



July - August, 2025

PRECEDENT PRISM

A monthly compendium of significant
Supreme Court decisions by
Vakeel Khoj

FROM EDITOR'S DESK

After the successful release of the June Edition of Precedent Prism and in light of the encouraging feedback from our readers — comprising legal professionals, academicians, and students — we are delighted to announce the launch of the July - August Edition of Precedent Prism.

This edition continues our mission to bring together the most significant and impactful judgments of the Hon'ble Supreme Court of India, covering key domains such as constitutional, criminal, civil, and regulatory law. Each case summary has been carefully curated to present the facts in brief, issues in question, and the reasoning and findings of the Hon'ble Court, providing readers with a concise yet comprehensive understanding of evolving legal principles.

To further enhance accessibility, this edition enables readers to directly access the complete text of each judgment through embedded links to the official website of the Hon'ble Supreme Court of India.

We express our sincere gratitude to all readers and contributors for their continued encouragement and support.

This edition has been edited and compiled under the leadership of Ms. Aadyaa Katiyar (Final Year Law Student), with valuable contributions from Mr. Jay Goyal (Fourth Year Law Student), whose commitment and efforts have significantly enriched this publication.

Vakeel Khoj remains dedicated to making Precedent Prism a reliable monthly resource for staying informed about the ever-evolving landscape of Indian jurisprudence.

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(Managing Partner at Vakeel Khoj)*

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*Mr. Nikhilesh Pratap Singh Gour
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*Adv. (Dr.) Udai Bhan Singh Gour
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Supreme Court quashes case under UP Gangsters Act

Vinod Bihari Lal v. State of Uttar Pradesh & Another, 2025 SCC OnLine SC 1216

Bench: J.B. Pardiwala and Manoj Misra JJ.

FACTS

- The appellant, **Vinod Bihari Lal**, was charged under Sections 2 and 3 of the **Uttar Pradesh Gangsters & Anti-Social Activities (Prevention) Act, 1986** via FIR No. 850 of 2018 registered at P.S. Naini, District Allahabad.
- The charge relied on a “**gang chart**” prepared by the police, which included “base FIRs” from 2017 under the IPC alleging forgery, cheating, land encroachment, and fraud.
- Some base FIRs had been **stayed** or **quashed** by courts; one base FIR (No. 476/2017) was quashed by the Supreme Court.
- In the “base FIR No. 170/2017,” the date of the incident was not specified, and the nature of allegations was school administration, not violence or public order disturbance.
- The investigating agency did **not initiate proceedings** against several other persons named in the base FIRs (selective prosecution).

- The gang chart was approved quickly, without any documented joint meeting, and using pre-printed signature sheets, with no record that each approving authority applied independent mind.
- The chargesheet largely reiterated the FIR, with scant fresh evidence, and declared the offences “proved.”
- The High Court (Allahabad) refused to quash the proceedings under Section 482 CrPC or cancel non-bailable warrants.
- The appellant appealed to the Supreme Court.

ISSUES

1. Whether the allegations in the subject FIR and base FIRs, taken at face value, disclose a valid “gang” under Section 2(b) of the Gangsters Act 1986 (i.e., with violence, threat, coercion, or “otherwise,” and for disturbing public order or obtaining undue advantage).
2. Whether the selective inclusion (and exclusion) of persons from investigation in the base FIRs reflects mala fides and warrants quashing.
3. Whether the procedural requirements of the **Rules, 2021** (especially Rules 5, 16, 17) regarding gang-chart preparation, forwarding, approval and recording of independent satisfaction were followed.
4. Whether the High Court erred in refusing to exercise its inherent jurisdiction under Section 482 CrPC to quash proceedings that appear manifestly frivolous, vexatious, or abuse of process.

JUDGMENT

- The Supreme Court allowed the appeals.
- It **set aside** the High Court’s orders rejecting quashing and rejecting cancellation of non-bailable warrants.
- The Court **quashed** FIR No. 850 of 2018 and **all proceedings** under it against the appellant.
- It clarified that its observations are **limited to the subject FIR and proceedings** and will not affect other pending criminal cases or trials.

- The Court also mandated that authorities must adhere to the **guidelines / checklist** issued by the UP government (02.12.2024) and ensure strict compliance with the Rules of 2021 in future cases.

RATIO DECIDENDI

1. **No Valid Base:** If the basic FIRs themselves fail to disclose acts of violence, coercion, threat or disruption of public order, they cannot serve as a foundation for a “gang” case under Section 2(b).
2. **Selective Prosecution is Suspect:** The failure to prosecute similarly situated persons named in the base FIRs raises strong inference of mala fides and undermines trust in the investigation.
3. **Substantive Quashing under Section 482:** Courts may quash even pending proceedings when the FIR, taken at face value, fails to make out an offence, or when continuance would be an abuse of process or harassment.
4. **Procedural Safeguards Matter:** The Rules of 2021 impose mandatory procedural steps (joint meetings, independent mind, written satisfaction) in gang-chart approval. Mechanical or rubber-stamp approvals violate due process and must invalidate the FIR.
5. **Application of Mind Cannot Be Presumed:** Approving authorities must explicitly record their satisfaction based on materials before them, not simply adopt the recommending authority’s note.
6. **Criminal Antecedents Not Enough:** A bad record of previous cases cannot justify sustaining a defective FIR; protection against unjust prosecution is integral to Article 21.

‘CBEC circular on 1% duty drawback not prospective’; SC clarifies retrospective entitlement under All Industry Rate Scheme

Suraj Impex (India) (P) Ltd. v. Union of India, 2025 SCC OnLine SC 1226

***Bench:* B.V. Nagarathna, J., Satish Chandra Sharma, J.**

FACTS

1. **Background:** Suraj Impex (India) Pvt. Ltd., a merchant exporter of **Soyabean Meal (SBM)** classified under Chapter 23 of the **Customs Tariff Act, 1975**, exported the product regularly and claimed **All Industry Rate (AIR) of 1% duty drawback** as per successive customs notifications (Nos. 81/2006, 68/2007, 103/2008, and 84/2010).
2. **Department's Objection:** In 2008, the **Directorate General of Central Excise Intelligence (DGCEI)** took the view that exporters who had already claimed **rebate under Rule 18 or Rule 19(2) of the Central Excise Rules, 2002**, could not claim the **1% AIR duty drawback** as well. Consequently, the appellant's drawback claims were **withheld**.
3. **Representation and CBEC Circular:** Following multiple representations, the **Central Board of Excise and Customs (CBEC)** issued **Circular No. 35/2010-Cus., dated 17-09-2010**, clarifying that the **customs portion** of the AIR duty drawback would still be available **even if excise rebate** had been availed.
4. **Dispute on Retrospective Application:** Despite the clarification, the **Commissioner of Customs** and **CBEC** refused to apply the Circular retrospectively, holding that it was **effective only from 20-09-2010**.

The **Madhya Pradesh High Court** dismissed Suraj Impex's writ petition, agreeing with this prospective application view. The **review petition** was also dismissed, leading to the present **civil appeal** before the Supreme Court.

ISSUES

1. Whether **Circular No. 35/2010-Cus., dated 17-09-2010**, is **clarificatory or substantive** in nature?
2. Whether the said Circular can be **applied retrospectively** to allow AIR duty drawback to exporters who had availed CENVAT credit prior to 20-09-2010?

JUDGMENT

- The **Supreme Court** allowed the appeal, holding that **Circular No. 35/2010-Cus.** is **clarificatory in nature** and must be **applied retrospectively**.

- The Court **set aside** the **Madhya Pradesh High Court's judgment** and the **order in review**.
- The appellant, **Suraj Impex (India) Pvt. Ltd.**, was held **entitled to 1% AIR customs duty drawback** for **Soyabean Meal exports from 2008 onwards**, even if they had availed **central excise rebate** under Rule 18 or 19(2).
- The Court directed **CBEC** to process and **disburse** the eligible drawback amount accordingly.

RATIO DECIDENDI

1. Clarificatory Circulars Operate Retrospectively:

- The Court held that **clarificatory circulars**, especially when **beneficial**, must be **applied retrospectively** unless expressly stated otherwise.
- The Circular did not create a new right or impose a new duty but **reaffirmed** the true intent of previous notifications.

2. Consistent Language in Notifications:

- Since all earlier notifications from 2006 to 2010 prescribed the same 1% rate and did not differentiate based on CENVAT status, the **CBEC Circular merely clarified** an already existing position.

3. Date of Effect Not Determinative:

- The **mention of an effective date** in the Circular does not automatically make it **prospective**, if the nature of the clarification shows a **declaratory or interpretative intent**.

4. Precedent Applied:

- The Court relied on **CIT v. Gold Coin Health Food (P) Ltd., (2008) 9 SCC 622**, reaffirming that **clarificatory provisions and circulars have retrospective operation**.
-

Supreme Court Rules Section 11 of SARFAESI Act Mandates Statutory Arbitration for Disputes Between Banks, Financial Institutions, Asset Reconstruction Companies, and Qualified Buyers

Bank of India v. Sri. Nangli Rice Mills (P) Ltd., 2025 SCC OnLine SC 1229

Bench: J.B. Pardiwala and Pankaj Mithal, JJ.

FACTS

- The appeal arose from a dispute between two public sector banks regarding enforcement of common security interests given by a borrower.
- The High Court directed the parties to resolve the dispute via arbitration under **Section 11 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)**.
- The appellant-bank challenged the High Court's order, contending that there was no written arbitration agreement between the banks, citing precedents from **Federal Bank** and **Standard Chartered Bank**.
- Respondent-bank argued the dispute should follow the **AMRCD memorandum**, applicable to disputes between CPSEs.
- The Supreme Court examined the definition of "borrower" under **Section 2(f) of the SARFAESI Act**, provisions of Section 11, the Arbitration and Conciliation Act, 1996, and previous case law, including **Vidya Drolia**, **Transcore**, and **Mardia Chemicals**.

ISSUES

1. Whether a written arbitration agreement is required under Section 11 of the SARFAESI Act.
2. Whether Section 11 applies to disputes between two banks, financial institutions, asset reconstruction companies, or qualified buyers.
3. Whether the statutory arbitration under Section 11 is mandatory or directory.
4. Whether the AMRCD memorandum framework could override the statutory arbitration provided under Section 11.

JUDGMENT

- Section 11 of the SARFAESI Act mandates arbitration for disputes between banks, financial institutions, asset reconstruction companies, or qualified buyers concerning securitisation, reconstruction, or non-payment of dues.
- No explicit written arbitration agreement is required, as Section 11 creates a legal fiction deeming consent to arbitration.
- The provision is **mandatory**; parties cannot bypass it by approaching other forums.
- Disputes arising from common security enforcement between two banks or financial institutions do not fall under Section 11 if one of the banks is acting as a borrower.
- The AMRCD memorandum does not apply to disputes concerning statutory enforcement of security interests under SARFAESI.
- The High Court's direction for arbitration under Section 11 was correct.
- The appeal is **dismissed**; parties to bear their own costs.

RATIO DECIDENDI

1. **Broad Definition of Borrower:** Section 2(f) includes any person or entity receiving financial assistance, including banks acting as borrowers. A lender-turned-borrower is governed by the same statutory framework.
2. **Deemed Arbitration Agreement:** Section 11 presumes written consent for arbitration between banks, financial institutions, asset reconstruction companies, and qualified buyers. No actual written agreement is necessary.
3. **Mandatory Nature of Section 11:** The use of the word “shall” makes arbitration under Section 11 mandatory for eligible disputes; parties cannot opt out or approach alternative forums.
4. **Scope of Disputes:** Section 11 applies only to disputes between banks, financial institutions, asset reconstruction companies, or qualified buyers related to securitisation, reconstruction, or non-payment of dues. It does not extend to general disputes between banks acting in their ordinary lender capacity.
5. **Inapplicability of AMRCD Guidelines:** Executive guidelines, such as the AMRCD memorandum, cannot override statutory provisions of Section 11.

6. **Doctrine of Election and Non-Arbitrability:** Arbitration can only be chosen as a remedy when the law permits it as an alternative; disputes with a special statutory remedy, like those under SARFAESI or DRT, cannot be arbitrated outside the prescribed statutory mechanism.
-

Divorced, not re-married & living independently: Supreme Court enhances permanent alimony from Rs 20,000 to 50,000

Rakhi Sadhukhan v. Raja Sadhukhan, 2025 SCC OnLine SC 1259

Bench: Vikram Nath, J. , Sandeep Mehta, J.

FACTS

- The parties married in 1997 and had a son in 1998.
- In July 2008, the husband filed a matrimonial suit under Section 27 of the Special Marriage Act, 1954, seeking divorce on the ground of cruelty by the wife.
- The wife filed an application under Section 24 of the Hindu Marriage Act, 1955 for interim maintenance for herself and the minor son.
- The Trial Court in 2016 dismissed the husband's suit, holding that he failed to prove cruelty.
- Husband appealed to Calcutta High Court. During pendency, the wife sought interim maintenance of Rs. 30,000 for herself, Rs. 20,000 for her son, and Rs. 50,000 for litigation expenses.
- The High Court, considering the husband's net monthly salary of Rs. 69,000, enhanced interim maintenance to Rs. 20,000 per month.
- In 2019, the High Court allowed the husband's appeal, granted divorce on grounds of mental cruelty and irretrievable breakdown, directed redemption of mortgage and transfer of flat to the wife, allowed permanent alimony of Rs. 20,000 per month (with 5% increase every three years), and directed payment of educational expenses and Rs. 5,000 per month for private tuition for the son.
- The wife filed an appeal challenging the quantum of alimony.

ISSUES

1. Whether the permanent alimony of Rs. 20,000 per month awarded by the High Court was sufficient to ensure the wife's financial stability.
2. Whether the Court should consider the wife's standard of living during marriage and the inflationary cost of living in determining maintenance.
3. Whether further financial support for the adult son (aged 26) was necessary.

JUDGMENT

- The Supreme Court noted that an interim order dated 07-11-2023 enhanced monthly maintenance to Rs. 75,000 due to the husband's absence.
- After examining the husband's income, bank statements, tax returns, and financial disclosures, the Court found he could pay a higher amount.
- Considering the wife remained unmarried and relied on maintenance as her sole means of support, the Court enhanced permanent alimony to **Rs. 50,000 per month**, with a 5% increase every two years.
- The Court did not direct further mandatory support for the son but allowed voluntary assistance from the father.
- The son's inheritance rights or claims to ancestral property remain unaffected.

RATIO DECIDENDI

1. Permanent alimony must reflect the standard of living the spouse enjoyed during marriage and ensure financial stability.
 2. Inflation and continued dependence on maintenance are valid grounds for increasing alimony.
 3. Courts can enhance alimony based on the paying spouse's capacity to pay, as evidenced by income, assets, and past earnings.
 4. Obligations toward adult children may be discretionary once they attain majority, but inheritance rights remain unaffected.
-

**‘Allegations are generic and rather ambiguous’; SC quashes S. 498A IPC case
against husband and in-laws for lack of prima facie evidence**

Ghanshyam Soni v. State (NCT of Delhi), 2025 SCC OnLine SC 1301

Bench: B.V. Nagarathna, Satish Chandra Sharma JJ.

FACTS

- The complainant, a Delhi Police sub-inspector, married Ghanshyam Soni in 1998.
- She alleged that her husband, mother-in-law, and five sisters-in-law:
 - Demanded ₹1.5 lakh, a car, and a separate house as dowry.
 - Subjected her to mental and physical cruelty.
 - Threatened her with a dagger and physically assaulted her during pregnancy.
- She filed a complaint on 03.07.2002; FIR No. 1098/2002 was registered on 19.12.2002 under Sections 498A, 406, and 34 IPC at PS Malviya Nagar, Delhi.
- Magistrate took cognizance on 27.07.2004.
- Sessions Court discharged all accused on 04.10.2008, terming allegations time-barred.
- Delhi High Court (April 2024) reversed the discharge.
- Accused approached the Supreme Court challenging the High Court’s order.

ISSUES

1. Whether vague and omnibus allegations under Section 498A IPC are sufficient to prosecute husband and relatives.
2. Whether the High Court was justified in reinstating charges without specific and corroborative evidence.
3. Can distant relatives be arraigned as accused in 498A cases without detailed allegations?
4. Whether the FIR and complaint warranted quashing under Article 142 of the Constitution.

Judgment

- Quashed FIR No. 1098/2002 and chargesheet dated 27.07.2004 under Article 142 of the Constitution.
- Held that continuing trial would be oppressive, unjust, and a misuse of criminal process.
- Referred to *K. Subba Rao v. State of Telangana* (2018) 14 SCC 452: distant relatives cannot be prosecuted on omnibus allegations; specificity is essential.
- Noted absence of injury reports, medical records, or independent witnesses.
- Complaint was once retracted, casting doubt on credibility.
- Emphasized: “*Bald allegations without any specifics of time, date or place do not fulfill the ingredients of Section 498A IPC.*”
- Cautioned misuse of criminal law in matrimonial disputes, highlighting that being a police officer did not justify implicating aged in-laws and sisters-in-law without evidence.
- Referred to prior rulings including *Dara Lakshmi Narayana & Ors. v. State of Telangana & Anr.* and *Jaydedeepsinh Pravinsinh Chavda v. State of Gujarat*, 2024 INSC 960.
- Clarified limitation period under Section 468 CrPC is computed from date of filing of complaint, not cognizance.

RATIO DECIDENDI

1. Omnibus and vague allegations without specificity regarding time, place, and individual roles do not constitute a prima facie case under Section 498A IPC.
 2. Distant relatives cannot be prosecuted without specific, substantiated allegations.
 3. Courts must exercise caution to prevent misuse of criminal law in matrimonial disputes, balancing protection of genuine victims with safeguarding accused from baseless prosecutions.
 4. Article 142 can be invoked to quash FIR and proceedings where continuing trial would result in injustice.
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Discharge order based on defence material held impermissible by SC in Rs. 21 Crore MSP fraud case involving Cotton Corporation of India officer

State v. Eluri Srinivasa Chakravarthi, 2025 SCC OnLine SC 1215

Bench: Pankaj Mithal, SVN Bhatti JJ.

FACTS

1. The Central Bureau of Investigation (CBI) filed an FIR against a Cotton Purchase Officer (A-1) of the Cotton Corporation of India (CCI), Guntur, his son (A-3), and others, alleging a fraud in Minimum Support Price (MSP) operations during 2004–05.
2. It was alleged that A-1 and A-3 purchased cotton from farmers below MSP, hoarded it, and sold it to CCI under fictitious farmer names (A-4 to A-47), siphoning off ₹21.19 crores in MSP benefits.
3. The prosecution presented evidence including forged documents by A-2 (a supervisor in the Agricultural Market Committee), benami bank accounts used by A-3, and mismatches in land ownership and produce quantities, indicating a pre-planned conspiracy.
4. The chargesheet was filed in 2009, and cognizance was taken by the court in 2011.
5. Eleven accused sought discharge under Section 239 of the CrPC, relying on a 2007 letter from CCI claiming no financial loss occurred and all MSP purchases were within guidelines.
6. Both the Special Court and the Andhra Pradesh High Court allowed the discharge based on the CCI letter, accepting the defence’s argument.

ISSUES

1. Whether a discharge under Section 239 CrPC can be granted based on material produced by the defence, which is not part of the police report under Section 173 CrPC.
2. Whether the Special Court and High Court acted lawfully in allowing discharge relying on a 2007 exculpatory letter from CCI.
3. The scope of “hearing the submissions of the accused” at the stage of framing charges.

JUDGMENT

1. The Supreme Court held that discharge under Section 239 CrPC must be based solely on the police report and accompanying documents under Section 173 CrPC.
2. Material produced by the accused, including the 2007 CCI letter, cannot form the basis of discharge.
3. Reliance on such material amounts to a premature mini-trial and usurps the jurisdiction of a trial court.
4. Both the Special Court and High Court erred by granting discharge based on the defence material.
5. The Court set aside the discharge orders, dismissed the discharge petitions, and remitted the case to the Special Court to consider framing of charges strictly on the basis of prosecution material.

RATIO DECIDENDI

1. Section 239 CrPC requires that the magistrate considers only the police report and documents filed under Section 173 CrPC at the stage of discharge; material produced by the accused is irrelevant at this stage.
 2. “*Hearing the submissions of the accused*” does not mean granting an opportunity to submit new material to challenge the police case.
 3. Discharge is not a mini-trial, and the trial court cannot make conclusive findings at this stage.
 4. Any reliance on exculpatory material introduced by the defence violates settled law and precedent, including *State of Orissa v. Debendranath Padhi*, (2005) 1 SCC 568.
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Supreme Court Upholds Arrest of Prime Accused in Andhra Pradesh Liquor Scam; No Illegality Found

Kasireddy Upender Reddy v. State of A.P., 2025 SCC OnLine SC 1228

Bench: J.B. Pardiwala and R. Mahadevan, JJ.

FACTS

- The appellant challenged the arrest of his son by the CID in connection with the Andhra Pradesh liquor scam.
- His son was listed as Accused 1 in the case diary on 19-04-2025 and arrested on 21-04-2025 at Hyderabad Airport for offences under Sections 420, 409 read with 120-B IPC.
- At the time of arrest, the grounds were communicated to the appellant's son and later served to the appellant.
- The accused was produced before the jurisdictional magistrate in Vijayawada and remand was granted on the same day.
- The appellant filed a writ petition under Article 226, claiming illegal arrest and unlawful detention, alleging that the grounds of arrest were vague and not meaningfully communicated, violating Articles 21 and 22 of the Constitution and Sections 47 and 48 of BNSS, 2023.
- The Andhra Pradesh High Court dismissed the writ petition, prompting the appeal to the Supreme Court.

ISSUES

1. Whether the arrest of the appellant's son was legal under the Constitution and BNSS, 2023.
2. Whether the grounds of arrest were meaningfully communicated to the arrestee and his family, as mandated under Article 22(1).
3. Whether merely providing vague or incomplete grounds of arrest violates constitutional safeguards.

JUDGMENT

- The Supreme Court dismissed the appeal, finding no merit.
- The Court held that the grounds of arrest had been duly communicated to the appellant's son at the time of arrest and later to the appellant.
- The Court clarified that under Article 22(1), when a person is arrested on a warrant, the warrant itself constitutes the grounds for arrest, and reading it aloud satisfies the requirement.

- Arrests without a warrant require explicit communication of the specific acts constituting the offence.
- Mere reference to the legal provision under which the arrest is made is insufficient; the factual basis must be conveyed so that the accused can exercise legal rights effectively.
- The Court emphasized that the present case met these requirements and that the grievance regarding vagueness was unsupported by the record.
- It also noted that the arrested individual remains entitled to apply for regular bail before the competent court.

RATIO DECIDENDI

- The grounds of arrest must be communicated to the arrestee in a meaningful manner to satisfy Article 22(1).
 - A warrant itself suffices as grounds in the case of arrest pursuant to a warrant; for arrests without a warrant, specific factual details of the alleged offence must be provided.
 - Communication of grounds to family members or close relatives is necessary to ensure timely legal action.
 - The adequacy of communication is measured by whether the accused can understand the substance of allegations and take appropriate legal steps.
 - In this case, the requirements laid down in *Vihaan Kumar v. State of Haryana*, 2025 SCC OnLine SC 269 were fully satisfied, rendering the arrest legal.
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Supreme Court Upholds Conviction of Lawyer for Outraging Modesty of Female Judge

During Court Proceedings

Sanjay Rathore v. State (Govt. of NCT Delhi), 2025 SCC OnLine SC 1351

Bench: Justice Prashant Kumar Mishra and Justice Manmohan

FACTS

- A female judge presiding over a court proceedings in a challan matter filed a complaint against a lawyer.

- She alleged that the lawyer had insulted her and outraged her modesty while she was performing her official duties from the dais.
- The complaint emphasized that the lawyer's conduct was personally demeaning and an affront to the dignity of the Court.
- The Trial Court convicted the lawyer under Section 509 of the Penal Code, 1860 (for outraging a woman's modesty) and sentenced him to 18 months of simple imprisonment.
- The lawyer also received three months' imprisonment each under Section 189 (threatening a public servant) and Section 353 (assault or criminal force to deter a public servant from discharging duties).
- The Delhi High Court upheld the conviction, highlighting that outraging the modesty of a judicial officer while she was performing her duties undermines judicial decorum and institutional integrity.

ISSUES

1. Whether the lawyer's conduct amounted to outraging the modesty of a woman under Section 509 IPC.
2. Whether such conduct undermines judicial dignity and decorum, justifying the conviction and sentence.
3. Whether the Supreme Court should interfere with the Delhi High Court's order upholding the conviction.

JUDGMENT

- The Supreme Court, in a Special Leave Petition, declined to grant any relief to the lawyer.
- The Court refused to interfere with the conviction and the sentences imposed by the Trial Court and affirmed by the Delhi High Court.
- However, the petitioner was granted two weeks to surrender on the request of his counsel.

RATIO DECIDENDI

- Outraging the modesty of a judicial officer while she is performing her official duties from the dais is a serious offense under Section 509 IPC.
 - Such conduct is not merely a personal affront but also an attack on the dignity of the judiciary and the institutional integrity of the Court.
 - The Supreme Court reaffirmed that courts must uphold strict standards of decorum and the protection of judicial officers' dignity, and convictions in such cases must be sustained.
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Supreme Court Upholds Right to Close Business under Article 19(1)(g) while Safeguarding Workers' Interests

Harinagar Sugar Mills Ltd. (Biscuit Division) v. State of Maharashtra, 2025 SCC OnLine SC 1303

***Bench:* Justice Sanjay Karol and Hon'ble Mr. Justice Prashant Kumar Mishra**

FACTS

- Harinagar Sugar Mills Ltd. (HSML) operated a biscuit division solely as a contract manufacturer for Britannia Industries Limited (BIL) for over 30 years.
- In 2019, BIL terminated the job work agreement, leaving HSML with no viable business.
- HSML applied for closure under Section 25-O of the Industrial Disputes Act, 1947, which requires prior government permission for shutting down establishments with over 100 workers.
- Section 25-O(3) provides that if the government does not communicate a decision within 60 days, permission for closure is deemed granted.
- Despite submitting detailed explanations showing lack of alternatives and attempts to find other business, the Maharashtra Government repeatedly requested further information and did not issue a final order within the statutory 60 days.
- HSML's closure application affected 178 permanent workers.

ISSUES

1. Does the constitutional right to close a business under Article 19(1)(g) override or coexist with statutory worker protections under Section 25-O?
2. What is the legal effect of government inaction or delay under Section 25-O(3)?
3. How should the law treat closure applications for contract manufacturers with no alternative business options once a principal contract ends?

JUDGMENT

- The Supreme Court reaffirmed that the right to close a business is protected under Article 19(1)(g) but is subject to reasonable restrictions in the public interest.
- Section 25-O is a valid statutory restriction, designed to balance employer rights and worker protections.
- The Court held that government failure to communicate within 60 days triggers “deemed permission” for closure under Section 25-O(3).
- The authorities’ repeated demands for additional justification were excessive and contrary to the statutory timeline.
- HSML’s application for closure was allowed by operation of law, effective after the 60-day period expired.
- HSML was directed to comply with all statutory dues and compensation to workers as required under Section 25-N of the Industrial Disputes Act.

RATIO DECIDENDI

1. Article 19(1)(g) includes the right to shut down a business, subject to reasonable statutory restrictions.
2. Procedural safeguards under Section 25-O cannot be used to indefinitely delay the exercise of this right.
3. If the government does not act within 60 days under Section 25-O(3), permission to close is deemed granted, preventing bureaucratic obstruction.
4. Employers operating as contract manufacturers with no alternative business avenues are entitled to closure if all reasonable efforts have been exhausted.

5. Workers' rights to notice and compensation under Section 25-N remain enforceable, even when closure is deemed permitted.

Supreme Court Rules Forced Narco-Analysis Tests Unconstitutional, Sets Aside Patna High Court Order

Amlesh Kumar v. State of Bihar, 2025 SCC OnLine SC 1326

Bench: Hon'ble Justices Sanjay Karol and Prasanna B. Varale

FACTS

- FIR was lodged alleging dowry harassment and disappearance of the complainant's sister, who was married to the accused/appellant.
- During the appellant's bail hearing, the Patna High Court accepted the Investigating Officer's submission to conduct narco-analysis tests on all accused and witnesses.
- The appellant challenged this order before the Supreme Court, citing fundamental rights under the Constitution and relying on *Selvi v. State of Karnataka*, (2010) 7 SCC 263, which held involuntary narco-analysis tests impermissible.

ISSUES

1. Whether an accused can be compelled to undergo a narco-analysis test without consent.
2. Whether results of voluntary narco-analysis tests can be used as sole evidence to establish guilt.
3. Whether an accused has a right to demand a narco-analysis test during investigation or trial.

JUDGMENT

- The Supreme Court set aside the Patna High Court's order permitting involuntary narco-analysis.
- The Court held that compelling an accused to undergo such a test without free consent violates Articles 20(3) (protection against self-incrimination) and 21 (right to life and personal liberty) of the Constitution.

- Even voluntarily conducted narco-analysis tests cannot form the sole basis for conviction; only corroborated post-test facts under Section 27 of the Evidence Act, 1872, may have evidentiary value.
- There is no indefeasible right for an accused to demand narco-analysis. The appropriate stage for such a test is during the accused's exercise of the right to lead defence evidence under Section 233 CrPC, and only after ensuring voluntariness and safeguards.
- Guidelines from *Selvi v. State of Karnataka* regarding informed consent, recording before a magistrate, and medical/legal safeguards must be strictly followed.
- The appellant's bail application must be decided afresh in accordance with law.

RATIO DECIDENDI

1. Involuntary narco-analysis tests violate fundamental rights under Articles 20(3) and 21 of the Constitution and are therefore unconstitutional.
2. Results from voluntary narco-analysis cannot alone establish guilt; only corroborated facts discovered post-test can have evidentiary value.
3. There is no absolute right to demand narco-analysis; its administration must be voluntary, procedurally safeguarded, and conducted at an appropriate stage during trial.
4. Any judicial order allowing forced narco-analysis during investigation is contrary to established constitutional principles and *Selvi* guidelines.

Two acquitted in 43-year-old murder case as Supreme Court slams suppression of evidence and flawed investigation

Sakhawat v. State of U.P., 2025 SCC OnLine SC 1205

Bench: Hon'ble Mr. Justice Abhay S. Oka and Hon'ble Mr. Justice Augustine George Masih

FACTS

- In 1981, an FIR was registered naming three accused for offences under Sections 302 and 307 read with Section 34 IPC.
- The prosecution's case was that PW-4 was sleeping under a Babool tree, and the deceased was in his hut. PW-4 reportedly woke up at 2 a.m. hearing gunfire.

- Accused 1 allegedly had a pistol, accused 2 a knife, and accused 3 a stick. The accused were said to have had a scuffle with the deceased and PW-7, who were allegedly involved in an illicit relationship.
- The Trial Court convicted accused 1 and 2, sentencing them to life imprisonment, while the third accused was acquitted as no injury was found on the deceased.
- The Allahabad High Court confirmed these convictions.

ISSUES

1. Whether the convictions of accused 1 and 2 were sustainable given the serious lapses in investigation.
2. Whether suppression of exculpatory affidavits and failure to investigate them violated the constitutional right to a fair trial under Article 21.
3. Whether the testimony of PW-4 alone could safely support a conviction in the absence of recovered weapons and thorough investigation.

JUDGMENT

- The Supreme Court allowed the appeal and acquitted accused 1 and 2 of all charges.
- The Court observed that:
 - Exculpatory affidavits from PWs 5, 6, and 7 had been ignored by the Investigating Officer.
 - No supplementary investigation was conducted despite knowledge of these affidavits.
 - Failure to verify evidence, secure witnesses, or record fresh statements undermined the fairness of the investigation.
 - The weapon of offence was never recovered.
 - Sole reliance on PW-4's testimony was unsafe.
- Consequently, the impugned judgments of the Trial Court and the High Court were set aside.

RATIO DECIDENDI

- A fair investigation is a constitutional mandate under Article 21. Suppression of exculpatory evidence, failure to examine crucial witnesses, and lack of material corroboration renders a conviction unsafe.
 - Convictions cannot be sustained solely on the testimony of one eyewitness when the investigation is flawed and important exculpatory material exists.
-

Supreme Court Acquits Student Convicted of Murder, Emphasizes Burden of Proof and Circumstantial Evidence

Vaibhav v. State of Maharashtra, 2025 SCC OnLine SC 1304

Bench: B.V. Nagarathna, J., Satish Chandra Sharma, J.

FACTS

- The appellant, Vaibhav, and his friend M were first-year students at Bagla Homeopathy Medical College, Chandrapur, Maharashtra, and frequently commuted together.
- On 16.09.2010, M did not return home, prompting his father to lodge a missing person report. The next day, M's body was found, leading to registration of a criminal case against unknown persons.
- Investigation raised suspicion against Vaibhav. The police alleged that he had killed M using his father's service gun after dropping him home from college.
- The Trial Court convicted Vaibhav under Sections 302, 201 read with 34 IPC, and Section 5 read with 25(1)(a) of the Arms Act, 1959, holding that he caused M's death.
- The Bombay High Court upheld the conviction, heavily relying on Vaibhav's subsequent conduct, such as removing M's body and concealing evidence.
- Vaibhav appealed to the Supreme Court, challenging the reliance on circumstantial evidence and inability to explain certain actions as sufficient to establish guilt.

ISSUES

1. Can the inability of an accused to explain certain circumstances relieve the prosecution from proving its case beyond reasonable doubt?

2. Whether the High Court correctly convicted the appellant relying on circumstantial evidence and subsequent conduct, without thoroughly examining the defense's version of accidental death?
3. Whether the circumstantial evidence presented was consistent, complete, and sufficient to prove guilt beyond reasonable doubt?

JUDGMENT

- The Supreme Court held that mere suspicion, even if grave, cannot replace proof in a criminal trial.
- The Court emphasized that the primary burden of proof lies with the prosecution, and the accused's inability to explain certain circumstances cannot shift this burden.
- The Court noted inconsistencies and missing links in the prosecution's case, particularly regarding who fired the fatal shot and the trajectory of the bullet.
- It observed that the subsequent conduct of the appellant, though suspicious, could be consistent with accidental death due to fear of his father and did not conclusively prove murder.
- The defence of accidental death was never properly tested by the Trial Court or High Court.
- Applying principles of circumstantial evidence, the Court found that alternative explanations of innocence were reasonably possible.
- Conviction under Sections 302 IPC and Section 5 read with 25(1)(a) of the Arms Act was set aside; the appellant was acquitted of murder and illegal use of firearm.
- Conviction under Section 201 IPC (destruction/concealment of evidence) was sustained; sentence counted for the period already served.

RATIO DECIDENDI

1. The prosecution bears the primary burden to prove guilt beyond reasonable doubt; an accused's inability to explain certain circumstances does not shift this burden.
2. Circumstantial evidence must form a complete, consistent chain; gaps or counter-probabilities must favor the accused.

3. Subsequent conduct of the accused, while relevant, cannot substitute for direct proof of the offence.
 4. Where two different interpretations of facts are reasonably possible, the Court must decide in favor of the accused.
 5. Defence versions, particularly of accidental death, must be thoroughly examined before relying on suspicion to convict.
-

**Supreme Court Grants Anticipatory Bail to Former Nagaland Principal District Judge
in Alleged Misappropriation of Bail Surety Amount**

Inalo Zhimomi v. State of Nagaland, 2025 SCC OnLine SC 1364

Bench: Justice Ujjal Bhuyan and Justice Manmohan

FACTS

- The petitioner, Inalo Zhimomi, joined the Nagaland Judicial Service in 2005 as Grade-III, was promoted to Grade-II in 2013, and finally to Grade-I in 2018.
- While serving as Principal District Judge, he was alleged to have misappropriated Rs 14,35,000 deposited as bail surety.
- FIR was filed against him by the current Principal District Judge, Dimapur, under the directions of the Gauhati High Court.
- In March 2025, the petitioner was compulsorily retired under Rule 20(20) of the Nagaland Judicial Service Rules, 2006. Subsequently, on 28-03-2025, the suspension order was revoked, and the petitioner was directed to hand over charge, which he complied with on 31-03-2025.
- The petitioner argued that he was given only the FIR copy but not the cash bail register or the High Court's letter to the current Principal District Judge. He contended that judicial officers are not supposed to collect cash bail directly and highlighted procedural lapses in Nagaland regarding cash sureties.

- The petitioner cited *K. Veeraswami v. Union of India* (1991) 3 SCC 655, arguing that similar safeguards against criminal proceedings applicable to High Court and Supreme Court judges should apply to subordinate judiciary in cases of alleged corruption.
- The Gauhati High Court noted serious allegations but emphasized that the case diary must be examined to ascertain the facts, hence anticipatory bail was denied.

ISSUES

1. Whether the petitioner, a former Principal District Judge, is entitled to anticipatory bail despite serious allegations of misappropriation of bail surety amounts.
2. Whether procedural lapses and lack of direct involvement in handling cash bail affect the grant of pre-arrest bail.
3. Whether the principle in *K. Veeraswami v. Union of India* regarding prior sanction for prosecution applies to subordinate judiciary.

JUDGMENT

The Supreme Court, per the Division Bench of Justices Ujjal Bhuyan and Manmohan, granted anticipatory (pre-arrest) bail to the petitioner until the Gauhati High Court decides the matter. The Court held that since the High Court had called for the case diary for further examination, the petitioner should not be deprived of the benefit of pre-arrest bail in the interim.

RATIO DECIDENDI

- The Supreme Court emphasized the principle of protecting the liberty of a judicial officer pending detailed examination of facts.
- Even where allegations are serious, anticipatory bail may be granted if procedural safeguards or ongoing examination of evidence by the High Court necessitate interim relief.
- The spirit of *K. Veeraswami* extends to ensuring that subordinate judicial officers are not unduly subjected to criminal proceedings without proper investigation and consideration of procedural norms.

**Supreme Court Grants Bail to Muslim Man Arrested Under Uttarakhand Anti-Conversion
Law in Interfaith Marriage Case**

Aman Siddiqui v. State of Uttarakhand, 2025 SCC OnLine SC 1346

***Bench:* BV Nagarathna, J., Satish Chandra Sharma, J.**

FACTS

- The accused, Aman Siddiqui, was arrested under Sections 3 read with Section 5 of the Uttarakhand Freedom of Religion Act, 2018, and Sections 318(4) and 319 of the Bharatiya Nyaya Sanhita, 2023, following his marriage to a Hindu woman.
- The marriage was arranged with the consent of both families, but objections from certain individuals and organizations led to an FIR being lodged against him.
- Siddiqui had been in jail for nearly six months. Although the chargesheet had been filed, he applied for regular bail, which was rejected by the Uttaranchal High Court.
- He contended that the complaint was frivolous and that, if granted bail, he and his wife could live peacefully together, possibly separate from their families.
- The State opposed the bail application, asserting that the appeal lacked merit.

ISSUES

1. Whether the accused is entitled to bail despite being charged under the Uttarakhand anti-conversion law.
2. Whether the accused and his wife can reside together despite the pendency of criminal proceedings.

JUDGMENT

- The Supreme Court observed that the State cannot object to the accused and his wife residing together, as the marriage had been conducted with the consent of both families.
- The Court held that the accused had made a sufficient case for bail.
- The Court allowed the appeal, directing the Trial Court to release the accused on bail, subject to conditions ensuring his presence in trial proceedings and preventing misuse of liberty.

RATIO DECIDENDI

- Consent of both families in an interfaith marriage nullifies the State's objection under anti-conversion law when granting bail.
 - The pendency of criminal proceedings does not prevent the couple from residing together by their choice.
 - Bail can be granted when the complaint is found to be frivolous, and the accused has cooperated with legal proceedings, subject to conditions safeguarding trial integrity.
-

Supreme Court Quashes Rape Case Over Consensual Relationship; Rules Sour Romance Not Ground for Criminal Prosecution

Amol Bhagwan Nehul v. State of Maharashtra, 2025 SCC OnLine SC 1230

Bench: B.V. Nagarathna, J., Satish Chandra Sharma, J.

FACTS

- A criminal case was filed against the accused alleging sexual intercourse under false assurance of marriage between 08-06-2022 and 08-07-2023. The complainant had previously been married, obtained Khulanama from her ex-husband, and was residing with her 4-year-old son at her parental home.
- The accused, a 23-year-old B.Sc. Agriculture student, lived next door. The complainant alleged that in July 2022, the accused entered her house at night, promised marriage after her divorce, and had sexual intercourse despite her denial. She also alleged unnatural sex and claimed he later reduced contact and left for his hometown.
- The complainant visited the accused's native village seeking marriage, but his family refused due to religious differences. Allegedly, she was physically assaulted by his family when she did not leave.
- The complaint was registered 23 days after the alleged incident.
- The accused denied all allegations, claiming the relationship was consensual and initiated by the complainant. He sought quashing of the criminal proceedings, which the Bombay High Court dismissed, prompting the appeal to the Supreme Court.

ISSUES

1. Whether a consensual relationship that deteriorates can form the basis for criminal prosecution under Sections 376, 376(2)(n), 377, 504, and 506 IPC.
2. Whether consent obtained in the relationship could be considered vitiated under Section 90 IPC due to false promise of marriage.
3. Whether the allegations of criminal intimidation under Section 506 IPC had sufficient evidence.

JUDGMENT

- The Supreme Court held that the relationship was consensual, and the complainant's consent was not obtained under a misconception of fact or through misrepresentation. There was no evidence of false promise from the outset.
- The Court noted that the complainant continued the relationship voluntarily for over a year, including visits to the accused, which contradicted her claims of force or coercion.
- On criminal intimidation, the Court found no credible evidence of coercion or threat; the complainant's visit to the accused's village indicated emotional unrest rather than abuse.
- Considering the accused's young age (25) and the undue hardship of a prolonged trial, the Court quashed the criminal proceedings. The appeal was allowed, the Bombay High Court order set aside, and the accused discharged.

RATIO DECIDENDI

- A consensual relationship that later deteriorates cannot form the basis for invoking criminal proceedings.
- Consent under Section 90 IPC is valid unless there is clear evidence of inducement, misrepresentation, or absence of intention to fulfill promises.
- Criminal law should not be misused to settle personal disputes as it burdens the judiciary and unfairly tarnishes reputations, particularly for serious offences like rape.
- Quashing proceedings may be appropriate when continued prosecution would cause undue hardship, particularly to young individuals with their future at stake.

Supreme Court Quashes Recruitment of 1,091 Assistant Professors and 67 Librarians in Punjab Colleges for Violating UGC Regulations

Mandeep Singh v. State of Punjab, 2025 SCC OnLine SC 1420

Bench: Justice Sudhanshu Dhulia and Justice K. Vinod Chandran

FACTS

- In January 2021, Punjab Government requisitioned the Punjab Public Service Commission (PPSC) to recruit 931 Assistant Professors and 50 Librarians in Government Degree Colleges.
- Later, 160 additional Assistant Professor posts and 17 Librarian posts were created for new colleges. The Department of Higher Education sought to fill these posts via Departmental Selection Committees instead of the PPSC.
- On 17-09-2021, the Government approved recruitment through Departmental Selection Committees, which were supposed to follow University Grants Commission (UGC) guidelines.
- After a change in government on 20-09-2021, the selection method was revised: all 1,091 Assistant Professor posts and 67 Librarian posts were to be filled via written tests conducted by two state university committees.
- Advertisements were issued on 19-10-2021, exams conducted within a month, and results announced on 28-11-2021.
- Writ petitions were filed challenging the recruitment, arguing violation of the UGC Regulations and exclusion of the PPSC.
- The High Court Single Judge quashed the recruitment, but the Division Bench upheld it, leading to the Supreme Court appeal.

ISSUES

1. Whether the recruitment violated UGC Regulations adopted by the State of Punjab.
2. Whether the recruitment should have been conducted through the Punjab Public Service Commission.

3. Whether the departure from standard recruitment norms amounted to arbitrariness under Article 14 of the Constitution.

JUDGMENT

- Supreme Court quashed the entire recruitment of 1,091 Assistant Professors and 67 Librarians.
- Directed the State of Punjab to initiate a fresh recruitment process in accordance with the 2018 UGC Regulations now in force.
- Noted that although quashing may cause hardship to selected candidates, equity cannot be claimed by them because the challenge arose during the recruitment process.
- Held that the State acted arbitrarily by excluding the PPSC and not following UGC-prescribed norms.

RATIO DECIDENDI

1. The adoption of UGC Regulations by incorporation makes them binding in the State, even if later repealed at the Union level, until formally updated by the State.
 2. Recruitment of Assistant Professors and Librarians must follow UGC criteria, and the State cannot bypass the Public Service Commission without lawful justification.
 3. Arbitrary departure from prescribed selection procedures, such as replacing rigorous criteria with a single multiple-choice test, violates Article 14 (right to equality) and is unsustainable.
-

Supreme Court Upholds Finality of Review Medical Board in BSF Recruitment, Rejects

‘Review of a Review’

Union of India v. Yogesh Chhetri, 2025 SCC OnLine SC 1469

Bench: *Pamidighantam Sri Narasimha, J. and Atul S. Chandurkar, J.*

FACTS

- In 2015, the Border Security Force (BSF) published an advertisement for recruitment of various posts, including Head Constable (Ministerial). Respondents 1 and 2 applied for the post and cleared the written examination.

- The recruitment process included a medical examination as part of Phase 2. The medical examination was conducted according to the Revised Uniform Guidelines for Recruitment Medical Examination for Recruitment of GOs and NGOs in CAPFs & AR (dated 20-05-2015).
- The guidelines provided that candidates unfit in the initial medical examination could appeal for a Review Medical Examination. Normally, there was no appeal against the initial medical findings, but the government could allow re-examination if evidence suggested an error.
- Respondent 2 had a writ petition pending in the Madhya Pradesh High Court challenging the medical test results, but the petition was dismissed after the candidate was appointed. Despite no court order directing another review, the government conducted a second review medical examination on its own.
- The Calcutta High Court enquired whether rules permitted a second review, and the government could not provide any statutory basis. The respondents argued that the power to review is not inherent and exists only when explicitly provided in rules. The guidelines did not allow any review after the Review Medical Board had given its decision.
- Both the Single Judge and the Division Bench of the Calcutta High Court concluded that the Review Medical Board's decision is final, and no appeal or further examination could be entertained.

ISSUES

1. Whether the government could conduct a second Review Medical Examination after the Review Medical Board had already rendered its decision.
2. Whether a 'review of a review' is legally permissible under the BSF recruitment guidelines.
3. Whether the action of the Petitioners was ultra vires and without authority.

JUDGMENT

- The Supreme Court upheld the Calcutta High Court judgment. It held that the Review Medical Board's decision is final and conclusive.

- No provision exists under the guidelines for conducting a subsequent medical examination after the Review Medical Board has delivered its opinion.
- Any action beyond the first review is without authority, beyond jurisdiction, and contrary to the rules governing the recruitment process.

RATIO DECIDENDI

- The power of review is not inherent and must be conferred by law or rules.
 - Once a Review Medical Board has rendered its decision, it is final, and no further review or appeal can be entertained unless explicitly permitted by law or regulations.
 - Conducting a second review without statutory or regulatory backing is illegal, ultra vires, and without authority.
-

Supreme Court Stays “Pay Minus Pension” Rule for Ex-Defence Faculty Recruited by AIIMS Jodhpur

Dr. Arjun Singh Sandhu v. All India Institute of Medical Science, 2025 SCC OnLine SC 1468

Bench: Ahsanuddin Amanullah, J. and S.V.N. Bhatti, J.

FACTS

- Four petitioners were former Indian Armed Forces officers who took premature retirement and joined AIIMS Jodhpur as faculty between 2015 and 2020 through merit-based direct recruitment via public advertisements.
- They were confirmed in service after probation and drew full salaries without deductions until late 2023.
- In November 2023, MoHFW issued directives mandating application of the “Pay minus Pension” rule to all retired government employees.
- AIIMS Jodhpur, following these directives, instructed employees to disclose pension details to recover amounts retrospectively.

- Petitioners approached the Central Administrative Tribunal (CAT), Jodhpur, which held that retrospective salary recovery was impermissible and the formula could not apply to direct recruits.
- Both parties filed writ petitions in Rajasthan High Court. The High Court confirmed that petitioners were “re-employed pensioners” under Regulation 33 of AIIMS Regulations, 1999, and allowed prospective application of the rule from 15-05-2025 but barred retrospective deductions.
- Petitioners challenged this classification and application, arguing:
 1. Their appointments were via open merit-based recruitment, not re-employment.
 2. Regulation 33 pertains only to re-employed pensioners.
 3. Recruitment letters and advertisements did not mention “Pay minus Pension.”
 4. Post-confirmation alteration of salary violated legitimate expectation, natural justice, and contractual certainty.

ISSUES

1. Whether faculty appointed through direct recruitment at AIIMS Jodhpur could be treated as “re-employed pensioners” under Regulation 33 of AIIMS Regulations, 1999.
2. Whether the “Pay minus Pension” rule could be applied retrospectively to salaries already drawn.
3. Whether the petitioners’ rights to legitimate expectation and contractual certainty were violated by imposing the rule post-appointment.

JUDGMENT

- The Supreme Court, in connected Special Leave Petitions, granted interim relief to the petitioners.
- It stayed the implementation of the “Pay minus Pension” rule pending further consideration.
- Petitioners were directed to continue receiving the salary they had been receiving prior to the High Court’s judgment.
- Notice was issued to respondents for further proceedings.

RATIO DECIDENDI

- Appointments made through open, merit-based direct recruitment cannot be equated with re-employment.
 - Retrospective application of the “Pay minus Pension” rule to employees appointed on direct recruitment violates legitimate expectation, principles of natural justice, and contractual certainty.
 - Interim relief can be granted to maintain pre-existing salary structures pending final adjudication.
-

Supreme Court Dissolves Marriage Between IPS Officer and Husband, Directs Unconditional Apology and Implementation of Family Welfare Committee Guidelines

Shivangi Bansal v. Sahib Bansal, 2025 SCC OnLine SC 1494

Bench: Chief Justice B.R. Gavai, Justice Augustine George Masih

FACTS

- The parties were married on **05-12-2015** in Delhi according to Hindu rites.
- A daughter was born on **23-12-2016**, presently 8 years old.
- They initially lived together in Pitampura, Delhi, with the husband’s parents.
- Due to matrimonial discord and disputes, the parties **separated on 04-10-2018** and have been living separately since.
- Post-separation, both parties filed multiple cases against each other and their families:
 - **Wife filed 15 cases** against husband and his relatives.
 - **Husband filed 10 cases** against wife and her relatives.
 - Additional incidental cases arose from the matrimonial discord.
- Pending transfer petitions sought to move cases to competent courts in Rohini, Delhi and Hapur, Uttar Pradesh.

ISSUES

1. Whether the marriage between the parties should be dissolved.
2. Custody and visitation rights concerning the minor daughter.
3. Whether the wife, as an IPS officer, could misuse her influence against the husband and his family.
4. Resolution of pending civil and criminal litigation between the parties.
5. Implementation of Allahabad High Court guidelines on Family Welfare Committees to prevent misuse of Section 498A IPC.

JUDGMENT

- **Divorce Granted:** Marriage between the parties dissolved under **Article 142 of the Constitution**.
- **Custody and Visitation:**
 - Minor daughter placed in **custody of the mother**.
 - Father and his family granted **supervised visitation** for first three months, then as per the child's comfort.
 - Both parties directed **not to obstruct visitation** and act in the child's best interest.
- **Alimony and Property:**
 - Wife voluntarily **waived claims to alimony or maintenance**.
 - Wife has **no claim over husband's moveable or immoveable property** now or in future.
 - Previous **maintenance order of Rs. 1,50,000/month quashed**.
- **Pending Cases:**
 - All pending **civil and criminal cases** filed by both parties or by third parties related to the dispute **quashed or withdrawn**.
 - Parties directed **not to file future litigation** arising from these matters.
- **Apology and Conduct:**

- Wife and her parents to tender **unconditional apology** to husband and his family for trauma caused by cases leading to imprisonment of husband (109 days) and father (103 days).
- Apology to be **published in national newspapers and social media**.
- Apology **not an admission of liability**.
- **Misuse of Position:**
 - Wife **directed not to use influence as IPS officer** against husband and family.
 - Husband and family **entitled to police protection**.
- **Implementation of Guidelines:**
 - Allahabad High Court guidelines in **Mukesh Bansal v. State of U.P., 2022 SCC OnLine All 395** regarding Family Welfare Committees shall be implemented.

RATIO DECIDENDI

1. **Divorce under Article 142:** Apex Court can dissolve marriage and direct settlement of all disputes for complete justice.
 2. **Custody Principle:** Minor child's welfare and comfort take precedence; visitation rights must be respected.
 3. **Misuse of Authority:** Public office cannot be used to harass private individuals or families, even in personal disputes.
 4. **Finality of Litigation:** Courts can quash all pending cases to prevent ongoing harassment and mental trauma.
 5. **Family Welfare Committees:** Guidelines to prevent misuse of legal provisions like Section 498A IPC are enforceable and essential for balanced justice.
 6. **Apology as Closure:** Judicially directed apology helps bring amicable closure without constituting admission of liability.
-

**Supreme Court Grants Anticipatory Bail to Tamil Nadu MLA Jagan Moorthy in Minor's
Abduction Case**

M. Jagan Moorthy v. Inspector of Police, 2025 SCC OnLine SC 1393

Bench: Manoj Misra, J. and Nongmeikapam Kotiswar Singh, J.

FACTS

- A teenage boy was allegedly abducted in retaliation after his elder brother, aged 23, eloped with a 21-year-old woman from Theni without her family's consent.
- Following the elopement, the couple went into hiding.
- Members of the woman's family, along with unidentified individuals, allegedly entered the boy's residence in search of her elder son. Failing to locate him, they allegedly abducted the younger son, who was later found abandoned and injured near a hotel.
- Multiple arrests were made following the police complaint.
- Tamil Nadu MLA 'Poovai' M. Jagan Moorthy applied for anticipatory bail, which was rejected by the Madras High Court on 27-06-2025, citing prima facie evidence of his involvement.
- Aggrieved, Jagan Moorthy filed a Special Leave Petition before the Supreme Court, asserting that:
 - The abductee was recovered and not in his possession or control.
 - He was implicated mala fide.
 - Any interaction with the parties was only in an attempt to settle the matter.
 - No custodial interrogation was warranted.

ISSUES

1. Whether Jagan Moorthy was entitled to anticipatory bail despite prima facie material against him.
2. Whether custodial interrogation of Jagan Moorthy was necessary.

JUDGMENT

- The Supreme Court noted that the matter required consideration and issued notice.

- The Court granted anticipatory bail to Jagan Moorthy, with the following conditions:
 - If arrested, he shall be released on a personal bond of ₹25,000.
 - He must cooperate with the investigation.
 - He shall not threaten any witnesses or tamper with evidence.

RATIO DECIDENDI

- Mere prima facie material against an accused does not automatically preclude anticipatory bail.
 - The Court emphasized that bail could be granted when there is a reasonable possibility that custodial interrogation may not be necessary, particularly if the accused's involvement is disputed or claimed to be mala fide.
 - Safeguards, such as personal bond and prohibition on influencing witnesses or evidence, are appropriate to balance the rights of the accused and the investigation.
-

Supreme Court Grants Interim Protection from Arrest to Actor Shreyas Talpade in Multi-Crore Chit Fund Scam Case

Shreyas Talpade v. State of Haryana, 2025 SCC OnLine SC 1505, decided on 21-07-2025

Bench: B.V. Nagarathna, J. and K.V. Viswanathan, J.

FACTS

- Actor and filmmaker Shreyas Talpade filed a writ petition in the Supreme Court challenging his inclusion in multiple FIRs across different States.
- These FIRs alleged his involvement in a multi-crore investment fraud linked to the SAGA Group and its affiliated cooperative societies.
- Shreyas sought consolidation of all FIRs arising from the same alleged cause of action, arguing that his association was only professional-limited to guest appearances at public events organised by the Group between 2018 and 2022.

- He denied any role in the operations or financial transactions of the Group and submitted that his inclusion in criminal complaints lacked specific allegations or supporting material, amounting to harassment.
- He also requested transfer of investigation to the earliest FIR registered at Gomti Nagar Police Station, Lucknow, and sought protection from arrest.

ISSUES

1. Whether Shreyas Talpade could be protected from arrest pending further consideration of his writ petition.
2. Whether consolidation of FIRs and transfer of investigation to the earliest FIR was justified.
3. Whether the actor's professional association with the Group amounted to criminal liability.

JUDGMENT

- The Supreme Court issued notice to the State authorities, returnable on 29-08-2025.
- The Court directed that no coercive action (including arrest) be taken against Shreyas Talpade until the next hearing.
- The protection was specifically in relation to FIRs registered at:
 - Gomti Nagar Police Station, District Lucknow, Uttar Pradesh
 - Srinagar Police Station, District Mahoba, Uttar Pradesh

RATIO DECIDENDI

- Interim protection can be granted when a petitioner faces potential harassment or undue coercion, especially where the alleged involvement is minimal or professional in nature.
 - Courts may consolidate FIRs arising from the same cause of action to ensure proper investigation and prevent multiplicity of proceedings.
 - Mere professional association without evidence of operational or financial involvement does not automatically attract criminal liability.
-

Supreme Court Quashes Criminal Proceedings Against Badminton Stars Chirag Sen and Lakshya Sen Over Birth Record Allegations

Chirag Sen v. State of Karnataka, 2025 SCC OnLine SC 1518, decided on 28-07-2025

Bench: Hon'ble Justices Sudhanshu Dhulia and Aravind Kumar

FACTS

- In 2022, a complaint was filed alleging that Chirag Sen and Lakshya Sen misrepresented their dates of birth to qualify for Under-13 and Under-15 badminton tournaments, gaining wrongful selection and monetary benefits.
- The complaint also implicated their parents and coach in a conspiracy to forge and fabricate records.
- The VIII Additional Chief Metropolitan Magistrate, Bengaluru, directed an investigation under Section 156(3) CrPC, leading to an FIR against the appellants under Sections 420, 468, 471, and 34 IPC.
- The appellants approached the Karnataka High Court to quash the FIR, citing that similar allegations were investigated and closed a decade earlier by competent authorities including the Sports Authority of India (SAI), Central Vigilance Commission (CVC), and Karnataka Education Department.
- The High Court refused to quash the proceedings, observing prima facie grounds for investigation.
- Aggrieved, the appellants moved to the Supreme Court, arguing that continuation of proceedings would amount to abuse of process.

ISSUES

1. Whether criminal proceedings could continue against Chirag Sen and Lakshya Sen based on allegations previously investigated and closed by competent authorities.
2. Whether the complaint and FIR disclosed prima facie material sufficient to warrant a criminal trial.
3. Whether continuation of proceedings would constitute an abuse of process under Section 482 CrPC.

JUDGMENT

- The Supreme Court set aside the Karnataka High Court's order and quashed the FIR and proceedings against Chirag Sen, Lakshya Sen, their parents, and coach.
- The Court held that the complaint relied solely on a 1996 GPF nomination form, which could not be authenticated and did not establish fraudulent intent by the players.
- The Court emphasized that no wrongful gain or loss to the State or third party was demonstrated.
- Prior investigations by the SAI and CVC, including medical and dental verification, supported the official birth records.
- The Court concluded that the complaint appeared vindictive, motivated by a personal grudge, and constituted an abuse of criminal process.

RATIO DECIDENDI

- Criminal proceedings cannot be allowed to continue in absence of prima facie material, particularly where the allegations have been previously investigated and closed by competent authorities.
 - Allegations based on conjecture, unverified documents, or personal vendetta do not satisfy essential ingredients of Sections 420, 468, 471 IPC.
 - Continuation of criminal proceedings against nationally recognized sportspersons without credible evidence would amount to abuse of process.
-

**Supreme Court Stays Bombay High Court Order in Charitable Trust Land Sale Dispute,
Issues Notice to Municipal Corporation**

Fenkin Infotech LLP v. Aniruddh Nikhil Makhecha, 2025 SCC OnLine SC 1497

Bench: Pamidighantam Sri Narasimha and Atul S. Chandurkar, JJ.

FACTS

- On 08-07-2024, the managing directors and office bearers of the Ratanshi Premji Charitable Trust ("Trust") sought permission from the Joint Charity Commissioner to

sell a property in Village Vadavli, Thane, Maharashtra for ₹75.05 crore to Fenkin Infotech LLP (“Petitioner”).

- The Charity Commissioner granted permission under Section 36(1)(a) of the Maharashtra Public Trust Act, 1950, with conditions: proceeds to be deposited in fixed deposits and prior approval required for utilization.
- A former trustee (Respondent) challenged the Commissioner's order in the Bombay High Court, arguing that it violated principles governing charitable trust administration.
- A Single-Judge Bench of the High Court quashed the sale, highlighting deficiencies in the valuation report and stating that trustees cannot alienate trust property purely for profit or real estate speculation. Consequently, the Court annulled the registration of the conveyance deed executed in favor of the Petitioner, returning ownership to the Trust.
- The Petitioner filed a Special Leave Petition (SLP) challenging the High Court order, asserting that:
 - The High Court passed the order without issuing notice or allowing a reply.
 - Petitioner was a bona fide purchaser after obtaining Charity Commissioner’s permission.
 - The High Court exceeded its jurisdiction under Article 227 by acting like a Civil Court and disregarding Section 31 of the Specific Relief Act, 1963.
 - Section 36(2) of the MPT Act, which allows revocation of sanction only for fraud, misrepresentation, or concealment, was ignored.
- Post execution of the Conveyance Deed, the Petitioner transferred portions of the land to the Thane Municipal Corporation (TMC) on 03-02-2025 as per the Development Plan. Despite this, TMC was not impleaded in the High Court proceedings.

ISSUES

1. Whether the High Court was justified in annulling the registered conveyance deed in favor of a bona fide purchaser.
2. Whether the Thane Municipal Corporation should have been impleaded as a party before the High Court.

3. Whether the High Court exceeded its jurisdiction under Article 227 and disregarded statutory provisions under the MPT Act and Specific Relief Act.

JUDGMENT

- The Supreme Court issued notice in the SLP and allowed the impleadment of TMC as a party.
- It directed status quo on the property pending disposal of the SLP, noting that TMC had not been heard before the High Court.
- The matter was listed for hearing after four weeks.

RATIO DECIDENDI

- A High Court cannot annul a registered conveyance deed executed in favor of a bona fide purchaser if statutory permissions have been obtained, unless grounds under the statute (fraud, misrepresentation, concealment) exist.
 - All parties affected by a transfer, including local authorities, must be heard before orders are passed.
 - Exercising supervisory jurisdiction under Article 227 does not empower the High Court to assume the role of a Civil Court and disregard statutory safeguards.
-

Supreme Court Allows M3M Group to Substitute Attached Property in PMLA Proceedings

M3M Group v. Enforcement Directorate, 2025 SCC OnLine SC 1395

Bench: Pamidighantam Sri Narasimha, J. R. Mahadevan, J.

FACTS

1. M3M Group filed a Special Leave Petition (SLP) in the Supreme Court challenging an order of the Sikkim High Court in a case under the Prevention of Money Laundering Act (PMLA).
2. The petition sought interim relief to permit substitution of attached property with alternative assets without prejudice to their legal rights and contentions.

3. The proposed substituted property consisted of unsold commercial units within the “M3M Broadway” project, situated in Village Fazilpur Jharsa, Gurugram, Haryana.
4. M3M Group offered the substitution to the Enforcement Directorate (ED) under protest. The ED agreed to the substitution subject to certain conditions.
5. The Supreme Court was requested to approve the substitution to allow the commencement and continuity of the commercial project while protecting the interests of third-party investors and retail buyers.

ISSUES

1. Whether M3M Group could substitute the provisionally attached property with alternative unencumbered assets in the PMLA proceedings.
2. What conditions should be imposed to protect the interests of the ED, the public, and third-party buyers during substitution.

JUDGMENT

1. The Supreme Court permitted M3M Group to substitute the attached property with unsold commercial units within the “M3M Broadway” project.
2. The substitution was allowed subject to the following conditions:
 - **No Encumbrance Certificate:** The substituted property must be free from mortgages, liens, pledges, or third-party claims, supported by verifiable documents.
 - **Undertaking Not to Alienate:** M3M Group cannot sell or transfer the substituted property during ongoing proceedings.
 - **Submission of Title Documents:** Original title documents of the substituted property must be deposited with the ED or the Court.
 - **Indemnity Bond:** M3M Group must indemnify the ED/government for any loss arising from the substitution.
 - **Safeguard Third-Party Rights:** Legitimate transactions of other commercial units in the project must continue unaffected.

- **Hand Over Possession if Confirmed:** If attachment of substituted assets is later confirmed, possession must be handed over to the ED.
 - **Disclosure of Source of Funds:** Complete disclosure of acquisition funds for substituted property must be provided.
 - **Cooperation with Investigation:** Full cooperation with ED or other authorities under PMLA must continue.
 - **No Prejudice to Investigation:** The order does not affect ongoing investigation or imply legitimacy of the attached property.
3. The Court clarified that this decision was based on the specific facts of the case and should not be treated as a precedent.

RATIO DECIDENDI

- Substitution of attached property in PMLA proceedings can be permitted if:
 1. The substitute assets are unencumbered, legally marketable, and properly documented.
 2. There is no prejudice to ongoing investigations, rights of third parties, or legal interests of the enforcement authorities.
 3. Adequate safeguards (indemnity, undertakings, disclosure, cooperation) are in place to prevent misuse or loss.
- The judgment balances the rights of the petitioner to utilize property for legitimate commercial purposes with the state's interest in preserving assets potentially linked to unlawful activities.

Supreme Court Upholds “Clean Slate” Doctrine: Pending Arbitration Claims Extinguished by Approved IBC Resolution Plan in Electrosteel Steel v. Ispat Carrier

Electrosteel Steel Ltd. v. Ispat Carrier Pvt. Ltd., 2025 SCC OnLine SC 773

***Bench:* Vikram Nath, Sanjay Karol and Sandeep Mehta, JJ.**

FACTS

- Electrosteel Steel Ltd. (Corporate Debtor) had an approved resolution plan under the Insolvency and Bankruptcy Code (IBC).

- Ispat Carrier Pvt. Ltd., an operational creditor, had a pending arbitration claim partially admitted during the insolvency proceedings.
- The Vedanta resolution plan, which was approved, left operational creditor claims at nil and explicitly stated that all pending litigation and arbitration claims would be settled at zero value.
- Ispat Carrier had notice of the plan but did not challenge its exclusion.
- Electrosteel Steel invoked Section 47 of the Civil Procedure Code (CPC) to resist enforcement of the arbitral award.

ISSUES

1. Whether pending arbitration claims not included in an approved IBC resolution plan stand extinguished.
2. Whether Section 47 CPC allows a debtor to resist enforcement of an arbitral award without filing a Section 34 petition under the Arbitration and Conciliation Act (ACA).
3. How Sections 31 IBC and 47 CPC interact in cases of post-moratorium arbitration.
4. Whether the arbitral award on an extinguished claim can be treated as void or null.

JUDGMENT

- The Supreme Court held that any claim not included in the approved IBC resolution plan stands **extinguished** and that an arbitral award on such a claim is **incapable of execution**.
- Ispat Carrier's arbitration claim was extinguished by the Vedanta resolution plan, even though it had been partially admitted during insolvency.
- Section 47 CPC provides an independent remedy, and a debtor can resist enforcement of a decree or award on **nullity or jurisdictional grounds**, without having to file under Section 34 ACA.
- Since Ispat's claim had been extinguished, the arbitral award was treated as **void ab initio** due to lack of jurisdiction.
- The Court clarified that lifting the moratorium does not revive extinguished claims.

RATIO DECIDENDI

1. **Clean Slate Doctrine (Section 31 IBC):** Once an insolvency resolution plan is approved, all claims not incorporated in the plan are extinguished, whether contractual, statutory, or under arbitration. This ensures finality of the plan and protects the resolution applicant from unforeseen liabilities.
 2. **Section 47 CPC:** A debtor may object to enforcement of a decree or arbitral award on nullity grounds independently of Section 34 ACA. An award on a claim extinguished under an IBC plan is **jurisdictionally void**.
 3. **Finality vs. Fairness:** While the ruling strictly enforces Sections 31 and 47, it implicitly treats extinguishment as a jurisdictional defect, effectively nullifying pending arbitral proceedings outside the plan.
 4. **Procedural Implication:** Creditors must ensure claims are admitted in the resolution plan or appeal the plan within IBC timelines; otherwise, their claims, even if valid, cannot be enforced post-approval.
-

Supreme Court's Ruling in China Development Bank Sparks Confusion Over Third-Party Securities in Insolvency Cases

China Development Bank v. Doha Bank QPSC, (2025) 7 SCC 729

Bench: Abhay S. Oka and Pankaj Mithal, JJ.

FACTS

- Reliance Infratel Limited (RIL) was admitted for insolvency resolution under the **Insolvency and Bankruptcy Code, 2016 (IBC)**.
- Reliance Communications Infrastructure Limited (RCIL), Reliance Telecom Ltd. (RTL), and RIL executed a **deed of hypothecation** to secure loans provided to RCIL and RTL by certain creditors (appellants).
- The appellants were **not direct lenders of RIL**, but RIL's resolution professional classified them as financial creditors.
- **Doha Bank** challenged this classification, arguing they were not RIL's financial creditors.

- **NCLT Mumbai** ruled in favor of the creditors, recognizing them as financial creditors.
- **NCLAT** overturned NCLT, holding that a hypothecation deed merely creates a security interest over assets; hypothecators are **not guarantors**.
- The **Supreme Court** reversed NCLAT, interpreting the hypothecation deed as creating a guarantee by RIL, making the creditors financial creditors of RIL.

ISSUES

1. Whether a deed of hypothecation executed by a third party can convert the third party's liability into a **financial debt under the IBC**.
2. Whether the Supreme Court's interpretation conflicts with **earlier rulings**, notably *Jaypee Infratech* and *Phoenix ARC*, where third-party mortgages or pledges without a separate guarantee were **not treated as financial debt**.
3. Whether the liability of hypothecators can extend beyond the value of their secured assets based solely on the deed of hypothecation.

JUDGMENT

- The Supreme Court observed that the **title of a document alone is not decisive**; the contents must be examined fully.
- The Court relied on **Clause 5(iii)** of the hypothecation deed, which required the hypothecators to cover any **shortfall after sale of hypothecated assets**, to conclude that RIL's liability was equivalent to a **guarantee**.
- Consequently, the creditors under the hypothecation deed were recognized as **financial creditors of RIL** under the IBC.

RATIO DECIDENDI

1. A hypothecation deed may create financial debt if it explicitly obligates the hypothecator to discharge any shortfall in debt repayment.
2. The nature of a financial obligation depends on the **substance of the document**, not merely its title.
3. However, the judgment is **criticized** for:

- Reading a single clause in isolation without considering the entire hypothecation deed.
 - Failing to clarify how it differs from **Jaypee Infratech** and **Phoenix ARC**, where third-party security without a guarantee does not create financial debt.
 - Potentially creating uncertainty for other financial instruments like letters of comfort or undertakings, which are not guarantees.
-

Supreme Court Reaffirms Limited Scope of Judicial Interference in Arbitral Awards:

Liquidated Damages Upheld in Construction Delay Dispute

***Consolidated Construction Consortium Ltd. v. Software Technology Parks of India, 2025
SCC OnLine SC 757***

Bench: Abhay S. Oka, J. & Ujjal Bhuyan, J.

FACTS

1. The **respondent**, Software Technology Parks of India, awarded a construction contract to **appellant**, Consolidated Construction Consortium Ltd., via a tender process. The project included constructing office buildings and an incubation center.
2. The **Letter of Intent** dated 9-3-2006 set the project cost at **Rs 16,48,69,970** with a completion date of **15-1-2007**.
3. The **appellant completed construction on 30-11-2007**, resulting in a **10-month delay**.
4. The **respondent deducted Rs 82,43,499** as liquidated damages under **Clause 26** of the contract, citing financial losses:
 - Continued rent payments for old premises for 10.5 months
 - Loss of rental income from new premises for 10.5 months
5. The **appellant claimed Rs 1,40,12,786** (including retention and interest) but only received **Rs 3,70,992** after deductions.
6. The appellant challenged the deductions via **arbitration**, invoking the arbitration clause. The respondent filed counterclaims.

7. The **arbitrator (Shri K. Srinivasan)** on 10-5-2010:
 - Upheld deduction of liquidated damages
 - Dismissed all claims and counterclaims, awarding **nil** for all other matters
8. The **appellant filed under Section 34** of the Arbitration Act to set aside the award. The **Single Judge** held:
 - Extensions granted meant no delay
 - Liquidated damages deduction **not justified**
 - Arbitral award set aside
9. The **respondent appealed under Section 37**. The **Division Bench** held the Single Judge exceeded powers under Section 34. The arbitral award was **restored**.

ISSUES

1. Whether the **deduction of liquidated damages** by the respondent was legally and contractually valid.
2. Whether the **Single Judge exceeded jurisdiction** under Section 34 of the Arbitration and Conciliation Act, 1996.
3. Whether **time was of the essence** in the construction contract and its implications on liquidated damages.
4. Scope of **judicial interference** under Sections 34 and 37 of the Arbitration Act.

JUDGMENT

- The **Supreme Court allowed the appeal filed by the respondent**, upholding the Division Bench's decision.
- The **Arbitral Tribunal's award** of liquidated damages was legally valid and **plausible**.
- **Single Judge exceeded jurisdiction** by setting aside the award on grounds beyond Section 34.
- Section 34 provides **limited, restrictive grounds** to set aside an award; courts **cannot re-appraise evidence or act as appellate bodies**.

- Even though **extensions of time** were granted, the right to levy liquidated damages remained **validly reserved and communicated** to the appellant.

RATIO DECIDENDI

1. **Section 34** of the Arbitration Act limits judicial interference to specific grounds (incapacity, invalid agreement, lack of notice, disputes beyond arbitration scope, procedural irregularities, public policy, or patent illegality). Mere disagreement with the arbitrator's view is insufficient.
 2. **Liquidated damages under contract** (Clauses 26–28) are valid if:
 - Delay is within contractor's control
 - Loss arises from delay
 - Quantum is specified contractually
 - Employer's right to levy is reserved, even with extensions
 3. **Time may be of essence** in construction contracts. Where extensions are granted **without waiving the right to liquidated damages**, deductions remain valid.
 4. Judicial interference under Section 34 is **summary and restrictive**, preserving **arbitral autonomy**.
 5. Conjoint reading of **Sections 55, 73, 74 of the Contract Act, 1872** confirms the principle that compensation is payable for breach where loss occurs or penalty is stipulated.
-

Supreme Court Restores Consumer Complaint on Redevelopment Flats, Overturns NCDRC Limitation Dismissal

Pushpa Jagannath Shetty & Ors. v. M/s. Sahaj Ankur Realtors & Ors., 2025 INSC 294

Bench: Justice Sanjay Karol and Justice Manmohan

FACTS

- The respondents, a partnership firm, owned “Madhav Baug” in Andheri, Mumbai.
- The appellants were tenants of two ground-floor flats in the building.

- The respondents planned redevelopment and executed a **Permanent Alternate Accommodation Agreement (20th September 2013)**, allotting a flat on the 8th floor of the new building. The agreement gave 24 months plus a 6-month grace period to complete construction.
- The redevelopment was delayed. On **10th January 2015**, the respondents executed an **Indemnity-cum-Undertaking** to allot two alternate flats (301 and 302) free of cost if necessary approvals were not obtained within six months. Failure would entitle appellants to market-value compensation plus 25%.
- Vacant possession of the old flats was handed over in December 2014, and consideration for alternate accommodation was transferred. Contractual period expired in December 2016. Respondents paid rent for alternate accommodation until January 2019; balance dislocation compensation of Rs. 2,50,000/- remained unpaid.
- Despite letters and meetings, the flats in escrow were only released to the appellants on **17th December 2018**.
- Appellants filed a complaint on **6th February 2019** seeking:
 1. Allotment and registration of flats 301 and 302 with parking.
 2. Compensation of Rs. 4,59,96,225/- plus interest.
 3. Payment of rent from January 2019 until disposal.
 4. Payment of arrears of Rs. 2,50,000/- with interest.
 5. Legal costs of Rs. 2,00,000/-.

ISSUES

1. Whether the complaint filed in 2019 was barred by limitation under Section 24-A of the Consumer Protection Act, 1986/2019.
2. Whether the NCDRC correctly dismissed the complaint on grounds of limitation despite ongoing negotiations and escrow arrangements.

JUDGMENT

- The Supreme Court held that the NCDRC erred in dismissing the complaint as time-barred.

- The cause of action was a **continuing one**, given ongoing correspondence, negotiations, and involvement of the escrow agent.
- Limitation cannot be rigidly applied to defeat a substantive right; efforts to secure possession of flats counted toward extending the timeline.
- The appeal was allowed. The complaint was restored to its original status and number. Parties were directed to appear before the NCDRC on **17th March 2025**, with the matter to be decided expeditiously, preferably within six months.

RATIO DECIDENDI

- Limitation is not meant to defeat substantive rights when the plaintiff demonstrates persistent efforts to enforce contractual obligations.
- A continuing cause of action exists when parties actively pursue the fulfillment of an agreement through correspondence, meetings, and escrow arrangements.
- Courts must adopt a **holistic approach** in computing limitation, especially where contractual rights and possession are involved.

Supreme Court Directs Union Government to Ensure Safety and Remove Encroachments on National Highways

Gyan Prakash v. Union of India, 2025 SCC OnLine SC 1189

Bench: Division Bench of Justice Abhay S. Oka and Justice Augustine George Masih

FACTS

- A writ petition was filed concerning the safety and maintenance of National Highways in India. The petition cited the report *Road Accidents in India - 2017*, which revealed that 53,181 people died on highways in 2017 alone.
- The Court noted that under the **National Highways Act, 1956**, Section 4, all National Highways vest in the Union of India, and under the **2002 Act**, Section 23, highway land is Central Government property. Hence, the responsibility to maintain highways-including safety, upkeep, and removal of encroachments-rests with the Central Government.

- The **Highway Administration**, constituted under Section 3(1) of the 2002 Act, was formally established through a notification dated 16-09-2019. Its key members include the Secretary, MoRTH; Member-DG (Road Development), MoRTH; Chairman, NHAI; Managing Director, NHIDCL; Additional Secretary & Finance Advisor, MoRTH; and Joint Secretary, MoRTH.
- Prior affidavits by MoRTH showed some action against unauthorised occupation of highway lands, but the Court found these measures ineffective.
- The Court observed that a **toll-free number (1033)** exists for reporting accidents and hazards, but it was unclear whether complaints about unauthorized occupation of highway lands could be filed through it.
- The **‘Rajmargyatra’ mobile application** allows users to report hazards, accidents, potholes, and other safety issues with geo-tagged photos and videos. The amicus curiae raised concerns about its lack of feedback and unclear redressal mechanisms.
- The Highway Administration assured that the app was being revamped and that a **grievance redressal portal** for reporting encroachments would be developed by NHAI.

ISSUES

1. Whether the Union Government and the Highway Administration were fulfilling their statutory obligations to maintain National Highways in safe and good condition.
2. How unauthorized encroachments on National Highways should be addressed effectively.
3. Whether proper mechanisms, including mobile applications and portals, exist for public grievance redressal related to highway safety and encroachments.
4. The need for Standard Operating Procedures (SOPs) and inspection teams to monitor highways.

JUDGMENT

- The Court directed the **Highway Administration** to submit an affidavit within three months detailing implementation of duties under Rule 3 of the 2004 Rules (as amended in 2019).

- The ‘**Rajmargyatra**’ **mobile application** must be widely publicised across print, electronic, and social media platforms, and prominently displayed at toll and food plazas along highways.
- Respondents, including NHAI, must report complaints lodged via the app regarding encroachments and the action taken, within three months.
- SOPs for regular inspection teams must be issued, including data collection on unauthorized occupation of highway lands.
- The **Union of India** must constitute surveillance teams involving State Police to patrol highways regularly.
- Suggestions by the amicus curiae from 5-10-2024 must be reviewed and implemented appropriately.
- The Court stressed the mandatory obligations under Sections 24 and 26 of the 2002 Act to prevent and remove unauthorized occupation of highway lands.
- Continuous monitoring via inspection teams and CCTV cameras is encouraged.

The Court stated that the matter will remain pending for ongoing oversight, with the next compliance report due on 15-09-2025.

RATIO DECIDENDI

- The Union Government has a **statutory obligation** to maintain National Highways in good condition, ensure safety, and remove encroachments.
 - Implementation of these duties requires proactive measures such as SOPs, inspection teams, surveillance patrols, grievance redressal portals, and public awareness initiatives.
 - Use of technology (mobile apps, portals, CCTV) is essential for monitoring, reporting, and preventing unauthorized occupations.
 - Legal duties under Sections 24 and 26 of the 2002 Act are **mandatory**, not discretionary, and require strict compliance to safeguard public safety and highway infrastructure.
-



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