IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED : 04.06.2026

CORAM

THE HONOURABLE MR.JUSTICE M.DHANDAPANI

**W.P.Nos.19621, 19623, 19628, 22177, 23731
and 23735 of 2021
And
W.M.P.Nos.20910, 20914, 20916, 23411, 24983
and 24989 of 2021**

Lakshmi Machine Works Limited
Periyanaickenpalayam,
Coimbatore – 641 020. ... Petitioner in W.Ps.19621, 19623, 19628, 22177/2021

Lakshmi Electrical Control Systems Limited
Represented by its Group Head – HR C.Palani
Arasur,
Coimbatore – 641 407. ... Petitioner in W.P.23731/2021

Lakshmi Precision Tools Limited
Represented by its Senior Manager – HR M.Palanisamy
Arasur,
Coimbatore – 641 407. ... Petitioner in W.P.23735/2021

Vs.

1.The President / Special Officer
Arasur Village Panchayat
Coimbatore 641 407.

2.Commissioner
Sulur Panchayat Union
60, Panchayat Office Street,
Sulur
Coimbatore District. ... Respondents in all the W.Ps.

Common Prayer in W.P.Nos.19621, 19623, 19628 of 2021:

Petition filed under Article 226 of the Constitution of India to issue a Writ of Certiorari calling for the records of the impugned order dated 01.03.2021 issued by the first respondent based on the Resolution No.22/2020 dated 21.02.2020 of the second respondent and quash the order dated 01.03.2021 issued by the first respondent.

Prayer in W.P.No.22177 of 2021:

Petition filed under Article 226 of the Constitution of India to issue a Writ of Certiorari, calling for the records of the impugned order dated 05.03.2021 issued by the first respondent and quash the same.

Prayer in W.P.No.23731 of 2021:

Petition filed under Article 226 of the Constitution of India to issue a Writ of Certiorari calling for the records of the order dated 01.03.2021 issued by the first respondent based on the Resolution No.22/2020 dated 21.02.2020 of the second respondent and quash the same.

Prayer in W.P.No.23735 of 2021:

Petition filed under Article 226 of the Constitution of India to issue a Writ of Certiorari, calling for the records of the order dated 01.03.2021 issued by the first respondent and quash the same.

For Petitioners : Mr.K.Venkatasubban
for M/s.Sarvabhauman Associates

For Respondents : Mr.M.R.Gokul Krishnan for R1
Mr.P.Siddarth for R2
Government Counsel

COMMON ORDER

W.P.Nos.19621, 19623, 19628 of 2021 have been filed seeking issuance of Writ of Certiorari calling for the records of the order dated 01.03.2021 issued by the first respondent based on the Resolution No.22/2020 dated 21.02.2020 of the second respondent and quash the order dated 01.03.2021 issued by the first respondent.

2.W.P.No.22177 of 2021 has been filed seeking issuance of Writ of Certiorari, calling for the records of the order dated 05.03.2021 issued by the first respondent and quash the same.

3.W.P.No.23731 of 2021 has been filed seeking issuance of Writ of Certiorari calling for the records of the order dated 01.03.2021 issued by the first respondent based on the Resolution No.22/2020 dated 21.02.2020 of the second respondent and quash the same.

4.W.P.No.23735 of 2021 has been filed seeking issuance of Writ of Certiorari, calling for the records of the order dated 01.03.2021 issued by the first respondent and quash the same.

5.Since the issue involved in all these writ petitions are interrelated, they are heard together and disposed of by way of common order.

6.The learned counsel appearing for the petitioners submitted that the petitioners are renowned manufacturer of textile machineries and allied products, having its registered office and primary manufacturing unit at Periyanaickenpalayam, Coimbatore. On 18.01.2021, the petitioners received letter from the first respondent demanding licence fee under the provision of Tamil Nadu Panchayat Act, 1994 mentioning that the licence fee had been enhanced from the year 2021-22 pursuant to the Resolution No.22/2020 dated 21.02.2020 of the second respondent and the petitioners found that the licence fee stood enhanced by almost four times above the prior licence fee and before enhancing licence fee, no notice was issued to the petitioners.

7.The learned counsel appearing for the petitioner further submitted that without any justification, the respondents enhanced the licence fee and further submitted that similar issue was considered by this Court in W.P.No.5452 of 2011 dated 20.12.2022, wherein, this Court referring to the decision rendered by this Court and the decision rendered by the Hon'ble Full Bench of this Court, observed that fixation of licence fee is only for the purpose of providing some service and it is not for the purpose of revenue generation and further observed that the purpose of collection of licence fee is only for providing the service relating to issuance of licence and not for augmenting the revenue. Accordingly, the learned counsel prayed for allowing the writ petitions.

8.The learned counsel appearing for the first respondent submitted that the petitioners have not challenged Resolution No.22/2020 dated 21.02.2020, but have filed these writ petitions challenging the return of licence fee applications seeking to pay the licence fee as per the Resolution. The learned counsel further submitted that the licence fee are fixed by the Panchayat Union Council and advised to the Village Panchayats and the enhancement was made by the authorities and not by the corresponding Village Panchayat. The learned counsel further submitted that the copy of Resolution No.22/2020 dated 21.02.2020 and revised licence fee details were handed over to the petitioners.

9.Heard the arguments advanced on either side and perused the materials available one record.

10.The petitioners are manufacturer of textile machineries and allied products, having its registered office and primary manufacturing unit at Periyanaickenpalayam, Coimbatore. The grievance of the petitioners is that on 18.01.2021, the petitioners received letter from the first respondent demanding licence fee under the provision of Tamil Nadu Panchayat Act, 1994 mentioning that the licence fee had been enhanced from the year 2021-22 pursuant to the Resolution No.22/2020 dated 21.02.2020 of the second respondent and the petitioners found that the licence fee stood enhanced by almost four times above the prior licence fee.

11.Similar issue has already been considered by this Court in ***W.P.No.5452 of 2011 dated 20.12.2022***, the relevant portion of which is extracted hereunder:

> *"6. The learned counsel appearing for the petitioner has relied on the following judgments:*
>
> *(i). The CORPORATION OF MADRAS Vs.*

SPENCER & CO (1929) 57 MLJ 71

(ii). THE MUNICIPAL COUNCIL, KUMBAKONAM, REP. BY ITS CHAIRMAN Vs. RALLI BROTHERS (ORIGINAL SIDE APPEAL No.94 OF 1929)

(iii). SUBBAIAH MAISTRY Vs. THE CORPORATION OF MADRAS, REP BY ITS SANITARY INSPECTOR (1953) IMLJ – 92

(iv). A.R.DAMODARA MUDALIAR & CO, REP. BY ITS PARTNER – Mr. A.R.DAMODARAN Vs. THE COMMISSIONER, NELLIKUPPAM MUNICIPALITY (1972) 1 MLJ 389

(v). KRISHI UPAJ MANDI SAMITI AND OTHERS Vs. ORIENT PAPER & INDUSTRIES LTD (1995) 1 SUPREME COURT CASES – 655

(vi). THE SIVKASI MASTER PRINTERS ASSOCIATION, REP. BY ITS PRESIDENT, SIVAKASI Vs. 1. THE STATE OF TAMIL NADU, rep. BY THE SECRETARY TO GOVERNMENT, DEPARTMENT OF LOCAL ADMINISTRATION, CHENNAI 9 AND TWO OTHERS(W.P.No.8637 of 2003)

7. Learned counsel appearing for the respondent submitted that license fee has been enhanced in the year 2010. Now, the erstwhile Municipality has been merged with Chennai Metropolitan Corporation. Therefore, the same *cannot be challenged now and further submitted that new license fee would be fixed, as per Section 365 of the Chennai City Municipal Corporation Act, 1919. As the petitioner is paying the original license fee, since the Municipality has merged, they will follow the rules, as per the Chennai City Corporation Act.*

8. Learned counsel appearing for the respondent further submitted that the license fee was enhanced in order to augment the revenue of the Municipality and therefore, increase cannot be stated to be arbitrary or illegal.

*9. In such a view of the matter, this Court is of the view that as the Municipality has already merged with Chennai City Corporation, any license fee to be revised and the same should be in accordance with law, as per Section 365 of the said Act. It is relevant to note that a learned Single Judge of this Court in **THE SIVKASI MASTER PRINTERS ASSOCIATION, REP. BY ITS PRESIDENT Vs. 1. THE STATE OF TAMIL NADU, rep. BY THE SECRETARY TO GOVERNMENT, DEPARTMENT OF LOCAL ADMINISTRATION, CHENNAI 600 009 (W.P.No.11069 of 2003)**, has referred the judgment in R.NARAYANAN'S case reported in*

1976 (1) MLJ -12, wherein the Hon'ble Supreme Court has held as follows:

> *"2. The authority to justify the levy qua fee, must render some special services to the category from whom the amount is extracted and the total sum so collected must have a reasonable correlation to the cost of such services. Where these dual basic features are absent, you cannot legally claim from the licencee under the label "fee".*

10. Similarly, the Hon'ble Full Bench of this Court in 1992 L.W – 696 has stated as follows:-

> *"23. ...... The Municipality being a statutory body, it is bound to act on a rational basis and must apply uniform principles in levying the fee. We are not against the policy of the Municipality in generally increasing the totality of the fees in a market to augment its income. As correctly observed in ATTORNEY GENERAL Vs. COLCHESTER CORPORATION [1952 (2) ALL.E.R. 297], it is for the convenience of the stall holders that he chooses to remain in the public market in spite of the fact that*

there may be cheaper stalls available outside the market. Therefore, a stall holder cannot question the increase of fee levied by the Municipality on a rational basis unless he makes out arbitrariness on the part of the Municipality in apportioning the fee as among the various stall holders within the market."

11. On a careful perusal of the above judgments, it is clear that Municipality cannot increase the license fee arbitrarily and there should be a rational basis for such enhancement. Though the learned Single Judge has not quashed the increase on the ground of delay in enhancing the license fee however held that there cannot be any arbitrary increase of license fee.

12. Considering the above judgments, this Court is of the considered view that collecting the fees on the basis of the horse powers of the machineries will amount to double taxation, since the petitioner has already obtained license under the Factories Act, based on the horse power of each machineries. Fixation of the license fee is only for the purpose of providing some service and it is not for the purpose of revenue generation. The purpose of collection of license *fee is only for providing the service relating to issuance of licence and not for augmenting the revenue. The amounts collected in the form of property tax and wealth tax, etc., could be said to be for the purpose of revenue.*

13. In such a view of the matter, arbitrary exercise of powers enhancing the fees from 100% to 400% without giving an opportunity cannot be sustained in the eye of law. As the license fee has been fixed by the Municipality, now the Municipality has been merged with the Corporation of Chennai, Corporation shall fix the licence fee, as per the procedure set out in Section 365 of the Chennai City Municipal Corporation Act, 1919. As the petitioner has already paid the original license fee, as fixed in the year 2010, no further arrears could be claimed by the CMDA. If at all new license fee has to be enhanced, the same has to be enhanced, strictly in accordance with the provisions under Section 365 of the Chennai City Municipal Corporation Act, 1919.

14. With the above observation, this writ petition is disposed of. No costs. Consequently, the connected M.Ps are closed."

12.Following the decision cited supra, the respondents are directed to collect the licence fee from the petitioners as per the old rate. If the respondents intend to collect enhanced licence fee, the respondents shall strictly follow the procedure contemplated under the Tamil Nadu Panchayat Act and the Rules therein.

13.With the above observations and directions, the writ petitions are disposed of. No costs. Consequently, the connected miscellaneous petitions are closed.

04.06.2026

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Index: Yes/ No
Speaking Order: Yes/ No
NCC: Yes/ No

To

1.The President / Special Officer
Arasur Village Panchayat
Coimbatore 641 407.

2.Commissioner
Sulur Panchayat Union
60, Panchayat Office Street,
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Coimbatore District.

M.DHANDAPANI,J.
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