[2025] 12 S.C.R. 391 : 2025 INSC 1398

Akola Municipal Corporation and Anr.
v.
Zishan Hussain Azhar Hussain and Anr.

(Civil Appeal No(s). 12488-12489 of 2024)

08 December 2025

[Vikram Nath and Sandeep Mehta,* JJ.]

Issue for Consideration

Issue arose whether the High Court was justified in entertaining the Public Interest Litigation filed by the respondent, assailing the resolution passed by the appellant-Corporation to increase the property tax for the year 2017-18 to 2021-22.

Headnotes†

Maharashtra Municipal Corporations Act, 1949 – Economic Policy decision – Challenge to – Public interest litigation filed by the respondent no.1 challenging the revision of property tax by the appellant-Corporation for a period of five years- 2017-18 to 2021-22, thereby increasing the tax rates in respect of properties situated within the jurisdictional limits of appellant-Corporation, which was irrational and arbitrary by passing a resolution and allegedly without following the procedure established by law – High Court quashed and set aside the resolution passed by the appellant-Corporation determining the mode and manner in which the property taxes are to be imposed for a period of five years – Sustainability:

Held: Not sustainable – Locus of the respondent-writ petitioner in filing the writ petition before the High Court questionable – Respondent-writ petitioner, did not claim that he was representing the entire populace of the Akola city – There exists a mechanism of statutory remedy provided under the 1949 Act for challenging the decision of the Corporations – Thus, the writ petition purportedly in public interest was nothing but an action taken as a subterfuge to avoid filing of the appeals against the proposal to increase the property tax – High Court exceeded the well-settled tenets of scope of judicial review in effectively substituting its own opinion for that of the appellant-Corporation – Matters of tax revision fell squarely within the domain of the appellant-Corporation, and the High Court

* Author

ought not to have reassessed the merits of the policy decision as if it was sitting in appeal over the said decision – Trivial errors in the process of revision would not vitiate the entire regime of tax revision and collection – High Court not justified in invoking powers of judicial review in a public interest litigation so as to interfere in the economic policy decision taken by the appellant-Corporation to increase the rates of the property taxes and particularly when such revision was made after a considerable gap of about 16 years – Said exercise not permissible to be undertaken in the extraordinary writ jurisdiction of the Court – No finding by the High Court that the decision to increase the tax rates perverse or unconstitutional – Further, in the absence of any challenge to the substantive authority of the appellant-Corporation to revise municipal taxes, the scope of scrutiny before the High Court stood confined solely to examining whether the statutory procedure had been complied with – High Court ought not to have embarked upon a roving inquiry into the merits or wisdom of the decision to revise the tax rates unless it was demonstrated that the procedure adopted by the appellant was ex-facie arbitrary, perverse, unreasonable or in blatant derogation of the governing statutory provisions – No such material placed before the Court, nor does the record disclose any such infirmity – Thus, the High Court transgressed the permissible limits of judicial review in interfering with the decision of the appellant to revise the rate of property taxes – Judgment passed by the High Court set aside. [Paras 12, 16, 19, 20, 23, 24, 26, 28]

Constitution of India – Art.226 – Writ Jurisdiction – Public interest litigation challenging economic policy decision – Judicial Interference – Scope:

Held: Judicial interference by way of public interest litigation is available only if there is injury to public because of dereliction of constitutional obligations on the part of the Government – Writ jurisdiction of the High Court cannot be exercised in public interest for questioning the economic/fiscal policy or reforms sought to be undertaken by the Government or its functionaries. [Paras 21, 12]

Municipal Bodies – Scheme of municipal governance – Financial Autonomy – Necessity – Discussed [Paras 6-8]

Case Law Cited

Shri Sitaram Sugar Co. Ltd. v. Union of India **[1990] 1 SCR 909 : (1990) 3 SCC 223;** *BALCO Employees' Union v. Union of India*

**Akola Municipal Corporation and Anr. v.
Zishan Hussain Azhar Hussain and Anr.**

[2001] Supp. 5 SCR 511 : (2002) 2 SCC 333; *Kirloskar Ferrous Industries Ltd. v. Union of India* **[2024] 12 SCR 68 : (2025) 1 SCC 695 – referred to.**

List of Acts

Maharashtra Municipal Corporations Act, 1949.

List of Keywords

Writ Jurisdiction; Public Interest Litigation; Financial Autonomy; Judicial Interference; Economic policies; Power of judicial review; Increase in property tax by Municipal Corporation; Locus.

Case Arising From

CIVIL APPELLATE JURISDICTION: Civil Appeal No(s). 12488-12489 of 2024

From the Judgment and Order dated 09.10.2019 and 24.01.2020 of the High Court of Judicature at Bombay at Nagpur in PIL No. 42 of 2018 and MCAR No. 42 of 2020, respectively

Appearances for Parties

Advs. for the Appellant(s):
Vinay Navare, Sr. Adv., Suhaskumar Kadam, M/s Black & White Solicitors.

Advs. for the Respondent(s):
A.I.S. Cheema, Sr. Adv., Kunal Cheema, Ms. Kritika Gakhar, Rushabh Tripathi, Shubham Chandankhede, Ms. Aarti Gupta, Aaditya Aniruddha Pande, Ms. Anagha S. Desai, Aaditya Aniruddha Pande, Siddharth Dharmadhikari, Shrirang B. Varma, Bharat Bagla, Sourav Singh, Aditya Krishna, Adarsh Dubey, Ms. Chitransha Singh Sikarwar, Satyajit A Desai, Sachin Singh, Pratik Kumar Singh, Ms. Anagha S. Desai, Sanchit Agrahari.

Judgment / Order of the Supreme Court

Judgment

Mehta, J.

1. Heard learned counsel for the parties and perused the material available on record.

2. The judgment dated 9th October, 2019 in Public Interest Litigation No. 42 of 2018 and order dated 24th January, 2020 in MCA (Review) No. 42 of 2020 passed by the Division Bench of the High Court of Judicature at Bombay, Nagpur Bench[1] are subject matter of challenge in these appeals filed by the Akola Municipal Corporation[2].

3. The aforesaid writ petition in public interest came to be filed by respondent No.1-Dr. Zishan Hussain[3] with the following prayers.

> "i) Issue any appropriate writ, order or direction in the nature of mandamus and thereby declare that the revision of property tax by the respondent no.2 Municipal Corporation for the year 2017-18 to 2021-22 is illegal, contrary to law and the revision of property tax is made without following due process of law;
>
> ii) Issue any appropriate writ, order or direction and thereby quash and set aside revision of property tax by respondent no.2 Municipal Corporation for the year 2017-18 to 2021-22 in the interest of justice;
>
> iii) Stay the effect and operation of the revision of property tax by respondent no.2 Municipal Corporation for the year 2017-18 to 2021·22 in the interest of justice"

4. The appellant-Corporation took a specific objection in its written submissions filed before the High Court regarding the grievances sought to be agitated by way of the public interest litigation, *viz.*, the challenge to the jurisdiction of the Corporation to levy/revise the rates of property tax. Specific averments made in paragraph Nos. 9 and 11 of the written submissions filed by the appellant-Corporation explaining the detailed procedure for increasing the rate of property tax are germane to the controversy. For the sake of ready reference, the aforesaid paragraphs are reproduced hereinbelow: -

> "9. The Petitioner has rightly stated in Para 5 of his petition that the assessment, revaluation of taxable values was not done from the year 2002 by Akola Municipal Corporation.

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1 Hereinafter, being referred to as "High Court".

2 Hereinafter, being referred to as "appellant-Corporation".

3 Hereinafter, being referred to as "respondent-writ petitioner".

It is submitted that the property tax is the main source of income of Akola Municipal Corporation. To strengthen the tax recovery system there was necessity to re-assess the taxable values for the year 2015-2016 till 2020-2021 and therefore by the Written Communication dated 01/12/2015 the Respondent No.3 made a request to Assistant Director of Town Planning, Akola to propose the rate of expected Annual Letting Value and ratable value of properties for various categories of buildings depending upon their age, location, type of constructions, use etc. within the limits of Akola Municipal Corporation Accordingly by the Written Communication dated 01/01/2016 (Annexure 7) the rates wore proposed by the in-charge Assistant Director Town Planning, Akola. On the basis of these details and other documents, official note (Annexure B) was prepared by then Municipal Commissioner regarding taking decision of revised rates of calculation and valuation of expected letting values for entire properties (Buildings and Lands) situated within Municipal Limits for the calculation and assessment of their ratable value for the period from 2017-18 till 2021-22 and forwarded it to the Municipal Secretary. This official note doesn't show any intention of Respondent Municipal Corporation to make changes or fixation of tax rates, i.e., property tax, road tax, fire tax, etc. Since, there was no question of fixing the rates of taxes as envisaged in Section 99 of the Act, the prior proposal or suggestion from the Standing Committee was not required and therefore, the Municipal Secretary prepared agenda for the General Body Meeting held on 03/04/2017. If the subject No.5 of General Body Meeting dated 03/04/2017 (Annexure A) is perused, then it will show that it only says about taking decision, about the revised rates of entire properties (Building and Lands) situated within Municipal Limits for calculation of their expected taxable value for various, categories and the various policies for assessment of taxable. values for the period from 2017 till 2021-22. Therefore, the objection of the petitioner that the criteria mentioned in Sections 127 and 129 is not followed, is incorrect and baseless. At the cost of repetition, the respondent Municipal Commissioner

says that the rates of taxes already fixed in the year 2002 are not disturbed of changed or revised by the resolution dated 03/04/2017.

[…….]

11. The earlier verification of the properties and assessment of tax was done during the period of the then Akola Municipal Council. After the formation of Akola Municipal Corporation on 01/10/2001, verification of properties was not done and neither the procedure for assessment of tax was carried out. In last more than 20 years there was increase in the built-up area, changes in use of property, additional and new construction on large scale. The revenue generated by the old assessment was not sufficient to meet the demands of public and development of city. Therefore, there was pressing and extreme need for setting up an efficient, qualitative and stronger tax recovery system. Therefore, in the larger interest of Akola City a decision was taken to engage some expert agency. who will assist and help the officers, of Akola Municipal Corporation it this work. Hence, e-tender notice dated 18/02/2016 bearing No.1059 was published on official website of Government of Maharashtra inviting tenders for appointment of technical consultant for assisting Municipal Corporation for conventional comprehensive door to door survey of land and buildings in the Municipal jurisdiction capturing all the details and parameters of those properties which are relevant for levy and collection of property tax and other Municipal taxes. It was also made clear that the selected agency shall have to provide property numbers on the satellite imaginary and linking the property tax and basic information on the satellite image of the properties for quick reference by providing the Integrated Property information on GIS module in the software to be a provided for the property tax assessment by the agony. The agency selected will use own registered for the purpose of preparation of database for assessment and taxation. The software should be capable to calculate and adopt the taxation on capital value method/ratable value

> method as per the law. After survey, the data should be entered in software for calculation of assessment on any one method as per corporation *viz.* capital or ratable value based, along with the automated property tax assessment software module as per the requirements of the Municipal Corporation. Total GIS work should be completed from contractor. The total number of properties in the Municipal Area were approximately shown 1,50,000 in the tender."

5. A bare perusal of the aforesaid assertions made by the appellant-Corporation would clearly indicate that the property tax, which is the main source of revenue for the appellant-Corporation to undertake its welfare, and developmental activities had not been revised since the year 2001.

6. It cannot be disputed that the tasks assigned to every municipal body includes urban planning, public health and sanitation, waste management, provision of essential services, upkeep of infrastructure of the cities/towns. These activities are vital for public welfare and for maintaining the standard of life of citizens in every city or town, which are fundamental to ensuring health and dignified living, core requirements of the constitutional obligations owed to the citizens. Any lapse in these duties/activities may cause chaos, spread of diseases and in general adversely affect the quality of life of the citizens, for the welfare whereof the municipal bodies are formed to work.

7. Without the generation of revenue, the municipal bodies cannot be expected to sustain all these functions and perform their statutory obligations. It cannot be denied that the cost of all these activities/functions rises with passage of time and hence, revision in the tax structure on a regular basis to match the rising costs is unexceptionable. If the taxes are not revised in keeping with the rise in cost of infrastructure, human resources, etc., that would make the municipal bodies defunct and non-functional.

8. Municipal bodies, being autonomous institutions constituted under statutes, are entrusted with extensive and multifaceted responsibilities that bear a direct and immediate nexus to the daily lives, welfare and safety of the citizens residing within their territorial limits. Their functional efficacy, financial stability and administrative independence are integral to the discharge of these statutory obligations. It is therefore imperative that such municipal bodies possess adequate

and independent sources of revenue to sustain and strengthen their operational capacities. A municipal administration that is compelled to depend upon the State for grants, doles or other forms of financial largesse would be structurally weakened and rendered incapable of performing its statutory duties in a timely and efficient manner. The scheme of municipal governance envisages financial autonomy as a necessary concomitant of administrative autonomy; without such independent revenue-generation mechanisms, including periodic revision of taxes and charges as permissible in law, the very purpose for which these bodies are constituted would stand frustrated.

9. It is in these facts and circumstances, the respective Municipal Legislations and the Rules framed thereunder give powers/authorize the municipal bodies to take steps for revision in the rates of property taxes so that adequate revenue may be generated and the functioning of the municipal bodies may not be adversely affected for lack of funds. The fact that the tax structure in respect of properties falling within the jurisdiction of the appellant-Corporation had not been revised and the verification of the properties situated within its jurisdiction, had not been done from the year 2001-2017, by itself, depicts gross laxity on part of the authorities concerned.

10. It must be noted here that while entertaining the present appeals at the instance of appellant-Corporation, this Court *vide* order dated 13th October, 2020, stayed the operation of the impugned judgment and order dated 9th October, 2019 passed by the High Court.

11. We have heard and considered the submissions advanced by learned counsel for the appellant-Corporation and learned counsel representing the respondent-writ petitioner.

12. At the outset, we feel that the very *locus* of the respondent-writ petitioner in filing the writ petition before the High Court was questionable. The respondent-writ petitioner, in his writ petition, did not claim that he was representing the entire populace of the Akola city. For ready reference, the opening paragraphs of the writ petition wherein the respondent-writ petitioner adverted to his *locus* and grievances needs to be reproduced hereunder: -

> "Being aggrieved by the apparent and manifest irrationality in the arbitrary increase of property tax by the respondents no.2 and 3 without following due procedure of law and the

> grave procedural impropriety in the arbitrary assessments of property tax done by the respondent no.2 and 3 through Private Contractors contrary to law, the petitioner is challenging the arbitrary. Increase of property tax by the present writ petition under Article 226 of the constitution of India in public interest, as the petition does not have any of the efficacious remedy available than the present one for the redressal of grievances raised in the present petition. The facts which lead to present petition are as follows:
>
> 1. That, the petitioner is a citizen of India and permanent resident of Akola. The Petitioner is a practicing doctor having M.D. (medicine) degree and a social worker and corporator of the Akola Municipal Corporation."

13. The respondent-writ petitioner, himself being a corporator in the appellant-Corporation, it can be presumed that he would be privy to the functioning of the autonomous institution including the tax-generation structure.

14. A perusal of the opening paragraph *(supra)* of the writ petition would clearly indicate that the grievance of the respondent-writ petitioner is *prima facie* directed at the purported irrational and arbitrary increase of property tax by the appellant-Corporation by passing a resolution and allegedly without following the procedure established by law. The contents of the writ petition would further indicate that the respondent-writ petitioner never claimed that he had been authorised or was acting on behalf of the citizens of the Akola city for challenging the action of the appellant-Corporation in revising the tax structure. Thus, apparently the respondent-writ petitioner has raised his individual grievance against the action of increase of tax by the appellant-Corporation by filing a writ petition under the garb of a public interest litigation.

15. Though it requires to be noted that as per the respondent-writ petitioner, the public at large, protested to and filed objections against the issuance of the public notice by the appellant-Corporation but, at the same time, the respondent-writ petitioner has admitted that these complaints were disposed of *albeit* mechanically.

16. There is no dispute that there exists a mechanism of statutory remedy provided under Section 406 of the Maharashtra Municipal Corporations

Act, 1949, for challenging the decision of the Corporations established under the aforesaid Act. Thus, the writ petition purportedly in public interest was in fact, nothing but an action taken as a subterfuge to avoid filing of the appeals against the proposal to increase the property tax.

17. We may further note that another Division Bench of the High Court examined a similar controversy in Writ Petition No. 1115 of 2018 which came to be dismissed in the following terms: -

> "1. Heard.
>
> 2. Admittedly, the Municipal Council, Akola- Municipal Corporation, Akola has not revised property tax after 2000-01. Hence, grievance that revision proposed on 3/4/2017 exceeds by 60% and therefore violates statutory provision, is misconceived.
>
> 3. Learned Government Pleader has pointed out that Municipal Corporation has specifically looked into this facet in Resolution dated 3/4/2017 and has noted that since 2001-02 there is no regular revision.
>
> **4. The petitioner did not come to this Court to enforce obligation of Municipal Council-Municipal Corporation to revise property tax after every five years. He has chosen to approach Government or this Court only after the Municipal Corporation started efforts to revise the property tax.**
>
> **5. It is apparent that the Municipal Corporation has to revise property tax from 2001-02 and recover the same as per law from the residents.**
>
> 6. We, therefore, find present writ petition erroneous. It is dismissed. No costs."
>
> **[Emphasis supplied]**

18. Furthermore, the respondent-writ petitioner in the writ petition has challenged/questioned the tender floated and work order issued by the appellant-Corporation to the firm named Sthapatya Consultancy Pvt. Ltd., for the purpose of survey of properties situated within the jurisdictional limits of the appellant-Corporation and assessment of

tax. We are, therefore, of the view that possibility of the writ petition having been filed to agitate a conflict of business interest cannot be ruled out.

19. Having gone through the impugned judgment and the material placed on record, we are of the view that in the instant case the High Court exceeded the well-settled tenets of scope of judicial review in effectively substituting its own opinion for that of the appellant-Corporation. The matters of tax revision fell squarely within the domain of the appellant-Corporation, and the High Court ought not to have reassessed the merits of the policy decision as if it was sitting in appeal over the said decision. Trivial errors in the process of revision would not vitiate the entire regime of tax revision and collection.

20. This Court in a catena of decisions has held that the Court cannot substitute its judgment for that of the legislature or its agents as to matters within the province of either. In this respect, we may gainfully refer to the observations of a Constitution Bench of this Court in the case of ***Shri Sitaram Sugar Co. Ltd. v. Union of India***[4]: -

> "**57. Judicial review is not concerned with matters of economic policy. The court does not substitute its judgment for that of the legislature or its agents as to matters within the province of either. The court does not supplant the "feel of the expert" by its own views. When the legislature acts within the sphere of its authority and delegates power to an agent, it may empower the agent to make findings of fact which are conclusive provided such findings satisfy the test of reasonableness.** In all such cases, judicial inquiry is confined to the question whether the findings of fact are reasonably based on evidence and whether such findings are consistent with the laws of the land. As stated by Jagannatha Shetty, J. in *Gupta Sugar Works* [1987 Supp SCC 476, 481] : (SCC p. 479, para 4)
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> > "... the court does not act like a chartered accountant nor acts like an income tax officer. The court is not concerned with any individual case or any particular problem. The court only

4 (1990) 3 SCC 223.

examines whether the price determined was with due regard to considerations provided by the statute. And whether extraneous matters have been excluded from determination."

58. Price fixation is not within the province of the courts. Judicial function in respect of such matters is exhausted when there is found to be a rational basis for the conclusions reached by the concerned authority. ....."

21. This Court has also held that judicial interference by way of public interest litigation is available only if there is injury to public because of dereliction of constitutional obligations on the part of the Government. The writ jurisdiction of the High Court cannot be exercised in public interest for questioning the economic/fiscal policy or reforms sought to be undertaken by the Government or its functionaries. In this regard, we may gainfully refer to the following observations made by a three-Judge Bench of this Court in the case of ***BALCO Employees' Union v. Union of India***[5]: -

"**93. Wisdom and advisability of economic policies are ordinarily not amenable to judicial review unless it can be demonstrated that the policy is contrary to any statutory provision or the Constitution. In other words, it is not for the courts to consider relative merits of different economic policies and consider whether a wiser or better one can be evolved**. For testing the correctness of a policy, the appropriate forum is Parliament and not the courts. Here the policy was tested and the motion defeated in the Lok Sabha on 1-3-2001.

[.....]

97. Judicial interference by way of PIL is available if there is injury to public because of dereliction of constitutional or statutory obligations on the part of the Government. Here it is not so and in the sphere of economic policy or reform the court is not the appropriate forum. Every matter of public interest

5 (2002) 2 SCC 333.

or curiosity cannot be the subject-matter of PIL. Courts are not intended to and nor should they conduct the administration of the country. **Courts will interfere only if there is a clear violation of constitutional or statutory provisions or non-compliance by the State with its constitutional or statutory duties.** None of these contingencies arise in this present case.

98. In the case of a **policy decision on economic matters, the courts should be very circumspect in conducting any enquiry or investigation and must be most reluctant to impugn the judgment of the experts who may have arrived at a conclusion unless the court is satisfied that there is illegality in the decision itself.**"

[Emphasis supplied]

22. Recently, in the case of ***Kirloskar Ferrous Industries Ltd. v. Union of India***[6], this Court held as below: -

"**54.** The doctrine of judicial restraint, which is central to this discussion, emphasizes that courts should exercise caution and avoid involvement in policy decisions, as these are complex judgments that require a balancing of diverse and often competing interests. Policies are crafted based on thorough analysis of social, economic, and political factors, considerations beyond the court's purview. **The court is tasked with ensuring that policies do not breach constitutional provisions or statutory limits; however, they should not replace policymakers' judgments with their own unless absolutely necessary.**

55. Policy decisions often require the expertise of professionals and specialists in fields such as economics, public health, national security, and environmental science. These domains involve specialized knowledge that judges, as generalists in legal matters, may lack. For instance, in economic policy, the executive may decide on trade tariffs or subsidies based on extensive data and projections that aim to balance domestic industry support with global

6 (2025) 1 SCC 695.

trade commitments. The courts, lacking the same level of economic expertise and without the authority to make trade-offs among competing policy objectives, is typically not equipped to second-guess these kinds of decisions.

56. While courts have the power of judicial review to ensure that executive actions and legislative enactments comply with the Constitution, this power is not absolute. Judicial review is meant to act as a safeguard against actions that overstep legal boundaries or infringe on fundamental rights, but it does not entail a comprehensive re-evaluation of the policy's wisdom. The judicial review of policy decisions is limited to assessing the legality of the decision making process rather than the substantive merits of the policy itself. For example, if a government policy infringes on fundamental rights or discriminates against a particular group, the courts have a duty to strike down such policies. **However, in the absence of constitutional or legal violations, the courts should respect the policy choices made by the executive or legislature.**

57. The duty of the court in policy-related cases is **primarily to determine whether the policy falls within the scope of the authority granted to the relevant body. If the policy decision is within the executive's legal authority and has been made following proper procedures, the courts should defer to the expertise and discretion of the policy-makers, even if the policy appears unwise or imprudent**. This restraint ensures that the courts do not impose its own perspective on policy matters that are rightly the responsibility of other branches.

58. Economic and social policies often involve significant redistribution of resources, prioritization of interests, and balancing of public needs, which requires careful consideration by those with specialized knowledge and broad perspectives. **In the realm of economic policy, for instance, questions regarding the allocation of subsidies, fiscal deficits, or budget allocations are best managed by the executive, which has access**

to economic data and is accountable to the public for its financial management. Judicial interference in such areas risks creating disruptions in the economic balance that policymakers are trying to achieve.

59. Courts should assume that policy-makers act in good faith unless there is clear evidence to the contrary. **As long as the policy does not contravene the Constitution or violate statutory provisions, it is not the role of the courts to question the wisdom or fairness of such policy.**

60. While judicial restraint is essential in respecting the boundaries of each branch of government, it does not mean that courts abdicate their responsibility to protect constitutional rights. The courts must still intervene if a policy infringes on fundamental rights, discriminates unfairly, or breaches statutory provisions. The role of the court in such instances is to protect individuals and groups from unlawful actions while maintaining the overall integrity of the policy-making process. This balance ensures that while courts do not interfere in matters of policy wisdom, they remain vigilant guardians of constitutional rights."

[Emphasis supplied]

23. Considered in light of the authoritative pronouncements of this Court in the precedents cited *supra*, we are of the firm opinion that the High Court was not justified in invoking powers of judicial review in a public interest litigation so as to interfere in the economic policy decision taken by the appellant-Corporation to increase the rates of the property taxes and particularly when such revision was made after a considerable gap of about 16 years.

24. We have also gone through the reasoning assigned by the High Court for quashing and setting aside the resolution dated 3rd April, 2017 as modified by the subsequent resolution dated 19th August, 2017 passed by the appellant-Corporation determining the mode and manner in which the property taxes are to be imposed for a period of five years, i.e., from 2017-18 to 2021-22, thereby increasing the tax rates in respect of properties situated within the jurisdictional limits of appellant-Corporation. *Ex facie*, we are of the opinion that

the aforesaid exercise was not permissible to be undertaken in the extraordinary writ jurisdiction of the Court and the decision of the appellant-Corporation regarding economic policies was beyond the scope of power of judicial review. There is no finding by the High Court that the decision to increase the tax rates was perverse or unconstitutional.

25. A perusal of the counter affidavit filed by the respondent-writ petitioner before this Court leaves no room for doubt that the respondent himself acknowledged the limited scope of the challenge before the High Court. It stands admitted that the Public Interest Litigation did not call into question the authority or competence of the appellant-Corporation to revise municipal taxes, and that the grievance was confined exclusively to the procedure and manner adopted in effectuating such revision. For sake of ready reference, relevant paragraphs from the counter affidavit filed by the respondent-writ petitioner before this Court are reproduced hereinbelow: -

> "b. It is most respectfully submitted that the question whether or not to revise or levy or otherwise Municipal Taxes is admittedly a pure question of Policy and is within the domain of the Corporation. It is submitted that however, since the aforesaid is not the issue raised in the Public Interest Litigation, the answering Respondent No. 1 is not commenting upon the power of the High Court under Article 226 & 227 of Judicial Review of such decision.
>
> [……]
>
> e. It is at the cost of repetition that the Respondent No. 1 seeks to point out that the Public Interest Litigation and the *lis* did not pertain to the power or the decision of the Corporation to revise the rate of Municipal Taxes, but it pertained to the mode and manner of revision of the rates which is regulated by Statutory Provisions and hence the Public Interest Litigation is maintainable and has been rightly adjudicated by the High Court."

26. In light of the above express admissions, it becomes evident that the power of the appellant-Corporation to revise the rate of municipal taxes was never the subject matter of challenge before the High Court. The only issue that was urged before the High Court pertained

to the procedure and mode adopted by the appellant-Corporation while effecting such revision. In the absence of any challenge to the substantive authority of the appellant-Corporation to revise municipal taxes, the scope of scrutiny before the High Court stood confined solely to examining whether the statutory procedure had been complied with. We are of the considered view that the High Court ought not to have embarked upon a roving inquiry into the merits or wisdom of the decision to revise the tax rates unless it was demonstrated that the procedure adopted by the appellant-Corporation was *ex-facie* arbitrary, perverse, unreasonable or in blatant derogation of the governing statutory provisions. No such material was placed before the Court, nor does the record disclose any such infirmity. In these circumstances, the High Court transgressed the permissible limits of judicial review in interfering with the decision of the appellant-Corporation to revise the rate of property taxes.

27. As an upshot of the above discussion, we are of the firm view that the appellant-Corporation having kept the taxes at a stagnant rate for almost 16 years was indeed justified and rather under a statutory obligation to revise the tax rates. Had the exercise been taken on regular basis, perhaps the cumulative increase of tax rates by the appellant-Corporation in the year 2017 would have been much higher than 40% done under the subject exercise and the abrupt shock could have been avoided.

28. In this background, we are of the opinion that the impugned judgment dated 9th October, 2019 in Public Interest Litigation No. 42 of 2018 and order dated 24th January, 2020 in MCA (Review) No. 42 of 2020 passed by the High Court is unsustainable in the eyes of law. Hence, the same deserves to be and are hereby set aside.

29. The appeals are allowed in the aforesaid terms. No order as to costs.

30. Pending application(s), if any, shall stand disposed of.

Result of the case: Appeals allowed.

†*Headnotes prepared by:* Nidhi Jain