



2025 INSC 1281

REPORTABLE

**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

CIVIL APPEAL NO.10522 OF 2025

**U.P. STATE ROAD TRANSPORT CORPORATION
THROUGH ITS CHIEF GENERAL MANAGER ... APPELLANT**

VS.

KASHMIRI LAL BATRA & ORS. ... RESPONDENTS

WITH

CIVIL APPEAL NO.10523 OF 2025

PANKAJ PANDEY & OTHERS ... APPELLANTS

VS.

THE STATE OF M.P. & OTHERS ... RESPONDENTS

WITH

CIVIL APPEAL NO.10524 OF 2025

**U.P. STATE ROAD TRANSPORT
CORPORATION & OTHERS ... APPELLANTS**

VS.

... RESPONDENTS

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JATINDER K. SINGH
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JATINDER K. SINGH & OTHERS

WITH

SPECIAL LEAVE PETITION (CIVIL) DIARY NO.29083 OF 2018

**U.P. STATE ROAD TRANSPORT
CORPORATION & OTHERS**

... APPELLANTS

VS.

JAVED AKHTAR & OTHERS

... RESPONDENTS

AND

WRIT PETITION (C) NO.748 OF 2024

VIRENDER SINGH & OTHERS

... APPELLANTS

VS.

**UTTAR PRADESH STATE TRANSPORT
AUTHORITY & OTHERS**

... RESPONDENTS

J U D G M E N T

DIPANKAR DATTA, J.

INTRODUCTION

1. The MOTOR VEHICLES ACT OF 1939¹ was a legislation dealing with a host of matters of everyday concern related to use of motor vehicles till its repeal in 1988. It dealt with matters concerning various kinds of motor vehicles, its registration, license to drive and operate, insurance, road

¹ 1939 MV Act

rules, traffic control, control of public transport, the transport authorities, the necessity to obtain permits, inter-State reciprocal transport agreements, State Road Transport Corporations², compensation in case of road accidents caused by errant vehicles by a duly constituted tribunal and so on. After almost 60 (sixty) years of its existence, the Parliament introduced the 1988 MV Act w.e.f. 1st July, 1988. The 1988 MV Act is more or less like its precursor but with certain additional provisions to tackle modern day challenges. Spread over 15 chapters, the 1988 MV Act is considered to be a complete code in itself for anything and everything related to motor vehicles. One notable feature of the 1988 MV Act is that it brought about a sea change in the policy regarding grant of permits for plying stage carriages on intra-Region, inter-Region and inter-State routes. Challenge to the liberalized policy of grant of permits came up for consideration before a 3-Judge Bench of this Court in ***Mithilesh Garg v. Union of India***³. This Court held that the policy neither infringed Article 14 nor Article 19 rights of existing operators.

2. In these appeals arising out of judgment(s) and order(s) of the High Court of Madhya Pradesh⁴ and the sole writ petition under Article 32 of the Constitution seeking enforcement of rights guaranteed under Article 19(1)(g) thereof, we too are concerned with grant of permits but on certain inter-State routes which overlap portions of certain

² SRTCs

³ (1992) 1 SCC 168

⁴ High Court

intra-State notified routes. Thus, Chapter V of the 1988 MV Act titled CONTROL OF TRANSPORT VEHICLES and Chapter VI thereof titled SPECIAL PROVISIONS RELATING TO STATE TRANSPORT UNDERTAKINGS and V form the focal point of our consideration.

3. Delay in presenting SLP (C) Diary No. 29083 of 2018 is condoned. Leave granted.

THE IMPUGNED ORDERS

IMPUGNED ORDER IN CIVIL APPEAL No.10522 – 10523 OF 2025

4. Kashmiri Lal Batra⁵, approached the High Court, Bench at Gwalior, in its public interest litigation jurisdiction by filing a writ petition⁶, *inter alia*, seeking a mandamus to the respondents to countersign permits granted by the State Transport Authority of Madhya Pradesh⁷. The respondents before the High Court were the state transport authorities/departments of the States of Madhya Pradesh, Uttar Pradesh, Rajasthan, and Haryana.
5. The case pleaded in the writ petition by Kashmiri Lal reveals that in terms of an inter-State reciprocal transport agreement dated 21st November, 2006⁸ executed by and between the STA, MP and the State Transport Authority, Uttar Pradesh⁹ under Section 88 of the 1988 MV

⁵ Kashmiri Lal

⁶ WP No.8678 of 2013 (PIL)

⁷ STA, MP

⁸ IS-RT Agreement

⁹ STA, UP

Act, the Madhya Pradesh State Transport Corporation¹⁰ had exclusive right to operate buses on inter-State routes specified in Schedule B of the IS-RT Agreement. Schedule A of the IS-RT Agreement earmarked routes exclusively for plying of stage carriages by private operators.

6. It was alleged that MPSRTC had been wound up and, thus, it stopped plying buses on these routes which came to be de-notified. Clause 4(3) of the IS-RT Agreement provided that once de-notified, the routes in Schedule B would be deemed to be included in Schedule A. The private operators had claimed that routes specified in Schedule B be converted and included in Schedule A so that they could be selected and issued permits to ply stage carriages on the routes mentioned in Schedule A, subject to provisions of the 1988 MV Act.
7. To operate stage carriages on the routes mentioned in Schedule B, which stood de-notified, the private operators applied for and were granted temporary permits by the STA, MP. However, the STA, UP refused to counter-sign these permits.
8. Aggrieved by refusal of the STA, UP, as aforesaid, Kashmiri Lal approached the High Court seeking, *inter alia*, a mandamus to the STA, UP to grant countersignature on the permits issued by the STA, MP. The High Court, *vide* the impugned order¹¹, directed the State of Madhya Pradesh¹² to initiate proceedings to grant permanent stage carriage permits for the routes mentioned in Schedule B of the IS-RT

¹⁰ MPSRTC

¹¹ dated 26th November, 2014 in W.P. 8678/2013 (PIL)

¹² State of MP

Agreement, and to complete the proceedings within 2 months from the date of the order. Within 15 days thereafter, the State of Uttar Pradesh¹³ was directed to countersign the permits.

- 9.** Dissatisfied with the direction of the High Court contained in the impugned order, Uttar Pradesh State Road Transport Corporation¹⁴ has carried it to this Court in the lead appeal by special leave.
- 10.** The same order is under challenge in the connected appeal, at the instance of Pankaj Pandey, Manohar Sharma, and Kuldeep Sharma.

IMPUGNED ORDER IN CIVIL APPEAL NO.10524 OF 2025

- 11.** Guruprit Singh and Seema Arora, the respondents in the civil appeal, presented a writ petition¹⁵ before the High Court alleging that though they possessed the requisite permit to ply a stage carriage from Gwalior to Chandigarh under the IS-RT Agreement, the Transport Department, Government of Uttar Pradesh was not permitting them to park their vehicle at the respective bus stops.
- 12.** A Single Judge of the High Court, *vide* order dated 27th February, 2017, disposed of the writ petition granting liberty to the permit holders/petitioners to approach the Depot Manager, Agra, who was then directed to decide the issue and give effect to the permit in accordance with the IS-RT Agreement, and also observed that pending such

¹³ State of UP

¹⁴ UPSRTC

¹⁵ WP No.8703/2016

consideration, there would be no hindrance caused for the pick-up and drop services.

- 13.** Challenging this order, the UPSRTC preferred a writ appeal¹⁶ before a Division Bench of the High Court, claiming that it was beyond the territorial jurisdiction of the Single Judge to issue a mandamus when no cause of action arose in the State of MP. Rejecting the writ appeal, the Division Bench *vide* order dated 11th December, 2017 held that the State of UP had an obligation under the IS-RT Agreement and, as such, it was within the jurisdiction of the Single Judge to have issued the direction it did; consequently, the writ appeal was dismissed.
- 14.** The order dated 11th December, 2017 is under challenge in the connected appeal by special leave.

IMPUGNED ORDER IN SLP (C) DIARY NO.29083 OF 2018

- 15.** Javed Akhtar, the petitioner before the High Court in a petition under Article 226 of the Constitution, sought a mandamus to the UPSRTC to permit parking of his vehicle as well as pick-up and drop of passengers in terms of the IS-RT Agreement and the permit granted to him on the route Chhatarpur to Kanpur.
- 16.** Relying on the order dated 27th February, 2017¹⁷, as confirmed by the order dated 11th December, 2017¹⁸ passed by a co-ordinate bench of

¹⁶ Writ Appeal No. 189/17

¹⁷ Guruprit Singh and Anr. v. UPSRTC and Ors. in Writ Petition No. 8703 of 2016

¹⁸ UPSRTC and Ors. v. Guruprit Singh and Ors. in Writ Appeal No. 189 of 2017

the High Court, the directions therein were made applicable *mutatis mutandis*.

WRIT PETITION NO. 748 OF 2024

- 17.** Operators of 3 (three) stage carriages on the routes Shahdol to Allahabad, Sidhi to Varanasi and Rewa to Allahabad have presented the writ petition seeking similar and identical relief as were sought before the High Court by the petitioners therein, noted above. The respondents are the STA, MP and the STA, UP, among others. In essence, the petition seeks a mandamus to the STA, UP to counter-sign the stage carriage permits issued to the petitioners, under the IS-RT Agreement.

ARGUMENTS OF THE PARTIES

- 18.** We have heard Ms. Garima Prashad, learned senior counsel for the appellant, i.e., the UPSRTC; Mr. Mishra, learned counsel for the State of UP, and Ms. Shobha Gupta, learned senior counsel and Mr. B S Rajesh Agrajit, learned counsel for the respondents/petitioners, being the private operators who are holders of permit issued by the STA, MP.
- 19.** Ms. Prashad objected to maintainability of the public interest litigation before the High Court of Madhya Pradesh on the ground that Kashmiri Lal had been set up as a petitioner by the permit holders to espouse their cause and his writ petition, lacking in *bona fides*, ought to have been summarily dismissed. On merits, she claimed that no private

operator has a right to ply a stage carriage even on an inter-State route, a portion whereof is common to a notified route being part of an approved scheme under Chapter VI of the 1988 MV Act, except to the extent allowed by such scheme; hence, there was no question of private permit holders being permitted to ply on portions of routes which are part of notified routes. Multiple authorities were cited by her to support her contention.

20. Mr. Mishra adopted the submissions of Ms. Prashad.

21. *Per contra*, Ms. Gupta and Mr. Agrajit for the rival parties, i.e., the permit holders, were quite vocal in their claim that although the UPSRTC would have been justified in resisting their claims so long the MPSRTC were plying its stage carriages on the inter-State routes, but now that the MPSRTC had been wound up, the terms of the IS-RT Agreement binds the State of UP; and since such agreement permits issuance of inter-State permits to private operators on routes mentioned in Schedule B thereof and permits having been issued by the STA, MP in favour of the private operators following due procedure laid down in the 1988 MV Act, it is the duty of the State of UP to ensure that the terms of the IS-RT Agreement are given effect particularly when it is a party to it. According to the private permit holders, neither the STA, UP nor the UPSRTC has any authority or jurisdiction in law to nullify such a binding agreement.

22. Drawing our attention to the proviso to Section 100 of the 1988 MV Act, it has been contended that no approval of the Central Government

has been placed on record by the State of UP, or for that matter, by the UPSRTC. In the absence of such an approval, question of any route being notified does not and cannot arise and hence, the arguments advanced on behalf of the UPSRTC and the State of UP lack substance.

QUESTION FOR DECISION

23. The civil appeals and the writ petition under consideration seem to raise a substantial question of law. It is: whether a stage carriage permit can be granted to a private operator on an inter-State route in terms of an IS-RT Agreement executed by and between two neighbouring States under Section 88 of the 1988 MV Act when portion of such inter-State route is common to an intra-State route which has been notified in terms of a scheme approved per the provisions of Chapter VI of the 1988 MV Act¹⁹?

THE RELEVANT LAW

24. It would be profitable to read the provisions of the 1988 MV Act which have a material bearing on the question arising for decision in this set of matters. Chapters V of the 1988 Act contains Section 88 while Chapter VI thereof contains special provisions for the road transport undertakings.

25. The law relating to IS-RT Agreement appears in sub-sections (5) and (6) of Section 88 reading as follows:

¹⁹ approved scheme

Section 88. Validation of permits for use outside region in which granted.-

5) Every proposal to enter into an agreement between the States to fix the number of permits which is proposed to be granted or countersigned in respect of each route or area, shall be published by each of the State Governments concerned in the Official Gazette and in any one or more of the newspapers in regional language circulating in the area or route proposed to be covered by the agreement together with a notice of the date before which representations in connection therewith may be submitted, and the date not being less than thirty days from the date of publication in the Official Gazette, on which, and the authority by which, and the time and place at which, the proposal and any representation received in connection therewith will be considered.

Corresponding Law: S. 63(3-A) of the 1939 MV Act

(6) Every agreement arrived at between the States shall, in so far as it relates to the grant of countersignature of permits, be published by each of the State Governments concerned in the Official Gazette and in any one or more of the newspapers in the regional language circulating in the area or route covered by the agreement and the State Transport Authority of the State and the Regional Transport Authority concerned shall give effect to it.

Corresponding Law: S. 63(3-B) of the 1939 MV Act

26. Chapter VI comprises of 9 (nine) sections of which the first 6 (six) are required to be read for resolving the controversy under consideration.

They read as follows:

97. Definition.—In this Chapter, unless the context otherwise requires, “road transport service” means a service of motor vehicles carrying passengers or goods or both by road for hire or reward.

Corresponding Law: S. 68-A of the 1939 MV Act

98. Chapter to override Chapter V and other laws.—The provisions of this Chapter and the rules and orders made thereunder shall have effect notwithstanding anything inconsistent therewith contained in Chapter V or in any other law for the time being in force or in any instrument having effect by virtue of any such law.

Corresponding Law: S. 68-B of the 1939 MV Act

99. Preparation and publication of proposal regarding road transport service of a State transport undertaking.—

(1) Where any State Government is of opinion that for the purpose of providing an efficient, adequate, economical and properly co-ordinated road

transport service, it is necessary in the public interest that road transport services in general or any particular class of such service in relation to any area or route or portion thereof should be run and operated by the State transport undertaking, whether to the exclusion, complete or partial, of other persons or otherwise, the State Government may formulate a proposal regarding a scheme giving particulars of the nature of the services proposed to be rendered, the area or route proposed to be covered and other relevant particulars respecting thereto and shall publish such proposal in the Official Gazette of the State formulating such proposal and in not less than one newspaper in the regional language circulating in the area or route proposed to be covered by such scheme and also in such other manner as the State Government formulating such proposal deem fit.

(2) Notwithstanding anything contained in sub-section (1), when a proposal is published under that sub-section, then from the date of publication of such proposal, no permit shall be granted to any person, except a temporary permit during the pendency of the proposal and such temporary permit shall be valid only for a period of one year from the date of its issue or till the date of final publication of the scheme under Section 100, whichever is earlier.

Corresponding Law: S. 68-C of the 1939 MV Act

100. Objection to the proposal.—

(1) On the publication of any proposal regarding a scheme in the Official Gazette and in not less than one newspaper in the regional language circulating in the area or route which is to be covered by such proposal any person may, within thirty days from the date of its publication in the Official Gazette, file objections to it before the State Government.

(2) The State Government may, after considering the objections and after giving an opportunity to the objector or his representatives and the representatives of the State transport undertaking to be heard in the matter, if they so desire, approve or modify such proposal.

(3) The scheme relating to the proposal as approved or modified under sub-section (2) shall then be published in the Official Gazette by the State Government making such scheme and in not less than one newspaper in the regional language circulating in the area or route covered by such scheme and the same shall thereupon become final on the date of its publication in the Official Gazette and shall be called the approved scheme and the area or route to which it relates shall be called the notified area or notified route:

Provided that no such scheme which relates to any inter-State route shall be deemed to be an approved scheme unless it has the previous approval of the Central Government.

(4) Notwithstanding anything contained in this section, where a scheme is not published as an approved scheme under sub-section (3) in the Official Gazette within a period of one year from the date of publication of the proposal regarding the scheme in the Official Gazette under sub-section (1), the proposal shall be deemed to have lapsed.

Explanation.—In computing the period of one year referred to in this sub-section, any period or periods during which the publication of the approved

scheme under sub-section (3) was held up on account of any stay or injunction by the order of any Court shall be excluded.

Corresponding Law: S. 68-D of the 1939 MV Act

102. Cancellation or modification of scheme.—

(1) The State Government may, at any time, if it considers necessary, in the public interest so to do, modify any approved scheme after giving—

(i) the State transport undertaking; and

(ii) any other person who, in the opinion of the State Government, is likely to be affected by the proposed modification, an opportunity of being heard in respect of the proposed modification.

(2) The State Government shall publish any modification proposed under sub-section (1) in the Official Gazette and in one of the newspapers in the regional languages circulating in the area in which it is proposed to be covered by such modification, together with the date, not being less than thirty days from such publication in the Official Gazette, and the time and place at which any representation received in this behalf will be heard by the State Government.

Corresponding Law: S. 68-E of the 1939 MV Act

103. Issue of permits to State transport undertakings.—

(1) Where, in pursuance of an approved scheme, any State transport undertaking applies in such manner as may be prescribed by the State Government in this behalf for a stage carriage permit or a goods carriage permit or a contract carriage permit in respect of a notified area or notified route, the State Transport Authority in any case where the said area or route lies in more than one region and the Regional Transport Authority in any other case shall issue such permit to the State transport undertaking, notwithstanding anything to the contrary contained in Chapter V.

(2) For the purpose of giving effect to the approved scheme in respect of a notified area or notified route, the State Transport Authority or, as the case may be, the Regional Transport Authority concerned may, by order,—

(a) refuse to entertain any application for the grant or renewal of any other permit or reject any such application as may be pending;

(b) cancel any existing permit;

(c) modify the terms of any existing permit so as to—

(i) render the permit ineffective beyond a specified date;

(ii) reduce the number of vehicles authorised to be used under the permit;

(iii) curtail the area or route covered by the permit insofar as such permit relates to the notified area or notified route.

(3) For the removal of doubts, it is hereby declared that no appeal shall lie against any action taken, or order passed, by the State Transport Authority or any Regional Transport Authority under sub-section (1) or sub-section (2).

Corresponding Law: S. 68-F of the 1939 MV Act

RELEVANT DECISIONS ON THE POINT

- 27.** There are multiple decisions of this Court declaring the law that private operators can be completely excluded from plying their stage carriages on notified routes and/or part of a notified route. However, there are at least 5/6 (five/six) decisions of this Court which seem to us to have a direct bearing on the question arising for decision vis-à-vis the situation of the nature that is projected before us.
- 28.** As the ensuing discussion would unfold, there is a decision of a coordinate Bench which supports the contentions raised by Kashmiri Lal and the permit holders. This coordinate Bench decision, however, is contrary to the law laid down in two/three previous three-Judge bench decisions. However, a subsequent larger Bench decision did not agree with the said coordinate Bench decision. The said larger Bench decision has since been approved by a subsequent Constitution Bench decision. The sixth decision, also of a coordinate Bench, followed the decisions of the larger Bench and the Constitution Bench since it was bound by the same. Thus, the question, which we are tasked to answer appears to be no longer *res integra* in view of all these decisions of this Court rendered by larger/Constitution Benches, which too are equally binding on us.
- 29.** We may now proceed to note the precedents in the field *in seriatim* most of which, coincidentally, arose from proceedings in the erstwhile State of Mysore.

30. The first decision on the point to be noted is that of a three-Judge Bench in ***T.N. Raghunatha Reddy v. Mysore State Transport Authority***²⁰. It was held there that:

“**16.** Regarding the third point we were unable to appreciate how an inter-State agreement overrides the provisions of Chapter IV-A. The inter-state agreement is not law and to hold that an inter-State agreement overrides Chapter IV-A would be to completely disregard the provisions of Section 68-B of the Act which provides that ‘the provisions of this Chapter and the rules and orders made thereunder shall have effect notwithstanding anything inconsistent therewith contained in Chapter IV of this Act or in any other law for the time being in force or in any instrument having effect by virtue of any such law’. ...”.

31. The next decision of relevance is ***S. Abdul Khader Saheb v. Mysore Revenue Appellate Tribunal***²¹. Accepting the law laid down in ***T.N. Raghunatha Reddy*** (supra), it was held there that an IS-RT Agreement is an agreement between two States and, therefore, not a law. Thus, a scheme of nationalisation approved under Section 68-D of the 1939 MV Act would prevail over an inter-State agreement in respect of an inter-State route. The relevant passage is extracted hereunder:

“**6.** The next point on which a great deal of emphasis has been laid on behalf of the appellant is that an inter-State route comes into existence by virtue of an agreement between the States through which the route passes. The main provisions in that respect are to be found in Section 63 of the Act. Any scheme of nationalisation of a route by a State, as approved under Section 68-D, cannot override the inter-State agreements in respect of the inter-State routes. This Court has in *T.N. Raghunatha Reddy v. Mysore State Transport Authority* answered this question in the negative. It has been held that the inter-State agreement is not law and to hold that an inter-State agreement overrides Chapter IV-A would be to completely disregard the provisions of Section 68-B of the Act. In other words a

²⁰ (1970) 1 SCC 541

²¹ (1973) 1 SCC 357

scheme of nationalisation approved under Section 68-D would prevail over an inter-State agreement in respect of an inter-State route.”

32. In *Mysore SRTC v. Mysore Revenue Appellate Tribunal*²²

[Mysore SRTC (I)], a coordinate Bench of this Court formulated the question as under:

“Can a permit be granted to an inter-State Transport Operator for the whole of his route despite the fact that a part of the route overlaps a part of a notified intra-State route?”

33. The coordinate Bench examined three schemes framed under Section 68-C of the 1939 MV Act which, in some manner, partly overlapped the notified intra-State routes. It was held that though the State has power under Section 68-C to totally exclude private operators (including inter-State operators) from notified routes, such exclusion must be expressed clearly in the scheme itself. A mere physical overlap of routes is insufficient unless a scheme unequivocally prohibits inter-State operators from even traversing overlapping portions. In such case, the private operators cannot be denied permits. It was observed that if the intent was such as to exclude the routes which happened to overlap, they should have been mentioned in the scheme. Thus, the permits granted either by the Regional Transport Office or the State Appellate Authority were upheld.

34. The next decision was rendered by a 3-Judge Bench in ***Mysore SRTC v. Mysore STAT*²³ [Mysore SRTC (II)]**. There, the Mysore State

²² (1975) 4 SCC 192

²³ (1974) 2 SCC 750

Road Transport Corporation plied buses on a route notified under Chapter IV of the 1939 MV Act. It objected to renewal of permit to one C. Abdul Rahim on the ground that the permit so sought, would overlap 3 miles of the notified route. The Regional Transport Authority granted permit by negating the contention of overlap. While granting the permit, the Authority held that the notified route is not affected if the distance of the overlapping portion is less than five miles and if a condition not to pick up or set down passengers on the notified route is attached.

- 35.** Appeal against the grant of permit failed before the State Transport Authority, whereafter there was an unsuccessful challenge in a writ petition before the Karnataka High Court (then Mysore High Court).
- 36.** The larger Bench of this Court in **Mysore SRTC (II)** (supra) distinguished **Mysore SRTC (I)** (supra) holding that it was a case concerning inter-State routes whereas in the present case, the case concerned intra-State routes and, thus, proceeded to examine the issue.
- 37.** This Court held that there was no justification to hold that the integrity of the notified scheme would not be affected if the overlapping portion of permit is under five miles or by stipulating a condition. No permit or renewal of permit could have been granted—however short the distance of the route might be—if the scheme totally or partially prohibits other operators from operating on the route or a part thereof.

Thus, setting aside the order of the Mysore High Court which upheld the grant of permit, this Court directed the Regional Transport Authority to comply with the requirements of the scheme.

38. Incidentally, Hon'ble M.H. Beg, J. (as the Chief Justice then was) was a member of both the Benches. His Lordship wrote a dissenting view in **Mysore SRTC (II)** (supra) while reiterating the views expressed in **Mysore SRTC (I)** (supra).

39. The reason for the conclusion drawn by His Lordship in **Mysore SRTC (I)** (supra) is found in paragraph 3. The same reads:

"**3.** Section 68-C requires, as a condition precedent to any exclusion of private operators under a scheme of nationalisation from 'any area or route or portion thereof', that the scheme should give 'particulars of the nature of services proposed to be rendered, the area or route proposed to be covered and such other particulars respecting thereto as may be prescribed'. Each scheme has to be published in the Official Gazette and also 'in such manner as the State Government may direct'. A scheme finally emerges, after opportunities given under Section 68-D of the Act for objections by persons interested in providing transport facilities as well as by local and police authorities within the area or upon the routes proposed to be covered by a scheme, as an approved scheme in which the original proposals may or may not have been modified. Each scheme so approved can be either cancelled or modified by the State Transport Undertaking under Section 68-E of the Act in accordance with the procedure laid down by Sections 68-C and 68-D of the Act."

40. Though sounding logical having regard to the enormity of the process that is involved in reaching an IS-RT Agreement by and between two States, the said ruling ceases to have any effect in view of the precedents that it did not follow and which has since been expressly

overruled by the Constitution Bench in **Adarsh Travels Bus Services v. State of Uttar Pradesh**²⁴.

41. In **Adarsh Travels Bus Services** (supra), the Constitution Bench had the occasion to consider both the aforementioned decisions and settled the law. While specifically dissenting from the view taken in **Mysore SRTC (I)** (supra) and agreeing with the view in **Mysore SRTC (II)** (supra), this Court affirmed earlier decisions of this Court which interpreted the law in Chapter IV-A of the 1939 MV Act excluding private operators from plying on a common stretch of a notified route as perfectly in order. The relevant paragraphs from such decision read as follows:

“**13.** In *Mysore State Road Transport Corpn. v. Mysore Revenue Appellate Tribunal*, Beg and Chandrachud, JJ., departing from the views generally taken till then, took the view that a scheme which totally excluded inter-State private operators from using any part of a notified route must make the intention clear. There was a difference between area and route. Route denoted the abstract conception of line of travel. A difference in the two termini of two routes would make the two routes different, even if there was overlapping. Unless the scheme clearly indicated that the user of any portion of the highway covered by the notified route was prohibited, inter-State operators could not be debarred from plying their vehicles over the overlapping part of the inter-State route merely because of the physical fact of the overlapping of the two routes. The learned Judges did not notice the earlier decisions of the Court in *C.P.C. Motor Service v. State of Mysore* (AIR 1966 SC 1661) and *Abdul Khader v. Mysore Revenue Appellate Tribunal* [(1973) 1 SCC 357]. *Nilkanth Prasad case* (AIR 1962 SC 1135) was noticed but bypassed with the observation ‘whatever may be said about the correctness of the decision’ etc.

14. In *Mysore State Road Transport Corpn. v. Mysore State Transport Appellate Tribunal* [(1974) 2 SCC 750], all the earlier cases were noticed and it was held:

‘It is, therefore, apparent that where a private transport owner makes an application to operate on a route which overlaps

²⁴ (1985) 4 SCC 557

even a portion of the notified route i.e. where the part of the highway to be used by the private transport owner traverses on a line on the same highway on the notified route, then that application has to be considered only in the light of the scheme as notified. If any conditions are placed then those conditions have to be fulfilled and if there is a total prohibition then the application must be rejected.

* * *

This Court has, consistently taken the view that if there is a prohibition to operate on a notified route or routes no licences can be granted to any private operator whose route traversed or overlapped any part or whole of that notified route. The intersection of the notified route may not, in our view, amount to traversing or overlapping the route because the prohibition imposed applied to a whole or part of the route on the highway on the same line of the route. An intersection cannot be said to be traversing the same line, as it cuts across it.'

The learned Judges expressly dissented from the decision of Beg and Chandrachud, JJ. in *Mysore State Transport Corpn. v. Mysore Revenue Appellate Tribunal* [(1975) 4 SCC 192] and approved the decisions of the court in *Nilkanth Prasad case* and *Abdul Khader case*. We agree with the view taken by this Court in *Mysore State Road Transport Corpn. v. Mysore State Transport Appellate Tribunal* and dissent from the view taken in *Mysore State Road Transport Corpn. v. Mysore Revenue Appellate Tribunal*. We however wish to introduce a note of caution. When preparing and publishing the scheme under Section 68-C and approving or modifying the scheme under Section 68-D care must be taken to protect, as far as possible, the interest of the travelling public who could in the past travel from one point to another without having to change from one service to another en route. This can always be done by appropriate clauses exempting operators already having permits over common sector from the scheme and by incorporating appropriate conditional clauses in the scheme to enable them to ply their vehicles over common sectors without picking up or setting down passengers on the common sectors. If such a course is not feasible the State Legislature may intervene and provide some other alternative as was done by the Uttar Pradesh Legislature by the enactment of the Uttar Pradesh Act 27 of 1976 by Section 5 of which the competent authority could authorise the holder of a permit of a stage carriage to ply his stage carriage on a portion of a notified route subject to terms and conditions including payment of licence fee. There may be other methods of not inconveniencing through passengers but that is entirely a matter for the State Legislature, the State Government and the State Transport Undertaking. But we do wish to emphasise that good and sufficient care must be taken to see that the travelling public is not to be needlessly inconvenienced.

16. In one of the cases it was argued before us that though the scheme framed by the Uttar Pradesh Transport Undertaking prohibited the plying of private stage carriages on the notified part

of an inter-state route within the State of Uttar Pradesh, a later Madhya Pradesh scheme published by the Madhya Pradesh State Transport Undertaking pursuant to an inter-State agreement allowed the plying of stage carriages by private operators on that part of the route which was in Uttar Pradesh also. The argument was that the later scheme superseded the earlier scheme and therefore the operators could ply their vehicles on the Uttar Pradesh part of the route also. We are unable to see how the scheme framed by the Uttar Pradesh State Transport Undertaking can be superseded by the scheme framed by the Madhya Pradesh State Transport Undertaking."

42. In *T.V. Nataraj v. State of Karnataka*²⁵, a coordinate Bench was tasked to decide the following question:

"**1.** Whether notification of a route under Section 68-C of the Motor Vehicles Act, 1939 (for short 'the Act') excluding completely or partially private operators from plying on the notified route results in excluding the operators of inter-State route as well is the question of law that arises for consideration in these appeals."

Answering the question in the affirmative, it was specifically held as follows:

"**5.** Mr Ashoke Sen, the learned senior counsel for the appellant, relied on observations in *Adarsh Travels case* [(1985) 4 SCC 557] and urged that whether a scheme was for total or partial exclusion depended on interpretation of the scheme itself. According to him, a reading of the scheme indicated that since operators of inter-State route are not excluded from the scheme, the view taken by the High Court or the Transport Authority cannot be upheld. The submission cannot be accepted in view of overruling of the earlier decision of this Court in *Mysore State Road Transport Corpn. v. Mysore Revenue Appellate Tribunal* [(1975) 4 SCC 192] by the Constitution Bench. Even though the Bench in *Mysore State Road Transport Corpn. v. Mysore Revenue Appellate Tribunal* did not consider it necessary to decide if publication of scheme precludes an inter-State operator from plying on notified portion of intra-State route as the Bench was satisfied that the scheme did not exclude an inter-State operator from plying but in view of the decision in *Adarsh Travels case* and in absence of express authorisation in the scheme, the controversy is no more res integra.

6. In the result, these appeals fail and are dismissed. We may, however, while dismissing these appeals, reiterate what was said in *Adarsh Travels case* that it is for the State to take steps so as to

²⁵ (1994) 2 SCC 32

avoid any inconvenience to the public either by framing a proper legislation or by taking steps, as were pointed out in that decision.”

43. We have extensively quoted the statutory provisions, more particularly, Section 88 of the 1988 MV Act to highlight how a draft IS-RT Agreement is to be published in the Official Gazette inviting objections and also that only upon consideration of the same is the final IS-RT Agreement published for information of all concerned. Since the IS-RT Agreement was given effect upon concurrence of both the States - State of MP and State of UP - it is presumed that objections lodged, if any, were duly considered. There was a provision in the IS-RT Agreement that should the MPSRTC be wound up, the routes earmarked for it in Annexure B would be included in Annexure A and private operators permitted to apply for and obtain permits on such routes. Whether or not the UPSRTC lodged any objection or the same, though lodged, was not considered, is of little consequence. UPSRTC can be said to have accepted the position that in the event of the MPSRTC not being in a position to ply its stage carriages on the routes included in Annexure B, the said routes would stand included in Annexure A and the private permit holders entitled in law to obtain permits to ply stage carriages on such routes. Based on the materials placed on record, the private operators urge us to accept that MPSRTC has been wound up. However, there is no clinching evidence to that effect. At best, the materials on record hint at the process of winding up of MPSRTC being underway.

- 44.** Now, in view of the precedents governing the field which answer the substantial question of law formulated by us fairly and squarely, grant of relief to the private operators seems well-nigh impossible unless of course MPSRTC is clearly shown to have been wound up.
- 45.** In addition, what also stands in the way of grant of relief in favour of the private operators is the statutory ordainment of Chapter VI overriding Chapter V. An IS-RT Agreement can be executed by two States drawing power from Section 88 of the 1988 MV Act, which is part of Chapter V thereof. As has been noted, the consistent view of this Court has been that an IS-RT Agreement by its very nature is an agreement between two States but not a law under the relevant MV Act. Approved schemes and notified routes, which are envisaged in Chapter VI, would obviously override Section 88, in view of Section 98 of the 1988 MV Act. **MSRTC – I** (supra) being no longer good law, such decision cannot aid the private operators though it seems logical that plying of a stage carriage by a private operator on an inter-State route, which happens to overlap a part of a notified intra-State route, should be expressly excluded by incorporating requisite recitals in the IS-RT Agreement, which is subsequent in point of time, because no such agreement can surface in the absence of consensus between two neighbouring States. Once two States hold talks for formulating and opening up routes for plying of stage carriages connecting cities/towns in such States on reciprocal basis and reduce the agreed terms to a written agreement, which is also given wide publicity to remove any

possible hurdles, there is a presupposition of various objects and purposes having been factored therein, which undoubtedly have serving public interest at the forefront. If the two reciprocating States fail to notice that the services to be introduced would face road-blocks because certain inter-State routes overlap a few intra-State routes, public interest is rendered a casualty and thereby, the whole object and purpose of the IS-RT Agreement would be frustrated and lost in the process. Before closing the discussion on this topic, we are left with no option but to lament noticing the apparent lack of application of mind and of purpose by the States of UP and MP which have dented the prospect of maximisation of public interest consequent upon introduction of a few of the inter-State routes overlapping part of routes notified in favour of the UPSRTC. Much was expected of the States of UP and MP as well as the UPRSTC to protect the interest of the passengers and commuters, which unfortunately has not fructified. While we propose to allow the civil appeals and dismiss the writ petition, it would not be in the best interest of the people of the States of UP and MP for us to remain as mute spectators. We wish to make a few parting observations and directions.

- 46.** While considering evolution of road transport in India, one cannot miss the significant transformation that it has undergone over the years. Sincere and serious attempts to revolutionise travel on road by passengers and commuters are discernible. Leaving behind the humble beginnings, focus on infrastructure development has seen a quantum

leap. India has developed, in this century, an intricate network of highways providing accessibility to nearby cities and towns from the remotest of villages, thereby establishing 'last-mile connectivity'. Expressways have been constructed to facilitate faster movement of people and goods between distant locations and thereby reduce travel time. These highways and expressways are transforming India's transportation landscape and driving economic growth, among others. What deserves special note is that the surface of these highways/expressways is smoother than ever before. With the introduction of modern vehicles, operators of stage carriage services have been providing comfort and convenience which are comparable with services available abroad. Switch to electric vehicles for both public and private use has facilitated sustainable transportation. A feature of smart transportation has been integration of technology to enhance efficiency and safety. In fine, with continued innovation and investment, the road transport sector seems to have progressed to attain more efficiency, sustainability and accessibility.

- 47.** Data that is presently available on the websites of a number of State Road Transport Corporations do suggest that a couple of these corporations are thriving, with impressive growth and adoption of technology. Digitalisation has been a game changer. To adapt to the changing transportation landscape, leveraging technology to improve services and customer experience is the priority for these corporations. Bookings are now made on online platforms and live tracking is

available on mobile apps. Measures have been taken to expand services and to streamline operations. Notwithstanding that in certain areas/routes old buses which are on the verge of being phased out are being plied, modern-era vehicles such as e-buses have been introduced in some sectors by the SRTCs.

- 48.** None can possibly dispute that the nation having made substantial progress in the road transport sector, interests of passengers and commuters ought to be of prime concern for the transport authorities; in this case, of both the States, i.e., UP and MP. While no permission can be granted at this stage to any private operator having a permit issued by the STA, MP to ply his vehicle on an inter-State route connecting two cities in the neighbouring States, which overlaps any notified intra-State route in the State of UP, we are inclined to the view that much can be achieved through dialogue between the two States. The parting observations in **Adarsh Travels Bus Services** (supra), as reiterated in **T.V. Nataraj** (supra) cannot be lost sight of. Stage carriage services are provided for the benefit of a vast cross-section of the population and subjecting them to inconvenience would amount to disservice by the States of MP and UP. After all, an inference can legitimately be drawn that the STA, MP having issued permits to private operators on routes hitherto before reserved for the MPSRTC, the same might not have been possible if the MPSRTC had been plying its vehicles on such routes. However, the terms of the IS-RT Agreement specifically required the MPSRTC to be wound up for the

private operators to stake claims for obtaining permits on routes earmarked for it. Though it has not been conclusively established before us that the MPSRTC has been wound up, an opportunity ought to be extended to establish it and if proved, at least an attempt ought to be made to fully work out the IS-RT Agreement with modifications which itself contemplates that such a modification could be made.

- 49.** To facilitate such an exercise, it would be desirable if the Principal Secretaries of the Transport Departments of the States of MP and UP, together with other responsible officers of the said departments, meet at a mutually convenient venue within 3 months from date to discuss the modalities for fully working out the IS-RT Agreement. If indeed, the transport authorities of the State of MP satisfy the transport authorities of the State of UP that the MPSRTC has been wound up or is on the verge of being wound up and, therefore, not in a position to ply stage carriages on the routes earmarked for it (Annexure B), appropriate decision may be taken to include the routes in Annexure B of the IS-RT Agreement in Annexure A thereof and measures taken to give effect to such inclusion. Needless to observe, such measures ought to be affected upon a consensus being reached for permitting private operators to ply on the inter-State routes originating from the State of MP and terminating in the State of UP and back. To what extent and, if at all, the interest of the UPSRTC needs to be protected and can be achieved is left to the discretion of the transport authorities of the States of UP and MP. In addition, so long few intra-State routes

in the State of UP are notified in favour of the UPSRTC and portions thereof fall in the line of travel of stage carriages of certain inter-State routes, both the States may also consider the desirability of exploring whether partial exclusion of inter-State routes from the approved scheme [as referred to in Section 99 of the 1988 MV Act] can be permitted so as to further the interests of the passengers and the commuters. Should there be consensus, no time ought to be wasted for grant/issue of permits and countersignature thereof by the reciprocating State. In the unlikely event of absence of consensus between the two States to permit private operators to ply their vehicles as stage carriages from routes originating in the State of MP and terminating in the State of UP as well as the return trip from the State of UP to the State of MP, the State of MP shall also be at liberty to decide its future course of action keeping in mind that an IS-RT Agreement cannot be revoked without the consent of both the States. We reiterate, these being matters of policy, should be left to both the States to decide and we do hereby reserve it for their consideration.

Conclusions

50. Based on what is discussed above and considering the circumstances that have since unfolded, we proceed to order as under:

- i. The judgment and order of the High Court under challenge in the lead appeal being Civil Appeal No. 10522 of 2025 [U.P. State

Road Transport Corporation through its Chief General Manager
v. Kashmiri Lal Batra & Ors.] stands set aside.

ii. The other judgment(s) and order(s) under challenge in the
connected civil appeals also stand set aside.

iii. Writ Petition No. 748 of 2024 stands dismissed.

iv. The States of MP and UP may proceed in the manner we have
observed in paragraph 49 supra.

51. On the aforesaid terms, the proceedings stand closed without any
order as to costs.

.....J.
(DIPANKAR DATTA)

.....J.
(AUGUSTINE GEORGE MASIH)

**NEW DELHI;
NOVEMBER 04, 2025.**