



Serial No.00
Daily List

HIGH COURT OF MEGHALAYA
AT SHILLONG

WA No. 44 of 2024 with
WA No. 45 of 2024
WA No. 57 of 2024

Date of CAV: 16.06.2025

Date of Pronouncement : 03.07.2025

Kiran Thapa, S/o (L) Bishnu Prasad Thapa all residents of Holding No.48 JB, Sy.No.135/77, Shillong Cantonment, Shillong-793001, East Khasi Hills District, Meghalaya. Appellant

Vs

1. Union of India, represented by the Secretary to the Government of India, Ministry of Defence, New Delhi.
2. The Defence Estate Officer, Guwahati Circle, Narangi Military Station, P.O. Satgaon, Old Army School Building, Guwahati-781171, Assam
3. Shillong Cantonment Board, Shillong, represented by its Chief Executive Officer, 13, Pine Walk Area, Near Rhino Auditorium Shillong-793001, East Khasi Hills District, Meghalaya.
4. The Chief Executive Officer, Shillong Cantonment Board, 13, Pine Walk Area, Near Rhino Auditorium Shillong-793001, East Khasi Hills District, Meghalaya.
5. The Additional Deputy Commissioner (Revenue), East Khasi Hills District, Meghalaya. Respondents

The Shillong Cantonment Lease Holders Association, an Association registered under the Meghalaya Societies Registration Act, 1983 having its office at Anjalee Cinema, Shillong-1, East Khasi Hills District, Meghalaya.

Represented herein by its President Shri Binod Rana S/o (L) Hira Singh Rana, aged about 69 years, R/o Holding No.50 JB, Shillong Cantonment, Shillong-793001, East Khasi Hills District, Meghalaya. Appellant

Vs

1. Union of India, represented by the Secretary to the Government of India, Ministry of Defence, New Delhi.
2. The Defence Estate Officer, Guwahati Circle, Narangi Military Station, P.O. Satgaon, Old Army School Building, Guwahati-781171, Assam.



3. Shillong Cantonment Board, Shillong, represented by its Chief Executive Officer, 13, Pine Walk Area, Near Rhino Auditorium Shillong-793001, East Khasi Hills District, Meghalaya.

4. The Chief Executive Officer, Shillong Cantonment Board, 13, Pine Walk Area, Near Rhino Auditorium Shillong-793001, East Khasi Hills District, Meghalaya.

5. The Additional Deputy Commissioner (Revenue), East Khasi Hills District, Meghalaya. Respondents

Sajjan Kumar Goenka (now deceased w.e.f. 04.07.2024) represented by legal representative Smti. Santosh Devi Goenka, W/o (L) Sajjan Kumar Goenka, R/o Shakti Bhawan, Bungalow No.29 Shillong Cantonment, Shillong-01, East Khasi Hills District, Meghalaya. Appellant

Vs

1. Union of India, represented by the Secretary to the Government of India, Ministry of Defence, New Delhi.

2. The State of Meghalaya, represented by the Chief Secretary, Government of Meghalaya, Shillong.

3. The Deputy Commissioner cum Collector, East Khasi Hills District, Shillong, Meghalaya.

4. Shillong Cantonment Board, Shillong, represented by its Chief Executive Officer, 13, Pine Walk Area, Near Rhino Auditorium Shillong-793001, East Khasi Hills District, Meghalaya.

5. The Defence Estate Officer, Guwahati Circle, Narangi Military Station, P.O. Satgaon, Old Army School Building, Guwahati-781171, Assam. Respondents

Coram:

Hon'ble Mr. Justice I.P. Mukerji, Chief Justice

Hon'ble Mr. Justice W. Diengdoh, Judge

Appearance in WA No. 44 of 2024 and WA No. 45 of 2024:

For the Appellant : Mr. K. N. Choudhury, Sr. Adv with
Mr. S. Sen, Adv
Mr. M. U. Ahmed, Adv

For the Respondents : Dr. N. Mozika, DSGI with
Ms. K. Gurung, Adv. [For R 1 & 2]
Mr. S. P. Mahanta, Sr. Adv with
Mr. S. Hynniewta, Adv [For R 3 & 4]
Mr. N. D. Chullai, AAG with
Mr. E. R. Chyne, GA. [For R 5]



Appearance in WA No. 57 of 2024:

For the Appellant : Mr. V. K. Jindal, Sr. Adv with
Mr. I. Kharmujai, Adv.
Ms. T. Pohlong, Adv.

For the Respondents : Dr. N. Mozika, DSGI with
Ms. K. Gurung, Adv. [For R 1 & 2]
Mr. S. P. Mahanta, Sr. Adv with
Mr. S. Hynniewta, Adv. [For R 3 & 4]
Mr. N. D. Chullai, AAG with
Mr. E. R. Chyne, GA. [For R 5]

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| i) | Whether approved for reporting in Law journals etc.: | Yes/No |
| ii) | Whether approved for publication in press: | Yes/No |

Note: For proper public information and transparency, any media reporting this judgment is directed to mention the composition of the bench by name of judges, while reporting this judgment/order.

JUDGMENT

(Delivered by the Hon'ble, the Chief Justice)

We have heard three appeals.

One, (WA No. 45 of 2024) is by the association of tenants/lessees under the Ministry of Defence, Government of India, in Shillong district. The other two (WA No. 44 of 2024 and WA No. 57 of 2024) are by two individual lessees, under this Ministry.

In Shillong district there is a large parcel of land which is in the custody of the said Ministry and has been let out to tenants/lessees, for a long period of time spanning more than a century. Periodically, the rent



has been revised by the government. Whatever may have been the principle on which this revision was made, up to March, 2022, the rent for about 3,000 square feet (300 square metres) was only ₹3 per month.

There is a formula by which the market value of a tract of property is determined by this Ministry. It is known as Standard Rent Determination, based on various locational and utilization factors like main road, motorable road, non-motorable road, commercial use, use as petrol pump, cinema hall and so on. Two and half per cent of the market value is taken as the annual value of the property of which 1/12 is the monthly rent.

Now, a demand notice dated 17th June, 2022 was issued by the Shillong Cantonment Board the respondent No.3 to Bala Krishna Thapa, occupant of Holding No.49 JB, Sy.No.135/74 Shillong Cantonment claiming an increased amount of rent in advance for the period 1st April, 2022 to December, 2022 on the basis of Standard Rent Determination made by the Ministry. Up to 1st March, 2022, the lease rent paid was ₹3/- for the whole property. Under the demand notice from 1st April 2022 to 31st December, 2022 (9 months), ₹1,18,823/- rent was demanded as a condition for further extension of the lease. This meant that around ₹13000/- per month was all of a sudden claimed as lease rental for the property.



Another demand notice addressed to Madan Thapa another member of the association enjoying holding No.37 JB Sy.No.135/88 Shillong Cantonment was handed up to us during the course of hearing of this appeal. As it was very material to the appeal, we did not insist on any formalities for its being admitted on record but accepted it as a subsequent event for our consideration in the appeal. The notice has 20 columns, the last being the total demand w.e.f. 1st April, 2022 to 31st December, 2025 of ₹4,74,425.00/-. It appears from that demand that the land rent was calculated at ₹1,15,146.00/- from 1st April, 2022 to 31st December, 2022 and increased to ₹1,53,528.00/- from 1st January, 2025 to 31st December, 2025. Similar notices were issued to Basanti Pandey of holding No.6 JB Sy.No.135/31.

Similar demand notices were sent out to each of the other members of the association and the other appellants. The difference between the amount paid and the amount payable was claimed from each lessee/tenant. Thereafter, for subsequent periods, demand notices claiming increased rent were sent out.

This has been challenged by the appellants on the ground that the standard rate has been erroneously and arbitrarily determined and that they are not liable to pay the differential amount of rent.



Each of the appellants preferred a writ before a learned single judge of this Court. The learned judge by his judgment and order dated 5th June, 2024 was pleased to dismiss each of the writ petitions.

Hence, these appeals.

The reasons given by the learned judge are briefly as follows:

- (a) The STR was fixed according to the extant policy, rules and procedures of the Ministry of Defence contained in the letter dated 31st January, 1976. Concurrence of the Deputy Commissioner, East Khasi Hills, had been obtained by the concerned authority for the period 1st January, 2018 to 31st December, 2020. The STR rates had been revised accordingly.
- (b) Monthly rent had been calculated at 2.5 per cent of the total market value for residential premises according to the letter dated 11th January, 1973 and for commercial purpose as per policy dated 10th March, 2017.
- (c) The fixation of STR in accordance with the guidelines contained in the letter dated 10th March, 2017 given on extension of leases till 31st December, 2018, subject to certain terms and conditions could not be held to be arbitrary.
- (d) The detailed guidelines of 1976 and 2017 have been complied with.

Accordingly, the writ petitions were liable to be dismissed.

The lessees/tenants are in appeal before us.



The guidelines for preparation of STR are contained in a Notification of the Ministry of Defense (ML&C) dated 31st January, 1976.

Learned counsel for the appellants/writ petitioners, showed me Schedule-II of the standard table of rent revised on 1st January, 2018, valid till 31st December, 2020, at page 39 of the paper book in writ appeal No. 45 of 2024.

Shortly stated the value of the land in each Cantonment is determined on dividing the latter into zones. A description is made of land or property situated in each zone, e.g. commercial area, bungalow area, cantonment bazar, part bungalow area, graveyard, waste land etc. Whether access is through motorable road or non-motorable road, is also mentioned. A note is appended to the effect that the rate of rent for commercial purposes would be double that of leases with residential purpose. Rent for highly “lucrative purposes” e.g. cinema halls, petrol pumps would be four times that of other residential property. The STR for all Cantonment except “fast developing Cantonments” would be revised once every three years. The rates for the fast-developing Cantonments would be revised every two years.

Dr. N. Mozika, learned Deputy Solicitor General appearing for the respondents submitted that the standard table of rent was fixed by the



Ministry of Defence for each cantonment on a considered determination of the market value following professional expertise and technical methods. It was a longstanding and long-term policy decision of the defence ministry without any flaw and thus immune from challenge. The market value of each leasehold had been calculated on the basis of STR. Annual rent was taken to be 2.5 per cent of such value. The monthly rent would be 1/12 of this figure.

Learned senior counsel for the appellant in WA No.45 of 2024 submitted that the rate of rent per month for 300 square metres was ₹3. It was suddenly increased manifold in June, 2022 from 1st April, 2022. Such an extraordinary increase without any grounds or reasons stated in the demand notice was illegal and arbitrary. The subject demand notices be quashed.

This demand and similar demands in respect of property holders of the association and two other appellants/writ petitioners in WA No. 44 of 2024 and WA No.57 of 2024 were the subject-matter of challenge in the other appeals/writ petitions.

We have heard out the appeals extensively.

There is nothing wrong in the principle applied by the learned single judge. The STR fixed by the defence authorities binds all the lease holders of that particular area. It is a kind of market valuation of



properties and large parcels of land. The relationship between the Ministry of Defence and the appellants is of lessor and lessee or landlord and tenant. This is the primary relationship. Either a lessee or tenant takes the lease at a rent fixed on its market value or STR or does not take it at all or relinquishes it if the increased rent demanded is not acceptable to him. But the issue in this case centres around the involvement of public law.

It is now settled by the authorities of the Supreme Court and High Courts that even in the contractual field, a public authority like the Ministry of Defence has to adhere to the principles of fairness, reasonableness and equality, and absence of arbitrariness and malafide.

Two landmark cases of the Supreme Court are important.

In *M/s Dwarkadas Marfatia & Sons v. Board of Trustees of the Port of Bombay* reported in (1989) 3 SCC 293 Mr. Justice Mukharji delivering the majority judgment of the court observed that just because a public authority enjoys immunity from the operation of the rent act protecting the tenants, it is not freed of its obligation to be “informed by reason and guided by the public interest”. It could not assume the role of a private landlord and exercise its discretion reasonably. Governmental action should conform to a particular standard and not be “unreasonable arbitrary or contrary to the professed norms.”



In *Jamshed Hormusji Wadia v. Board of Trustees, Port of Mumbai & anr* reported (2004) 3 SCC 214, the Supreme Court relied on the above judgment along with other decisions covering the field. It laid down the following law:

“16. The position of law is settled that the State and its authorities including instrumentalities of States have to be just, fair and reasonable in all their activities including those in the field of contracts. Even while playing the role of a landlord or a tenant, the State and its authorities remain so and cannot be heard or seen causing displeasure or discomfort to Article 14 of the Constitution of India.

17. Thus, a balance has to be struck between ensuring a fair return on investment and charging exorbitant rates based on the prevalent market prices of land, which would be of utmost relevance to any other landlord. The State Government in order to justify a steep increase in rent, cannot plead exploitative increases in prices of lands. Our Constitution does not envisage or permit unfairness or unreasonableness in State action in any sphere of activities contrary to the professed ideals in the Preamble. Exclusion of Article 14 in contractual matters is not permissible in our constitutional scheme.....”

It is common ground that all the leases held by members of the association and the other two appellants/writ petitioners are similarly situated and of similar description. One STR would govern all the properties. Now, what is of significance is that the STR approved by the respondent authorities for this district or as a matter of fact, the area covered by the leases of the association and the other appellants/writ petitioners provide different valuations for different locations of property eg. those accessed by motorable road and non-motorable road, the



commercial property used as petrol pump, cinema halls and so on. On the basis of approved STR, different annual values for different premises are admissible. The flaw in the impugned demand notice is that it merely makes an annual valuation without providing any details. A better way would have been to give details of the valuation as a proposal to the tenants with an option to them to respond to the mode of valuation. If requested a hearing ought to have been given to them before finalising the valuation. Without undergoing this procedure, the demand notice has been issued.

I find from schedule-II of the policy and the guidelines framed thereunder that there is categorization in making valuation of commercial areas, properties adjoining main road and those adjoining road which are not main roads, bazar area, bungalow area and so on.

If all these properties are similarly situated it enjoins the respondent authorities with a duty to issue a proposed valuation with reasons how each plot was being valued on the basis of the above categorisation.

Secondly, the proposed increase of valuation should be in public interest shorn of arbitrariness, discrimination and must be fair and following the principles in *M/s Dwarkadas Marfatia & Sons v. Board of Trustees of the Port of Bombay* reported in (1989) 3 SCC 293 and in



Jamshed Hormusji Wadia v. Board of Trustees, Port of Mumbai & anr
reported (2004) 3 SCC 214.

Moreover, if rent has to be increased, then the standards of an unscrupulous landholder are not to be adopted and followed by the government, but a fair and reasonable increase in rent should be made taking a judicious approach.

Correspondingly, the occupants should also realise that the Defence Department, following most egalitarian and reasonable principles allowed them to enjoy these valuable properties in the Cantonment area for over a century. They were paying rent of only ₹3 per month till March, 2022. They have an equal duty to ensure that a reasonable rent is paid by them to the government for enjoyment of these properties.

In those circumstances, we do not set aside the impugned demand notices but treat them as proposed demand notices. The respondent authorities shall furnish to the appellants, the basis of calculation of the revised annual rent within six weeks from date. The respondent authorities will consider the objections, if any, of the lease holders to be filed within two months of receipt of the above calculation. All the lease holders may be represented before the respondents by a representative of the association to participate in the hearing that may be granted to them.



Thereafter, formal detailed demand notices shall be issued by the respondent authorities claiming the current and the arrear rental with interest and any other levy, if permissible which the appellants must clear within three months of the receipt of such bills.

Till the final demand notices are issued, each of the appellants which includes each member of the association shall pay 40 per cent of the arrear demand till 31st May, 2025 by 31st December, 2025 together or by instalments. Each lessee/tenant will continue to pay 40 per cent of the current lease rent demand from June, 2025 punctually. On issuance of a final demand, the amount paid would be adjusted. In default of payment, the respondents would be at liberty to take such steps against the appellants as available to them in law.

This batch of appeals is accordingly disposed of. The impugned judgment and order is modified accordingly.

No order as to costs.

(W. Diengdoh)
Judge

(I.P. Mukerji)
Chief Justice