

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 02.04.2018

CORAM

THE HONOURABLE MR. JUSTICE K.KALYANASUNDARAM

WP.No.7531 of 2018
and W.M.P.No.9377 of 2018

S.Ramachandran

...Petitioner

Vs.

The Executive Officer,
Selection Grade Town Panchayat,
Pethanaicken Palayam Taluk & Post,
Salem District.

...Respondent

PRAYER:

Writ petition filed under Article 226 of the Constitution of India praying for issuance of Writ of Certiorarified Mandamus to call for the records relating the proceedings of the respondent made Notice dated 15.03.2018 made in Na.Ka.No.40/2018/A1 passed by the respondent and quash the same and direct the respondent to renew and extent the petitioner lease in the light of the G.O.Ms.No.92, Municipal Administration Department, dated 03.07.2007.

For Petitioner : M/s.A.Rajakumar

For Respondent : Mrs.K.Bhuvaneswari, Addl.G.P.

ORDER

Mrs.K.Bhuvaneswai, the learned Additional Government Pleader, takes notice on behalf of the respondent. By consent, the Writ Petition is taken up for final disposal.

2. The petitioner has come forward with the present Writ Petition challenging the proceedings of the respondent issued in Na.Ka.No.40/2018/A1, dated 15.03.2018, and for a direction to the respondent to renew and extent the petitioner's lease in the light of the G.O.Ms.No.92, Municipal Administration Department, dated 03.07.2007.

3. The case of the petitioner is that in the auction conducted in the year 2014, the petitioner was declared as the

successful bidder for collection of toll fee on the cycle stand situated in the respondent Town Panchayat. The lease period commenced from 06.03.2014 and expired on 05.03.2017. Even after expiry of the lease period, the petitioner is still in possession of the property, on paying the lease amount to the respondent. While so, the respondent instead of renewing the lease, as per G.O.Ms.No.92, Municipal Administration Department, dated 03.07.2007, issued the impugned order directing the petitioner to vacate the shop on 31.03.2018.

4. The learned counsel for the petitioner by reiterating the averments contained in the affidavit submitted that as per the G.O.Ms.No.92, Municipal Administration Department, dated 03.07.2007, the petitioner is entitled for renewal of the lease.

5. Per contra, the learned Additional Government Pleader appearing for the respondent submitted that the lease period of the petitioner expired in the month of March 2017 and the respondent has decided to bring the Cycle Stand for auction and the petitioner has no legal right to seek extension of lease.

6. The issue involved in the case is no longer res integra. This court, in the following decisions has consistently taken the view that the licensees of the Panchayat / Municipal Shops have no vested right to seek renewal of licence in perpetuity and the shops/buildings of the Local Bodies to be put in public auction with an object to augment more Revenue and also to provide opportunity to the general public to participate in the auction.

7. The Division Bench of this court in A.Sathar Vs. The District Collector, Coimbatore and Another (AIR 1998 MAD 217) has held as follows:-

"...We are of the view that the appellant has no vested right to continue in occupation of the premises in question belong to the second respondent/panchayat which is entitled to lease out the properties owned by it by public auction. As rightly pointed by the learned single judge, properties owned by the Municipality are also a source of revenue to the Municipality and the interest of the Municipality has to be balanced as against the interest of the shop owner lessee. It cannot be disputed that the lessees may also be entitled to a fair terms and the Government, had, therefore, allowed the lessees to continue their occupation for a second term. As already seen the appellant was given

extension of lease period from time to time from the year 1988 to 31.02.1997 on terms. Even the last lease was extended for three years by enhancing the rent by 30 per cent. Under these circumstances, it is not fair on the part of the appellant to ask for the extension of the lease for further term of three years from 01.04.1997 to 31.03.2000 on an enhancement of 15 per cent of the previous rent. The extension granted earlier by the Panchayat, to the appellant would not mean that the appellant is entitled to continue in possession of the premises in question for ever by paying ridiculously low rent. We are of the view that the extension of the lease to the appellant is against the interest of the Panchayat. As already noticed the rental income from the properties owned by the Panchayat is one of the sources of income of the Panchayat. Therefore, the interest of the Panchayat cannot be jeopardized by permitting the appellant to continue in possession of the premises in question at the enhanced rate of 15 per cent as prayed for. There are absolutely no merits in this writ appeal and the same is dismissed."

8. In the case of O.A.Nowshad Farooq vs. The Commissioner, Tiruvelveli Municipal Corporation, Tirunelveli and another (W.P (MD)No.3535 of 2009, dated 30.04.2009), reported in Indiankannon.org/doc/1721899, has held that the petitioner is not entitled for an automatic renewal of his licence on the basis of the Government Order in G.O.Ms.No.92, Municipal Administration and Water Supply Department, dated 03.07.2007 as well as the Government Order in G.O.Ms.No.181, Municipal Administration and Water Supply Department, dated 19.09.2008. It is also observed that the Government Order is not applicable to the existing licensees and thereby, licence would be renewed for a further period and there is no such condition incorporated in the Government Order.

9. In WA(MD)No.546 of 2010, dated 19.08.2010 (P.Ravi vs. 1.Madurai City Municipal Corporation Council, represented by its Hon'ble Mayor, Madurai City Municipal Corporation, Tallakulam, Madurai and another, the Division Bench of this Court has observed in para 6 as follows:-

"6.In the award of public largesse, particularly involving the revenue, the

municipal Corporation should have the paramount interest of augmenting the revenue. We may also point out that even in case of the Government Orders granting such benefit, those Government Orders should be considered and interpreted to be of advantage of the Corporation and not to the licensee. This again is on the principle of augmenting the revenue to the Corporation. As the appellant had not satisfied this Court as to his entitlement for the renewal of licence for a further period of two years, though he has relied upon the Government Order dated 25.5.2009."

10. Similar issue came up in the case of M.Periya Samy vs. The Assistant Director of Town Panchayats, Madurai, Madurai District and The Executive Officer, T.Kallupatti Town Panchayat, T.Kallupatti, Madurai reported in Indiankannon.org/doc/21280938. In that case, the shops situated in T.Kallupatti Town Panchayat Bus Stand Commercial Complex was auctioned in the year 2012 for a period three years and after expiry of the licence period, the local authority issued a notification for a fresh auction, which was challenged contending that the existing licensee is entitled for extension of licence period as per G.O.Ms.No.92, Municipal Administration and Water Supply Department, dated 03.07.2007. In that case, the Division Bench of this court held that the licence period is only for three years and after expiry of the same, it is for the local authority, to decide, as to whether extension of the lease has to be made, by upward revision of lease amount, as per the terms and conditions of the Government Order or to go for public auction, to augment more revenue, holding so rejected the case of the licensees.

11. Following the decision reported in 2014(5) MLJ 129 in the case of P.Muthusamy vs. State of Tamil Nadu, in the case of C.Vinoba Vs. The Commissioner, Palladam Municipality (2015(3) CTC 170), directed the respondent municipality to put the shops to fresh auction with a view to find out the fair market rent.

12. In (2016)3 MLJ 698 in the case of P.P.M.S.C.L.W.Assn. vs. Commissioner, after considering a number of decisions of this court as well as the Supreme court, in para 26, held as follows:-

"26. There is no two option of a vital fact that the 2nd respondent/Municipality is the competent/appropriate authority to determine what rent a particular shop of the Panchayat may fetch and it is well settled principle in Law that a lease cannot be

extended much to the detriment of panchayat and in any event, the panchayat cannot be a loser on any score."

13. In the light of the above decisions, the petitioner cannot seek extension of lease by relying upon G.O.Ms.No.92, Municipal Administration and Water Supply Department, dated 03.07.2007, which in my view, would be against the interest of the local body.

14. In such view of the matter, the Writ petition fails and the same is dismissed. There is no order as to costs. Consequently, connected miscellaneous petition is closed.

Sd/-
Assistant Registrar(CS V)

//True Copy//

Sub Assistant Registrar

pvs

To

The Executive Officer,
Selection Grade Town Panchayat,
Pethanaicken Palayam Taluk & Post,
Salem District.

+1cc to Mrs.K.Bhuvaneswari, Addl.G.P., S.R.No.24711

WP.No.7531 of 2018

NRI (CO)
CS/26/04/18

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