

Where, upon amalgamation under Section 45 of the Banking Regulation Act, the original tenant ceases to exist and the tenancy rights and possession of the rented premises vest in another entity without the landlord's written consent, Section 14(1)(b) of the Delhi Rent Control Act is attracted

The **Supreme Court** in the case of **British Motor Car Company vs Hindustan Commercial Bank [Civil Appeal No. 5714 of 2012] dated July 09, 2026**, has held that where, upon amalgamation under Section 45 of the Banking Regulation Act, the original tenant ceases to exist and the tenancy rights and possession of the rented premises vest in another entity without the landlord's written consent, Section 14(1)(b) of the Delhi Rent Control Act is attracted. The Court clarified that the provision does not carve out any exception for involuntary or statutory transfers under an administrative scheme.

According to the Court, Section 14(1)(b) covers every mode by which tenancy rights or possession pass from the original tenant to another entity, including involuntary transfers. It reiterated that the law does not distinguish between voluntary and involuntary transfers, and that the reasons behind the transfer are irrelevant once the factual situation of assignment or parting with possession is established.

The Court found that once the amalgamation took effect on Dec 19, 1986, HCB ceased to exist and all its rights, liabilities, assets, and interests, including tenancy rights in the premises, stood vested in PNB. As a result, HCB had parted with possession and PNB had come to occupy the premises. Since this transfer admittedly took place without the landlord's written consent, both ingredients of Section 14(1)(b) stood satisfied. The Court therefore rejected the respondents' argument that a transfer under a banking amalgamation scheme should be treated differently merely because it was not voluntary.

The Court also rejected the argument that a scheme framed under Section 45 of the Banking Regulation Act should be treated as having overriding statutory force. Rather, it held that the scheme-making process under Section 45 is administrative in nature, not legislative. Therefore, such a scheme cannot be treated as a statutory enactment capable of overriding Section 14(1)(b) of the Delhi Rent Control Act.

What matters is the factual transfer of tenancy rights and possession to a different entity without written consent, not the reason or manner in which that transfer occurred. Accordingly, the Supreme Court restored the eviction decree passed by the Additional Rent Control Tribunal.