

Supreme Court of India

The Municipal Corporation Of ... vs Shri Suresh Chandra Jaipuria And ... on 3 November, 1976

Equivalent citations: AIR 1976 SC 2621, (1976) 4 SCC 719, 1977 2 SCR 10, 1976 (8) UJ 979 SC

Author: M Beg

Bench: A Ray, J Singh, M Beg

JUDGMENT M.H. Beg, J.

1. After issuing a notice to show cause why special leave should not be granted, this Court granted, on 13th October, 1976, the leave prayed for to appeal against the judgment and order of a learned Judge of the Delhi High Court. That Court had interfered, under Section 115 Civil Procedure Code, with the concurrent findings of the Trial Court and the Appellate Court in this case that, as the plaintiff could not make out a prima facie case, no interim injunction could be granted to the respondent to restrain the appellant, the Municipal Corporation of Delhi, from realising a sum of Rs. 27,216/- on account of house tax from the plaintiffs pending the disposal of a suit for a permanent injunction. this Court directed a hearing of this appeal on 28th October, 1976. Accordingly, the appeal is now before us.

2. The plaintiff had purchased a house in South Extension, New Delhi, on 21st February, 1969, free from all incumbrances, demands, or liabilities under the sale deed, and the vendor, Mohan Singh had undertaken to discharge these dues. It was therefore, decided in a previous suit that the defendant appellant could not recover the whole amount sought to be recovered as house tax from him. The respondent was absolved from liability for the period before the sale, but the plaintiff was liable to pay the tax for the period after the purchase. He has also paid Rs. 6,992/-. It appears that proceedings for realisation of dues subsequent to the purchase had then been taken by the appellant Corporation. The plaintiff's suit for a permanent injunction was brought on the ground that this assessment of house tax had proceeded on an erroneous basis.

3. It is matter of admission between the parties that the house on which the house tax was levied had not been let to any tenant since its construction. The Trial Court had found that, from the plaintiff's statement of account of tax, it appeared that the demand which was being recovered from him was in respect of the period subsequent to 31st March, 1969, and was based on a rateable value of Rs. 37800/- per annum which had been provisionally adopted subject to results of proceedings in Courts of appropriate jurisdiction as to what the correct basis of assessment was. The Trial Judge had granted an interim injunction initially, but, after hearing parties, had vacated it on 18th October, 1973, as he had found that no prima facie case was made out to grant it.

4. On an appeal by the plaintiff, the Appellate Court, after considering all the questions raised before it, dismissed the appeal. It gave the following finding on the question of balance of convenience raised before it:

The balance of conveniences is also in favour of the defendant. The defendant renders services as a civic body and most of the amount which it spends has to come from owners of property in the form of property taxes. If the plaintiffs do not pay the property tax then the defendant might not be able to carry out its duty. The plaintiffs have also been unable to show that they would suffer irreparable

injury if an injunction is not granted to them. If they ultimately prove that they are not liable to full amount demanded by the defendant as property tax then the plaintiffs could compel the defendant either to refund the amount realised in excess or to adjust the amount recovered in excess towards property tax for future years. The plaintiffs do not suffer irreparable injury if they are not granted the temporary injunction.

5. The High Court, while agreeing with the view of the Appellate Court that the balance of convenience was in favour of discharging the interim injunction, held that, as there was a prima facie case that the assessment had been erroneously made, the principle of balance of convenience did not apply here. The learned Judge thought that the principles of assessment applicable to such cases had been already laid down by the Full Bench of the Delhi High Court in *Dewan Daulat Ram Kapur v. New Delhi Municipal Committee and Anr.* ILR 1973 (1) Delhi 363. He observed:

One of the principles laid down by the Full Bench decision is that where premises were never let at any time, Annual value be fixed in accordance with Section 6(1)(b)(2)(b) or Section 6(1)(b)(2)(b) by ascertaining market value of land and reasonable cost of construction. The facts noticed above, but missed by the Courts below, prima facie establish that the property was never let out, the prima facie materials which are available, inclusive of what the D.M.C. itself had conceded, show the plaintiffs were occupying the property for their own use. The plaintiffs' case therefore, prima facie, falls within the above principle. Failure to perceive the above had resulted in the Courts below declining to exercise jurisdiction vested in them in the manner it should have been exercised.

6. Hence, the learned Judge interfered and granted the interim injunction prayed for by the plaintiff.

7. Mr. F.S. Nariman, appearing for the appellant Corporation, points out that *Dewan Daulat Ram Kapur's* case (supra) was one where premises had been let, but, in the case before us, it was a matter of admission by both sides that the premises had never been let out to a tenant. Section 6(1)(A)(2)(b) of the Delhi Rent Control Act relates to cases where standard rent had to be fixed of residential premises let out at any time on or after 2nd June, 1944. And, Section 6(1)(b)(2)(b) of the Delhi Rent Control Act relates to premises other than residential premises which had been let out at any time after 2nd June, 1944. The Full Bench decision of the Delhi High Court in *Dewan Daultat Ram Kapur's* case (supra) was that it was not incumbent on the Corporation to ascertain the hypothetical standard rent of premises in accordance with the provisions of the Rent Act in order to fix the annual value or rateable value where premises had been let but no standard rent had been fixed and assessment was sought to be made on the basis of agreed rent. It was also decided there that in cases before the High Court on that occasion, reasonable cost of construction as well as the market price of land had to be taken into account in assessing the property tax.

8. It is difficult for us to see what bearing the provisions cited from the Delhi Rent Control Act or the Full Bench decision of the High Court could have on the case now before us. It seems to us that Mr. Nariman is correct in submitting that the learned Judge of the High Court had himself misapprehended the law in holding that the Courts below had failed to find a prima facie case because of a misconception of law. However, as no one has appeared on the date of the final hearing on behalf of the respondent, who had appeared through counsel to answer the show cause notice

issued by this Court before granting special leave, we refrain from deciding the question whether the provisions cited by the learned Judge of the Delhi High Court have any bearing on the case before us or not. This is a matter which will be decided in the suit itself. We, therefore, leave it expressly open for determination.

9. Mr. Nariman, learned for the corporation, is, we think, on very firm ground in contending that balance of convenience could not be ignored in such cases and that the learned Judge of the High Court erred in holding that it could be.

10. It also seems that the attention of the learned Judge was not directed towards Section 41(h) of the Specific Relief Act, 1963 which lays down that an injunction, which is a discretionary equitable relief, cannot be granted when an equally efficacious relief is obtainable in any other usual mode or proceeding except in cases of breach of trust. learned Counsel for the appellant Corporation points out that there was the ordinary machinery of appeal, under Section 169 of the Delhi Municipal Corporation Act, 1957 open to the assessee respondent. It had not even found that the respondent was unable to deposit the necessary amount before filing the appeal. However, we abstain from deciding the question whether the suit is barred or not on this ground. All we need say is that this, consideration also has a bearing upon the question whether a prima facie case exists for the grant of an interim injunction.

11. In Meckdlec Engineers and Manufacturers v. Basic Equipment Corporation C.A. No. 508 of 1976 decided on 1.11.1976 also we found very recently that, as in the case before us now, a learned Judge of the Delhi High Court had overlooked the principles governing interference under Section 115 Civil Procedure Code laid down by this Court in Baldevdas Shivilal and Anr. v. Fdmistan Distributors (India)(P) Ltd. and Ors. D.L.P. Housing and Conslnction Co. Pvt. Ltd. New Delhi v. Samp Singh and Ors. The Managing Director (MIG) Hindustan Aeronautica Ltd. Balanagar, Hyderabad and Anr. v. Ajit Prasad Tarwy, Manager (Purchase and Stores) Hindustan Aeronautics Ltd., Balanagar, Hyderabad. We direct the attention of the learned Judges concerned to the law declared by this Court.

12. We allow this appeal and set aside the judgment and order of the Delhi High Court and restore that of the Appellate Court. The parties will bear their own costs In this Court.