

**HIGH COURT FOR THE STATE OF TELANGANA  
AT HYDERABAD  
(Special Original Jurisdiction)**

**THURSDAY, THE NINTH DAY OF JANUARY  
TWO THOUSAND AND TWENTY FIVE**

**PRESENT**

**THE HONOURABLE THE CHIEF JUSTICE ALOK ARADHE  
AND**

**THE HONOURABLE SRI JUSTICE J. SREENIVAS RAO**

**WRIT PETITION NO: 10817 OF 2018**

**Between:**

G.Narasinga Rao, S/o. Ramulu, Age 58 years, R/o. 4-31/4, Satyanarayanapuram colony, Nagaram Grampanchayat, Keesara mandal, R.R. District

**.....PETITIONER**

**AND**

1. The State of Telangana, Rep. by its Secretary, Panchayat Raj and Rural Development Department, Secretariat Buildings, Hyderabad-22.
2. Grampanchayat Nagaram, Keesara Mandal, R.R. District, Rep. by its Panchayat Secretary.

**.....RESPONDENTS**

Petition Under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed therewith, the High Court may be pleased to issue writ, order or direction especially one in the nature of Writ of Mandamus a) declaring that rule 4, 5 and 7 and the rules relating to certain taxes and lodging of monies received by Grampanchayat and payment of monies from Grampanchayat funds made in G.O. 30 Panchayat Raj and Rural Development R dated.20-1-1995 are illegal beyond the powers of Gram Panchayat being contrary to section 60 and 61 of the A.P.Panchayat Raj Act 1994. b) declare that the 2nd Respondent has no power to levy, demand a collect House Tax and Library Tax in the absence of Rules prescribing minimum and maximum rates in regard to basis of levy adopted by the 2nd Respondent (as required under Section 61 (3) of A.P.Panchayat Raj Act 1994 and consequently declare that 2nd

respondent has no power or authority to issue Tax demand notice vide No.GPN/Notice/ 195/2017-18, dt. 6-1-2018.

**I.A.NO:1 OF 2018**

Petition Under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to suspend the impugned Tax demand notice vide No.GPN/ Notice/ 195/2017-18, dt. 6-1-2018, pending disposal of the writ petition.

**Counsel for the Petitioner : SRI SRINIVASA RAO MADIRAJU**

**Counsel for the Respondent No.1 : GP FOR PANCHAYAT RAJ AND RURAL DEVELOPMENT**

**Counsel for the Respondent No.2 : SRI G.NARENDER REDDY**

**The Court made the following ORDER**

**THE HON'BLE THE CHIEF JUSTICE ALOK ARADHE**  
**AND**  
**THE HON'BLE SRI JUSTICE SUJOY PAUL**

**WRIT PETITION No.4147 OF 2012**

**ORDER:** *(Per the Hon'ble the Chief Justice Alok Aradhe)*

Mr. M. Surender Rao, learned Senior Counsel, representing  
Mr. Srinivasa Rao Madiraju, learned counsel for the petitioners.

Mr. Mohammed Imran Khan, learned Additional Advocate  
General for the State.

2. In this writ petition, the petitioners have assailed the validity of Rules 4, 5 and 7 notified by G.O.Ms.No.30, PR and RD & R dated 20.01.1995 framed in exercise of powers under Section 268(2) of the Andhra Pradesh Panchayat Raj Act, 1994 (hereinafter referred to as 'the 1994 Act'). The petitioners have also assailed the validity of the demand notices dated 03.02.2012 by which house tax was levied on the property belonging to the petitioners.

3. Facts giving rise to filing of this writ petition, briefly stated, are that petitioner No.1 is a society registered under the A.P (Telangana Area) Public Societies Registration Act, 1350 Fasli. Petitioner No.1 society has purchased an extent of

50 acres of land at Mangalpally Village and Gram Panchayat, Ibrahimpatnam Mandal, Ranga Reddy District. Thereafter, petitioner No.1 after obtaining permission from the authority concerned has constructed the building wherein petitioner No.2 institution, namely Bharat Institute of Engineering and Technology, is being run. In the aforesaid institution, education in several engineering courses is imparted.

4. Notices dated 03.02.2012 were issued by the Gram Panchayat, Mangalpally wherein the petitioners were asked to make payment of the house tax as well as library cess. The petitioners thereupon have filed this writ petition in which the validity of the aforesaid demand notices is under challenge. A Bench of this Court by an order dated 16.02.2012 entertained the writ petition and granted interim orders, subject to the condition that the petitioners shall deposit 50% of the amount demanded and shall also furnish a bank guarantee in respect of the remaining 50% of the amount. It is not in dispute that the petitioners have complied with the aforesaid interim order.

5. At the outset, learned Senior Counsel for the petitioners confined his challenge in the writ petition only to validity of the demand notices issued by the Gram Panchayat. While inviting the attention of this Court to Section 60 of the 1994 Act, learned Senior Counsel submitted that the Gram Panchayat has the authority to levy the house tax enumerated therein. Learned Senior Counsel while referring to Section 61(3) of the 1994 Act submitted that the impugned demand notices are contrary to Sections 60 and 61 of the Act, inasmuch as neither maximum nor minimum rates have been prescribed under the Rules by G.O.Ms.30 dated 20.01.1995. It is therefore contended that the demand notices are liable to be quashed.

6. On the other hand, learned Additional Advocate General has invited the attention of this Court to the rules framed under Section 268(2) of the 1994 Act and has submitted that under the rules, it is permissible for the Gram Panchayat to issue the demand notices.

7. We have considered the rival submissions of learned counsel for the parties and have perused the record.

8. The 1994 Act is an Act to provide for the constitution of Gram Panchayats, Mandal Parishads and Zilla Parishads and for matters connected therewith or incidental thereto. Section 2(30) defines the expression "*prescribed*" to mean, prescribed by the Government by rules made under the Act. Chapter III of the 1994 Act contains Section 60 which empowers the Gram Panchayat to levy taxes enumerated therein, including the house tax. Section 61 deals with levy of house tax.

9. Section 61, which is relevant for the purpose of the controversy involved in this writ petition, is extracted below for the facility of reference:

"61. House-tax - (1) The house-tax referred to in clause (a) of sub-section (1) of section 60 shall, subject to such rules as may be prescribed, be levied on all houses in the village on any one of the following basis, namely:

- (a) annual rental value, or
- (b) capital value, or
- (c) such other basis as may be prescribed:

Provided that no house tax shall be levied on poultry sheds and annexes thereto which are essential for running the poultry farms.

(2) The house-tax shall, subject to the prior payment of the land revenue, if any due to the

Government in respect of the site of the house be a first charge upon the house and upon the movable property, if any, found within or upon the same and belonging to the person liable to pay such tax.

(3) The house-tax shall be levied every year and shall, save as otherwise expressly provided in the rules made under sub-section (1) be paid by the owner within thirty days of the commencement of the year. It shall be levied at such rates as may be fixed by the gram panchayat, not being less than the minimum rates and not exceeding the maximum rates, prescribed in regard to the basis of levy adopted by the gram panchayat.

(4) The Government may make rules providing for-

(i) the exemption of special classes of houses from the tax;

(ii) the manner of ascertaining the annual or capital value of houses or the categories into which they fall for the purposes of taxation;

(iii) the persons who shall be liable to pay the tax and the giving of notice of transfer of houses;

(iv) the grant of exemptions from the tax on the ground of poverty;

(v) the grant of vacancy and other remissions; and

(vi) the circumstances in which, and the conditions subject to which houses constructed, reconstructed or demolished, or situated in areas included in, or excluded from the village, during any year, shall be liable or cease to be liable to the whole or any portion of the tax.

(5) If the occupier of a house pays the house-tax on behalf of the owner thereof, such occupier shall

be entitled to recover the same from the owner and may deduct the same from the rent then or thereafter due by him to the owner”.

10. It is trite law that if the statute provides a procedure for doing a particular thing in a particular manner, that thing has to be done in the manner prescribed. [See: *Commissioner of Income Tax, Mumbai vs. Anjum M Ghaswala*, (AIR 2001 SC 3868), *Commissioner of Income Tax, Chandigarh vs. Pearl Mechanical Engineering and Foundry Works (P) Ltd.* ((2004) 4 SCC 597), *Tata Chemicals Limited vs. Commissioner of Customs (Preventive), Jamnagar* ((2015) 11 SCC 628) and *The Goa Foundation vs. Sesa Sterlite Ltd. and others* ((2018) 4 SCC 218)].

11. From a close scrutiny of Section 61(3) of the 1994 Act, it is evident that the house tax has to be levied at such rates as may be fixed by the Gram Panchayat, not being less than the minimum rates and not exceeding the maximum rates, prescribed in regard to the basis of levy adopted by the Gram Panchayat. Thus, the minimum and maximum rates have to be prescribed by the State Government by framing the rules under the Act. Thus, the *sine qua non* for



exercise of power to levy the house tax is the prescription of maximum and minimum rates of house tax by the rules under the State Government. In the instant case, in exercise of powers under Section 268(2) of the 1994 Act, the State Government has framed the rules with regard to levy and collection of house tax. Rules 4, 5 and 7 provides for assessment of house tax. In purported exercise of powers, Rules 4, 5 and 7 of the rules framed under the Act, the Gram Panchayat has issued the impugned demand notices.

12. However, it is pertinent to note that the aforesaid rules do not prescribe for minimum and maximum rates. Therefore, the condition precedent for invocation of power of the Gram Panchayat to fix the rate of house tax has not been fulfilled under the Act.

13. For the aforementioned reasons, the impugned demand notices dated 03.02.2012 cannot be sustained in the eye of law. They are accordingly quashed.

14. The petitioners have deposited 50% of the amount of demand in pursuance of the interim order dated 16.02.2012 passed by a Bench of this Court. The petitioners shall be entitled to adjustment of the aforesaid amount towards dues which may be payable by them on account of house tax in future. There shall be no order as to costs.

15. However, liberty is reserved to the State Government to notify the minimum and maximum rates for levy of house tax under the rules, in view of the mandate contained in Section 61 of the 1994 Act.

16. Accordingly, the writ petition is disposed of. There shall be no order as to costs.

As a sequel, miscellaneous petitions, pending if any, stand closed.

//TRUE COPY//

**SD/-A. SRINIVASA REDDY  
ASSISTANT REGISTRAR**

  
**SECTION OFFICER**

To

1. The Secretary, Panchayat Raj and Rural Development Department, Secretariat Buildings, State of Telangana at Hyderabad-22. The Panchayat Secretary, Grampanchayat Nagaram, Keesara Mandal, R.R. District.
2. Two CCs to GP FOR PANCHAYAT RAJ AND RURAL DEVELOPMENT, High Court for the State of Telangana at Hyderabad. [OUT]
3. One CC to SRI SRINIVASA RAO MADIRAJU, Advocate [OPUC]
4. One CC to SRI G.NARENDER REDDY, Advocate (OPUC)
5. Two CD Copies

**SA  
BS**

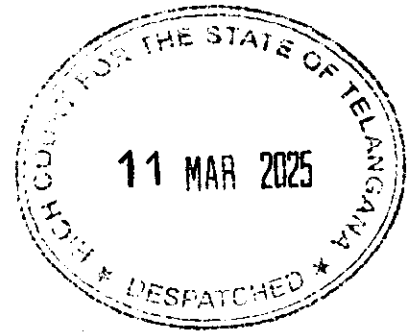
*Kp*

**HIGH COURT**

**DATED:09/01/2025**

**ORDER**

**WP.No.10817 of 2018**



**DISPOSING OF THE W.P  
WITHOUT COSTS.**

⑧

kp  
21/2/25