

Redefining Property Rights in India

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Context:

- The Supreme Court of India recently delivered a significant judgment concerning property rights and the government's power to use private resources for the "common good."
- This judgment revisited **Article 39(b)** of the **Directive Principles of State Policy (DPSP)**, which outlines the government's responsibility to distribute resources in a way that benefits society.
- The ruling marks a shift in the interpretation of this Article, moving away from an earlier socialist approach to a more market-oriented view, aligning with India's current economic model.
- This decision also overturns previous judgments that broadly defined private resources as community assets under government control.

Detailed Breakdown:

1. Background of the Case:

- A **nine-judge Constitution Bench** of the Supreme Court issued a majority judgment (8:1).
- The judgment held that **not all private resources can be considered as 'material resources of the community'** for government use in serving the '**common good**.'
- This overturns the interpretation that had been followed by the Supreme Court since **1977**.

2. What are Directive Principles and Article 39(b)?

- **Part IV of the Constitution** contains the **Directive Principles of State Policy (DPSP)**, guiding the government to achieve **social and economic justice**.
- **Article 39(b)** states that **ownership and control of material resources of the community** should be distributed to **best serve the common good**.
- Initially, **right to property** was a **Fundamental Right** under Articles 19(1)(f) and 31.
- After the **25th amendment (1971)**, Article 31C allowed laws based on **Articles 39(b) and (c)** to override Fundamental Rights.
- In the **Kesavananda Bharati case (1973)**, Article 31C was upheld but subject to **judicial review**.
- In **1978**, the right to property was removed from **Fundamental Rights** and became a **constitutional right** under **Article 300A**.

3. Previous Judgments and Justice V.R. Krishna Iyer's Interpretation

- In **State of Karnataka vs. Ranganatha Reddy (1977)**, the Supreme Court upheld a **Karnataka law** nationalizing private bus transport services.

- Justice V.R. Krishna Iyer interpreted 'material resources of the community' in Article 39(b) to include all national wealth, not just natural resources.
- His interpretation influenced cases like **Sanjeev Coke Manufacturing Company vs. Bharat Coking Coal Limited (1982)** and **Mafatlal Industries Ltd. vs. Union of India (1996)**, which supported nationalization based on this broad view.

4. The Current Ruling and Reversal of Justice Iyer's Interpretation

- In **Property Owners' Association vs. State of Maharashtra**, the Supreme Court reviewed Justice Iyer's interpretation of Article 39(b).
- The **majority opinion (8:1)** ruled that **not every private resource qualifies as a 'material resource'** for the state to use.
- It was emphasized that India has shifted from a **socialist** to a **market-based economy**, limiting the government's control over **private resources**.
- For a resource to qualify as a '**material resource of the community**,' it must have:
 - **Inherent characteristics** valuable to the community.
 - **A significant impact on community well-being**.
 - **Scarcity** that affects distribution.
 - **Impact due to concentration** in private hands.
- Examples that may qualify under Article 39(b) include **forests, ponds, spectrum, mines, and minerals**, even if privately held.
- **Justice Nagarathna** partially agreed, suggesting that all private resources, except **personal items** like **clothing and jewelry**, could serve the community if acquired by the government.
- **Justice Sudhanshu Dhulia** dissented, supporting Justice Iyer's broader interpretation, suggesting the **legislature should decide on resource distribution**.

5. Implications of the Judgment

- This judgment reflects India's shift from a **socialist** to a **market-oriented economy**.
- It aims to **protect small landowners and marginalized groups** from forced property acquisitions.
- Emphasizes **sustainable use and distribution of public resources**.
- Recognizes the responsibility to manage resources **for future generations**, noting we "**borrow**" resources from them.

