



**IN THE HIGH COURT OF MADHYA PRADESH
AT INDORE
BEFORE**

HON'BLE SHRI JUSTICE SUBODH ABHYANKAR

ON THE 26th OF MARCH, 2025

WRIT PETITION No. 7928 of 2024

***MUNICIPAL COUNCIL PITHAMPUR THROUGH AUTHORIZED
SIGNATORY SEVANTI BAI***

Versus

THE STATE OF MADHYA PRADESH AND OTHERS

Appearance:

Shri Vivek Dalal - advocate for the petitioner.

Shri Rajwardhan Gawde appearing on behalf of Advocate General.

Shri Aviral Vikas Khare, advocate for the respondent no.4.

ORDER

1] This petition has been filed by the petitioner-Municipal Council, Pithampur, District Dhar under Article 226 of the Constitution of India seeking the following reliefs:

“ A)That the impugned order dated 30/01/2024 passed by the Respondent no. 5 be quashed.

B) That, the Petitioner Municipality be permitted to perform its sovereign function of collection of property tax.

C) Such other relief/ reliefs this Hon'ble court deems fit ”

2] The petitioner is aggrieved by the communication dated 30/1/2024 (Annexure P-1), issued by the respondent no.4 M.P Industrial Development Corporation Ltd., whereby, the Municipality has been advised not to collect taxes from the area of the investment region of the respondent no.4.

3] In brief facts of the case are that the petitioner/Municipality was notified under Section 5 of the Municipalities Act, 1961(hereinafter to be referred to as “Act of 1961”) on 25.8.2000, and at that time, the



Governor had notified 9 Gram Panchayats and 14 villages to form part of Nagar Palika, Pithampur, District Dhar.

4] The case of the petitioner is that on 30.4.2013, the M.P. Investment Region Development and Management Act, 2013 (hereinafter referred to as “ the Act of 2013”) came into force and the Rules viz., the M.P. Investment Region Development and Management Rules, 2016 (hereinafter referred to as “the Rules of 2016”) were made in the year 2016 (11/3/2016). Whereas, on 13/4/2016, the State Government authorized the M.P. Audhyogik Kendra Vikas Nigam, Indore i.e., the then “MPAKV” and now “MPIDC” to function as an agency for investment region situated in Indore Revenue Division under Section 4 of the Act of 2013 for preparation of Investment Region Development and Management Scheme (hereinafter referred to as the Scheme) and for implementation of the provisions of the Act of 2013 and of the Rules of 2016.

5] Consequently, the respondent no.4/M.P. Industrial Development Corporation Ltd. (hereinafter in short “MPIDC”) also developed the region, and the final plan is also filed by the respondent no.4 as Annexure R-4-2, and according to which certain areas have been notified by the MPIDC as the investment region which is depicted in brown colour which is the area under the Scheme, whereas, the remaining area, which is yellow in colour, falls under the Municipality.

The grievance of the petitioner is that the MPIDC is collecting taxes from their area also, which is against law.



6] Shri Vivek Dalal, learned counsel for the petitioner has submitted that after the area was notified by the MPIDC they cannot collect any tax from the region falling within the jurisdiction of the Municipality as per the scheme.

Attention of this Court has also been drawn to the list of various industries which according to the petitioner, falls beyond the scheme area.

7] Counsel for the petitioner has also submitted that even in the areas which fall under the Scheme, the respondents are not providing basic amenities to the residents, and that all the amenities in the entire Municipal area are being provided by the Municipality only, whereas, out of 31 wards, 8 wards falls within the Scheme.

8] The prayer is vehemently opposed by the respondent no.4/MPIDC, and it is submitted that there is no dispute regarding the area which is notified by the MPIDC as filed on record, and in fact the municipality is demanding tax from the industries beyond their jurisdiction as tax in the Scheme area can only be collected by the MPIDC as has also been provided under the Rules of 2016.

9] Counsel for the respondent no.4 has also drawn attention of this Court to ***Rules 18,119, 139 and 124 and 125 of the Rules, 2016***. It is also submitted that in the Scheme area, even the powers of mutation lies with the MPIDC, and for all the practical purposes, it is the MPIDC which is required to collect tax and provide services to the residents of the area. It is also submitted by the counsel that the MPIDC is developing the area, and is also looking after the amenities to be provided to the industries in the said area, and if the tax is



collected by both, the Municipality Pithampur as also by the MPIDC, there would be imposition of double taxation to the allottees of the MPIDC, who are not legally bound to pay any amount to the Municipality, and that is why the impugned letter dated 30/1/2024 has been sent to the petitioner Municipality to not to collect taxes from the industries which fall within the notified Scheme.

10] Counsel for the respondents has also drawn attention of this Court to Section 127A of the Act of 1961 and has also referred to Section 10,13,20,21 of the Act of 2013.

11] Respondent no.1,2 and 3/ State has not filed any reply but Shri Rajwardhan Gawde, learned counsel for the State has opposed the petition and has supported the case of the MPIDC. It is submitted that since the Act of 2013 has overriding effect, it is the MPIDC only which can collect taxes from the Scheme area.

12] Heard learned counsel for the parties and perused the record.

13] From the record, it is found that in the impugned letter the respondent no.4 has referred to Section 13 of the Madhya Pradesh Nivesh Kshetra Vikas Avam Prabandh Adhinyam, 2013 informing the petitioner that on account of section 13, the provisions of the Act of 1961 (i.e., the Madhya Pradesh Municipalities Act, 1961) have rendered inoperative, and has requested the Chief Municipal Officer not to recover property tax.

14] So far as Section 13 of the Act of 2013 is concerned the same reads as under:-

“Section 13. Notwithstanding anything contained in the Madhya Pradesh Nagar Tatha Gram Nivesh Adhinyam, 1973, the Madhya Pradesh Panchayat Raj Avam Gram Swaraj Adhinyam 1993, the Madhya Pradesh Municipal Corporation Act, 1956, the Madhya Pradesh Municipalities Act, 1961, or rules made thereunder, the



Municipal Corporation, Municipal Council, Nagar Parishad, or the Gram Panchayat, as the case may be, shall, in relation to the approval scheme areas, cease to exercise such power, or perform such functions or discharge such duties, from such date as the State Government may, by notification, prescribe”.

(emphasis supplied)

15] It is also found that the respondents have also relied upon Chapter IV of the Act of 2013, of which refers to Taxes and Matters to be provided by MPIDC.

Whereas, section 21 Act of 2013 provides for imposition of user charges, Section 22 relates to matter to be provided by the MPIDC.

16] A perusal of the aforesaid sections would also reveal that literally all the facilities which are to be provided by local administration/Municipality, has to be provided by the agency (MPIDC) only which include all the amenities *inter alia* lighting, public streets, cleaning, sewer, fire extinguishing, water supply, public toilets, ambulance, traffic management, garden, public park, plantation, stray animals, supply and maintenance of electricity, urban planning, public health, medical relief, boarding houses, hotels, economic and social development etc.

17] The respondents has also relied upon the Rules of 2016 which are framed for investment regions, and as prescribed under Rule 3(a) and Rule 10(6) of the Rules, 2016 that the land acquired for the scheme vest free of all the encumbrances in the MPIDC (agency) which is respondent no.4. Thus, the authority has also been given to the MPIDC (agency) to acquire and develop the region and to provide all the stipulated amenities to the allottees/lessee in the region.

18] Whereas Rule 119 specifically provides for the imposition of property tax in the region which can be collected by the MPIDC and



Rule 139 to Rule 145 confer special powers to the MPIDC for recovery of tax which includes sale of goods, attachment of property and forceful entering the premises. Similarly other provisions are also there in the Rules which give ample powers to MPIDC to collect taxes. Otherwise also, even in the list of industries and other occupiers of the lands filed by the petitioner as Annexure-P/.....,, almost all the entries are in respect of the land falling under the scheme only.

19] In such facts and circumstances of the case, this Court does not find any substance in the grievance of the petitioner that it is being deprived of its right to collect the property tax, as admittedly, the respondent no.4 is collecting the tax only in respect of the areas falling under the Scheme i.e., Investment Region Development and Management (Final Plan scheme) Pithampur. Thus, no case for interference is made out.

20] Having come to the aforesaid conclusion, this Court is also of the considered opinion that, in case of a dispute between the parties, they can also take resort to s.334 of the Act of 1961, which reads as under:-

“334. Dispute between Council and other local body-(1) In the event of any dispute arising between an Council and any other local authority established under any State Act on any matter in which they are jointly interested such dispute shall be referred to the State Government, whose decision shall be final.”_

21] Thus, any dispute between the petitioner Municipality and the respondent no.4 MPIDC can be referred to the State Government u/s.334, and thus, on this count also the interference of this Court is also not warranted.

22] In view of the same, the petition being devoid of merits is



hereby dismissed.

23] Needless to say the petitioner shall be at liberty to raise the dispute, if any, with the State Government as prescribed under Section 334 of the Act of 1961 in accordance with law.

24] Accordingly, the petition stands **dismissed**.

(SUBODH ABHYANKAR)
JUDGE

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