents, namely, that only PSUs which are established by or under the Central or State Acts will not get protection whereas PSUs which are Government companies incorporated under the 1956 Act would continue to get protection would make the Section 3(1)(b) vulnerable to challenge as violative of Article 14 of the Constitution.***

…Applying this test, we hold that Section 3(1)(b) clearly applies to different categories of tenants all of whom are capable of paying rent at the market rates. Multinational companies, international agencies, statutory corporations, Government companies, public sector companies can certainly afford to pay rent at the market rates. This thought is further highlighted by the last category in Section 3(1)(b). Private limited companies and public limited companies having paid up share capital of more than Rs. 1,00,00,000 are excluded from the protection of the Rent Act. This further supports the view which we have taken that each and every entities mentioned in Section 3(1)(b) can afford to pay rent at the market rates…"

33. The submission before the Supreme Court in ***Leelabai Gajanan Pansare & Ors.*** (supra) was the words `PSUs' in

Section 3(1)(b) has to be read with the words any corporation established by or under Central or State Act. In other words, the submission was only PSUs which are established by or under any Central or State Act alone stand excluded from the protection of the Rent Act. As such, the Government companies incorporated under Section 617 of the 1956 Act are entitled to the protection of the Rent Control Act as they are not expressly excluded under Section 3(1)(b). The Court repelled the contention by observing that several entities have been enumerated in Section 3(1)(b), namely, banks, PSUs or statutory corporations, foreign missions, international agencies, multinational companies and private limited and public limited companies having a paid up share capital of Rs. 1,00,00,000 or more. The Rent Act, 1999 has brought about structural changes in the legislation and it was open to the legislature to opt for any of the tests, namely, test of origin, test of public character of the functions performed by each of these entities, test of public character of each of the undertakings, test of agency or instrumentality, test of monopolistic status, test of mobilization of resources etc. The Supreme Court held that the legislature has opted for an economic criteria, namely, entities which are in a position to pay rent at market rates are to stand excluded from Rent Act protection. This is the test of Financial Capability. This is the golden thread which runs through Section 3(1)(a). Be it banks, PSUs, Statutory corporations, multinational companies, foreign missions, international agencies and public and private limited companies having a paid up share capital of Rs. 1,00,00,000 or more stand excluded from the Rent Act protection. This criteria has been selected by the legislature knowing fully well that each of these entities including PSUs can afford to pay rent at the market rates. The Court further observed that to accept the contention of the respondents, namely, that only PSUs which are established by or under the Central or State Acts will not get protection whereas PSUs which are Government companies incorporated under the 1956 Act would continue to get protection under MRC Act would make the Section 3(1)(b) vulnerable to challenge as violative of Article 14 of the Constitution. To illustrate, the Supreme Court observed that LIC being a statutory corporation stands excluded from the provisions of the Rent Act whereas Government companies incorporated under the Companies Act, 1956 would continue to get protection would lead to arbitrary discrimination under Article 14 to the Constitution. The Supreme Court observed that one of the possible view could be that the words `PSUs' as understood by the Legislature, it is clear that, India's PSUs are in the form of statutory corporations, public sector companies, Government companies and companies in which the public are substantially interested. These entities are basically cash-rich entities. They have positive net asset value. They have positive net worths. They can afford to pay rents at the market rate. Thus, the Supreme Court has rejected the idea that the PSUs which could also be Government Company if not established by or under the State Act would be excluded from the ambit of Section 3(1)(b). Any PSUs whether established under the Public Sector Act or otherwise would be covered under the ambit of Section 3(1)(b). Thus, the Supreme Court interpreted Section 3(1)(b) in a manner so as to avoid the Section being struck down as violative of Article 14 of the Constitution of India.

34. The next issue before this Court is whether the Respondent is a PSU, in the context of Section 3(1)(b) of the MRC Act? The Supreme Court in the case of ***Leelabai Gajanan Pansare & Ors.*** (supra) also interpreted the word PSU in Section 3(1)(b), purely in the context of provisions of MRC Act as noted at paragraph 48 as under:

> *"48. We may note that we have interpreted the words 'PSUs' in Section 3(1)(b) purely in the context of the provisions of the Maharashtra Rent Control Act, 1999. Our judgment is, therefore, confined strictly to the said provisions of the Rent Act."*

35. The definition of PSU has to be broadly interpreted for the purposes of Rent Control Act, as the Rent Control Act, 1999 has a historical background. In the case of ***Malpe Vishwanath Acharya and ors. v. State of Maharashtra and anr.,***[17] the Supreme Court considered the constitutional

17 (1998) 2 SCC 1

validity of the Maharashtra Rent Act, 1947 and has observed that the existing provisions of the Bombay Rent Act relating to the determination and fixation of the standard rent can no longer be considered to be reasonable. The said provisions would have been struck down as having become unreasonable and arbitrary but the Court thought it was not necessary to strike down the same in view of the fact that the extended period of the Bombay Rent Act was to comes to an end on 31-3-1998. It was noticed that new bill was under consideration and the Court left it to the legislature to frame a just and fair law keeping in view the interests of all concerned. It was observed by the Supreme Court that by the passage of time, the MRC Act of 1947 which was justified, however, due to change in economic circumstances, the determination and fixation of the standard rent can no longer be considered to be reasonable. However, the 1947 Act was not struck down in view of the new Act which was in offing. Considering the difficulty faced to the MRC Act, the Legislature gave package to the Landlord in the new MRC Act of 2000 by excluding cash-rich body corporates and statutory corporations from the protection of the Rent Act. This part of the economic package helps the landlords to enhance the rent and charge rent to the entities mentioned in Section 3(1)(b) who can afford to pay rent at the market rate. The new Rent Act of 2000 also give the benefit of annual increase of rent @ 5% and the provisions of bar, on receiving premium, was also deleted. All the three items noted above constituted one composite package for the landlords. The underlying object behind the said economic package is to balance and maintain the two-fold objects of the Rent Act, namely, tenancy protection and rent protection. The idea behind excluding cash-rich entities from the protection of the Rent Act is also to continue to give protection to tenants who cannot afford to pay rent at market rate. In this background, Section 3(1)(b) came to be enacted. By offering an economic package to the landlords, the legislature has tried to maintain a balance. The provisions of the earlier Rent Act, as stated above, had become vulnerable, unreasonable and arbitrary with the passage of time. In the light of the observations made by the Supreme Court in the cases of ***Malpe Vishwanath Acharya and ors.*** *(supra) and* ***Leelabai Gajanan Pansare & Ors.*** (supra), the term "Public Sector Undertaking" in Section 3(1)(b) needs to be interpreted.

36. The Single Bench of this Court in the case of ***United India Insurance Co. Ltd. Vs. Hongkong And Shanghai Banking***[18], while dealing with the question of interpretation of Section 3(1)(b), has observed that the expression "public sector undertakings" is not defined in the Act or any other law. In view of the fact that the expression "public sector undertakings" has not been defined in the Maharashtra Rent Act or any other relevant law, the expression must be given the meaning as is commonly understood. The test applied in excise law that the words of common parlance must be given the meaning ascribed to them by a common man would equally apply for interpreting the meaning of the expression "public sector undertakings". Common man considers the

18 2007 (5) MHLJ 313

corporations owned or controlled by the Central or the State Government as public sector undertakings. A corporation or a company whose entire or majority of the share capital is held and owned by the Government or any organ or instrumentality of the Government is regarded as a public sector undertaking by the common man. That is a common meaning of the phrase “public sector undertakings”.

37. The Supreme Court in ***Leelabai Gajanan Pansare & Ors.*** (supra) has observed that the word `PSU' is not a term of art. It is not defined in the said Rent Act. It is not defined in the Companies Act. It is observed that the Government has adopted the method of running companies by directly holding shares in them. This is apart from statutory corporations which are set up or established under Central/State Acts. The public character of the functions performed by the Undertaking determine the character of that undertaking. It is the public character of the functions of the undertaking which makes it a PSU. However, there is no conclusive test for determining the status of an undertaking as a PSU. In judging the character of an entity, the court has to keep in mind the context in which the word PSU is used in a given enactment. There are a number of tests which could be applied in judging the character of an entity, namely, the test of origin, the test of agency or instrumentality of the State, the functional test, the monopolistic status of an entity, test concerning areas of operations, the test of economies of scale, the test of control, the role of the entity in the priority sector etc. Therefore, there is no one conclusive test applicable to decide the character of an entity. The PSUs may be in the form of departmental units, corporations, Government companies, autonomous bodies or authorities. It is further observed that **a majority of PSUs in India are in the company form** and the idea behind bringing more PSUs in this form has been mainly that of autonomy. Thus, it is observed that statutory corporations, public sector companies and Government companies are merely corporate forms. India's PSUs may be in the corporate forms or in the form of statutory corporations or in the form of public sector companies. From the above observation of the Supreme Court in ***Leelabai Gajanan Pansare & Ors.*** (supra), this Court finds that a PSU could also be a non-company and also a co-opearative society if it fulfils the criteria for the purpose of the Rent Act.

38. The Supreme Court in the case of ***Ramana Dayaram Shetty*** (supra) has observed that the corporation can include entity created under the Societies Registration Act and if Government owns majority shareholding then it is an instrumentality of the Government i.e. it would be a PSU even if it functions autonomous.

39. In ***Shetkari Sahakari Sangh Ltd.*** (supra), the Appellant, Shetkari Sahakari Sangh Ltd. was a Co-operative Society registered under the provisions of the Maharashtra Co-operative Societies Act, 1960 (MCS Act), and the issues involved therein are as under:

(i) Whether the Defendant fits into the definition of the term 'any corporation established by or under any Central or State Act' used under section 3(1)(b) of the Maharashtra Rent Control Act, 1999 ?

(ii) Even if the Defendant does not strictly fit into the words 'any corporation established by or under any Central or State Act' whether the Defendant would be covered by the entities who are exempted from application of provisions of Maharashtra Rent Control Acy, 1999 on the principle of 'affordability to pay rent' by applying judgment of Apex Court in Leelabai Gajanan Pansare and others vs. Oriental Insurance Company and others, (2008) 9 SCC 720 ?

40. The Single Judge of this Court held that merely because the Supreme Court proceeded to include a company within the words 'PSUs' appearing in Section 3(1)(b) of the Rent Act, it does not mean that every entity which is capable of paying rent at market rate would stand exempted from applicability of provisions of the Rent Act under Section 3(1)(b). The Supreme Court was mainly concerned with the issue as to whether 'Government Companies' form a separate class than that of PSUs for the purpose of application of Section 3(1)(b) of the Rent Act. Thus, this Court held that the Judgment of ***Leelabai Gajanan Pansare & Ors.*** (supra) cannot be read to mean that every entity which is capable of affording market rent, would stand excluded under the provisions of the Rent Act. There may be smaller Co-operative Societies formed by a particular group of persons such as fishermen, agriculturists, etc. where such societies may not have very bright financial operations. Whether such Co-operative Societies are required to be treated as 'Corporations' for the purpose of application of Section 3(1)(b) of the Rent Act ? The Court negatived this contention. The Court ultimately answered the questions raised in paragraph 43 as under:

> *"43. The substantial questions of law are accordingly answered as under:*
>
> *(i) Defendant does not fit into definition of the term "any corporation established by or under Central or State Act" used in Section 3(1)(b) of the Maharashtra Rent Control Act, 1999.*
>
> *(ii) By applying the ratio of the judgment of the Supreme Court in Leelabai Gajanan Pansare case the defendant cannot be treated as an entity which is exempted from application of provisions of the Rent Act by applying the principle of "affordability to pay market rent".*

41. In ***Shetkari Sahakari Sangh Ltd.*** (supra), the Single Bench of this Court has observed that a co-operative society is an association of private individuals and, that it cannot fall within the term "corporation established by or under the State Act" merely because it is registered under the provisions of the Co-operatives Societies Act.

In the instant case, this Court is concerned only with whether the Respondent, in which the Government holds 65% share capital directly and total of 85% indirectly, could be termed as a public sector undertaking and not if it is established under the Central or State Acts.

42. The Patna High Court in the case of ***Chairman/President, National Co-opeative Consumers' Federation of India Ltd. Vs. Bibhuti Bhushan Sinha***[19] has observed that NCCF to be State for the purpose of Article 12 of the Constitution of India. Therefore, Writ Petitions were held to be maintainable.

43. In ***P. K. Ramchandra Iyer & Ors. Vs. Union of India & Ors.,***[20] the Apex Court has relying upon ***Ajay Hasia*** (supra) has

19 2011 SCC OnLine Pat 797

20 (1984) 2 SCC 141

held Indian Council of Agricultural Research (ICAR), a Registered Society, to be an instrumentality of State and thus Writ Petition is held to be maintainable.

44. Relevant is also the Judgment of the High Court of Orissa in the case of ***Digambar Behera*** (supra), wherein the Court has observed that a body is performing 'public function' when it seeks to achieve some collective benefit for the public or a section of public and is accepted by the public or that section of the public as having authority to do so. Bodies therefore, exercise public functions when they intervene or participate in social or economic affairs in the public interest. It is further observed that the public character of the functions performed by the undertaking determine the character of that undertaking. It is the public character of the functions of the undertaking which makes it a PSU. PSUs may be in the form of departmental units, corporations, government companies, autonomous bodies or authorities. All the important forms of organization for PSUs have certain advantages and certain limitations. A majority of PSUs in this form has been mainly that of autonomy. Similar is the case of statutory corporations which are also created to mitigate the drawbacks of departmental administration.

45. The Supreme Court in the case of ***Central Bureau of Investigation, State of Madhya Pradesh*** (supra) has held as follows:

> *"10. ...In a situation where the cumulative value of the redeemable and non-redeemable shares subscribed by the Central Government in the NCCF would constitute almost 85% of its share-capital, we do not see how the participation of the Central Government, by means of subscription to the non-redeemable shares, would fall outside the meaning and scope of the expression "aided" as appearing in Section 2(c)(iii) of the P.C. Act, 1988. Even otherwise, we find no basis to hold that the equity participation insofar as the non-redeemable shares is concerned would amount to a loan to the NCCF by the Central Government. We, therefore, hold that the Central Government holds majority of the shares in the NCCF i.e. 85% thereof and, therefore, the NCCF is a body "aided" by the Central Government as required Under Section 2(c) (iii) of the P.C. Act, 1988."*

46. Few facets of the Respondent becomes apparent from the submissions given by the Respondent along with its Annual Report placed on record. The report indicates that the Respondent is under the administrative control of the Ministry of Cooperation and the Department of Consumer Affairs. It implements the Price Support Scheme (PSS) and Price Stabilization Fund (PSF), NCCF procures pulses, oilseeds and other green grams. It has a business turnover of Rs.5,000 Crores fully supported by credit facilities made available by the Central Government. The NCCF operates under the administrative control of the Ministry concerned, and its founding objective is to provide supply support to consumer co-operatives and other distributing agencies for making consumer goods at reasonable and affordable costs. Its Board of Directors consists of 15 members, elected representatives of members co-operative societies and also three Directors nominated by the Central Government. The Managing Director is also appointed by the Central Government. Its Head Office is situated at Delhi and it has 28 branches all over the India. The website reflects it as the National Cooperative Consumers' Federation of India Ltd. Ministry of consumer Affairs, Food and Public Distribution, Govt. of India.

47. The Annual Report of NCCF of the year 2024-25 submitted by the Respondent shows that the budgetary provisions are quoted as below:

> *"Budget allocation of ₹34,489.15 crore has been made under the PSF corpus from 2014-15 to 2024-25. This fund has been largely utilized for building the dynamic buffer of pulses and onions.*
>
> *As per the Government's decision, the PSF was transferred to the Department of Consumer Affairs (DOCA) with effect from 1 April 2016. Price stabilization operations are determined at the Centre by the Central Price Stabilization Fund Management Committee (PSFMC), which was reconstituted on transfer of the Scheme and is now headed by the Secretary, Department of Consumer Affairs. The Corpus Fund is managed by the Small Farmers Agribusiness Consortium (SFAC). There is also a sub-committee for. investing surplus from the PSF corpus, chaired by Financial Adviser, Ministry of Consumer Affairs, Food and Public Distribution*
>
> *During the year 2015, the Government approved creation of pulses buffer stock of 1.5 lakh MT. Subsequently, after due deliberation, it was recommended to Increase the limit to around 20 lakh MT of pulses for effective market intervention. The Government created a buffer of 20.50 lakh MT of pulses through both domestic procurement and imports by RMS 2017-18, from which regular disposal was undertaken."*

48. The authority of the Respondent is controlled by the Central Government. The Board of Directors of NCCF consists of Joint Secretary, Department of Consumer Affairs, Two DOCA-Director (Govt. Nominee), NCUI Nominated Director, one person from NCDC, Nominated Director by NAFED and one Government Officer as Managing Director.

The financing of two schemes i.e. PSS and PSF is by the Central Government. The Central Government holds approximately 65% of the share capital directly and total of 85% indirectly, as observed in ***Central Bureau of Investigation, State of Madhya Pradesh*** (supra). After amendment to the Multi-State Co-operative Act, Section 35 provides that the share capital of the authorities cannot be reduced without the consent of the authorities.

49. Section 35 of MSCS Act is quoted below:

> *"35. Redemption of shares.—(1) The shares of the authorities referred to in clauses (c) and (d) of sub-section (1) of section 25, held in multi-State co-operative societies,—*
>
> *(a) shall not be redeemed without the prior approval of such authorities; and*
>
> *(b) may be redeemed in such manner as may be agreed upon between the multi-State co-operative society and such authorities.*
>
> *(2) The shares held in a multi-State co-operative society by any of the authorities referred to in clauses (e) to (g) of sub-section (1) of section 25, shall be redeemed in accordance with the bye-laws of such multi-State co-operative society and in case, where the bye-laws do not contain any provision, in such manner as may be*

agreed upon between the multi-State co-operative society and such authorities.

(3) The redemption of shares referred to in sub-sections (1) and (2), shall be on the face value of shares."

50. The Respondent is a national federal co-operative society, which has no individual members but has other co-operative societies as its members. Although the structure of the Respondent is of a co-operative society and its authority vests in the General Body, the Respondent act on the direction of the State to implement its policies. The business of the Respondent is the ensure price stablisation of the food articles by procurement and sale. The activity is financed/budgeted by the State. The management of the Respondent is also substantially controlled by the appointments made by the State. The Respondent, in view of the amendment in the MSCS Act, cannot unilaterally dilute the share capital of the State. In some Judgments of the High Courts as noted herein-above, the Respondent is held to be a "State". However, the Delhi High Court has held that the Respondent not to be a "State" within the meaning of Article 12 of the Constitution of

India. The PSS and PSF scheme and the other schemes of the Central Government are implemented through the Respondent. The Annual Report placed on record by the Respondent on 2024-25 show that Rs.34,489.15 crore has been made under the PSF corpus from 2014-15 to 2024-25. The Respondent is a cash-rich body.

51. For the purposes of Section 3(1)(b), the Respondent, NCCF, though a co-operative society, would be a Public Sector Undertaking as the State undertakes its public functions through the Respondent. The entire business of the Respondent revolves around the implementation of Central schemes. As per Bye Law No.3(vii), NCCF secures requisite facilities, assistance and financial aids for itself and its members institutions from the Government. NCCF is in financially sound condition. The entire financing for implementation of schemes is from the Central Government. For the reasons noted above, the Respondent NCCF, for the purpose of Section 3(1)(b) of the MRC Act is a PSU. Considering the Financial control, Managerial control and functionality i.e. the Respondent is an agency of the Central Government to implement its policy, this Court holds that the Respondent is a PSU for the purpose of Section 3(1)(b) of the MRC Act.

52. The Appellate Court, held that the Respondent is not incorporated under the Central or State Acts and, as such, is not covered within the definition of 3(1)(b), has erroneously interpreted Section 3(1)(b). The Respondent, NCCF, is covered within the definition of a "Public Sector Undertaking" under Section 3(1)(b) of the MRC Act and, as such, is excluded from the applicability of the MRC Act to the premises leased to the Respondent. This Court thus set asides the impugned Judgment and Order of the Appellate Court dated 13th March 2026 and restores the Judgment and Decree of the Trial Court dated 30th March 2023.

53. In view of the above, the Civil Revision Application is allowed and disposed of accordingly.

(ARUN R. PEDNEKER, J.)

54. At this stage, learned counsel appearing for the Respondent submits that the order passed today be stayed. Considering the prayers made, it is directed that the original Plaintiff – Applicant herein will not initiate execution proceedings for a period of twelve weeks.

55. As an interim measure the Respondents would also continue to pay the rent at the same rate which was deposited before the Trial Court, during the pendency of proceedings before the Trial Court, for a period of twelve weeks. This is without prejudice to the rights of Applicant to recover amounts that may become due and payable.

(ARUN R. PEDNEKER, J.)