

(1960) 09 BOM CK 0002

In the Bombay High Court

Case No : Civil Revision Application No's. 1885, 1886 and 1887 of 1959

The Secretary, Mahad Municipality

APPELLANT

Vs

The Divisional Controller, Bombay State Road Transport Corporation

RESPONDENT

Date of Decision : 19-09-1960

Acts Referred:

Civil Procedure Code, 1908 (CPC) — Section 115

Citation : (1961) 63 BOMLR 174

Hon'ble Judges : Patel, J

Bench : Single Bench

Final Decision : Dismissed

Judgement

Patel, J.—These three Revisional Applications arise out of appeals to the Magistrate against Municipal assessment for the purpose of consolidated house tax. The order made by the Magistrate, Mahad, has been confirmed by the Sessions Judge at Kolaba. The Applications are in respect of assessments for the years 1953-54, 1954-55 and 1955-56, respectively. The original appellant before the Magistrate is the Divisional Controller, Bombay State Road Transport Corporation, Bombay, and is now the opponent and the original opponent before the Magistrate and now the petitioner is in all cases the Municipality, Mahad, governed by the Bombay District Municipal Act, 1901. I will employ their original nomenclature to avoid confusion.

2. The premises in question which are rated by the Municipal authority were built in the year 1958. They consist of (1) platforms for the various buses and passages etc., (2) ladies" rooms, (3) retiring rooms, (4) drivers" and conductors" rooms, (5) canteen with necessary rooms, (6) some stalls and (7) office rooms for various purposes. The Municipal authority fixed the annual letting value of these premises at (1) Rs. 2,000, (2) Rs. 250, (3) Rs. 500, (4) Rs. 200, (5) Rs. 4,000, (6) Rs. 1,600 and (7) Rs. 2,750, respectively. In fixing these different values, it took into account the different returns produced by each and on that

basis arrived at different annual letting values which could not, necessarily be in any fixed proportion to the areas covered by each of them. Initially the annual letting value was fixed by the Municipal authority at Rs. 17,805, but after hearing the objections of the appellant, the value was reduced to Rs. 11,300 gross and to Rs. 10,170, rateable.

3. The appellant contended before the Magistrate that the gross value should have been fixed at Rs. 2,940 by comparison with a property situated near the bus station or in any case at not more than Rs. 4,620 on the basis of fair return at 5 per cent. for the building and 4 per cent. for the land on the capital outlay.

4. The learned Magistrate fixed the annual letting value at Rs. 5,670 net, which he arrived at by the "Contractor's Test" and accordingly directed the Municipal authority to amend the registers.

5. An application in revision to the Sessions Judge failed and against this the Municipal authority has come in revision to this Court.

6. The provisions for the purposes of the tax relevant to the question may shortly be summarised. Section 59 of the District Municipal Act, 1901, Sub-section (1)(b) (i) enables a rate on buildings or lands or both, situate within the municipal district, to be levied. Clause (viii) enables a general water-rate or a special water-rate or both on the same to be levied. Clause (c) enables the Municipality to impose a consolidated tax assessed as a rate on buildings or lands, or both. By the same clause, the right is subject to a preliminary procedure provided by Section 60. Section 63 is concerned with the preparation of the assessment lists. Sub-section (1) provides for the particulars to be stated in the same in respect of the buildings or lands or buildings and lands. Clause (d) requires the annual letting value or the other valuation on which the property is assessed to be stated and Clause (e) requires the amount of tax assessed thereon to be stated. Sub-section (1A) provides for a deduction of ten per cent. from the amount of the valuation if the tax is assessed on the annual letting value. Section 64 provides for publication of notice of assessment list and Sections 65 and 66 for the receiving of objections against the valuations and disposing of the same. Section 68 provides for the primary liability to this tax. Section 69 provides for remission in this tax on account of vacancies under certain exigencies. The next chapter provides for presentation of bills which begins with Section 82. Section 82 provides for recovery of the bills and Section 86 provides for appeals to Magistrates against any claim included in a bill presented under that section, subject to certain conditions laid down therein.

7. In this case, the rules of the Municipality have adopted a consolidated tax of 15 per cent. on the taxable letting value of the land and building. The question in this case, therefore, is only, whether the method for fixing the annual letting value adopted by the Municipal authority is right or the one adopted by the Magistrate is right. The annual letting value has been defined by Section 3, Sub-section (11) of the Act to mean, the annual rent for which any building or land,

exclusive of furniture or machinery contained or situated therein or thereon, might reasonably be expected to let from year to year. The requirement that the letting is to be from year to year clearly would appear to mean the tenancy is not to be taken as for a fixed term nor as for a very short period but from year to year terminable by notice under law. It would, therefore, mean that there is some reasonable continuity and yet the tenancy is liable to be terminated at usual notice. This would be for the reason that several considerations, which might apply in the case of a long lease both to a tenant taking the lease and the landlord giving the same, have not to be regarded or taken into account. The duty of the Court in all such cases is to determine the amount of rent that a hypothetical tenant may reasonably pay for the premises bearing in mind all the circumstances connected with the premises including the amenities or the conveniences and the extent of profit that he might reasonably be expected to make by the use of the premises. This construction is supported by decisions in England. The scheme of the definition under almost all Municipal Acts in the State is in, great measure on a par with similar statutes in force in England where also the rateable value has been defined practically in similar terms; as the amount of the annual rent for which the hereditament may reasonably be expected to let from year to year. There is only one difference and that is in the incidence of the tax. Under the English statute it is the occupier that has to be taxed and not the owner or the lessor, while under the present statute it is the owner or the lessor who is taxed, with the result that the general principles deducible from the cases decided in England would necessarily apply but probably not some of the considerations such as are mentioned in the speech of Lord Buckmaster in the case of *Poplar Assessment Committee v. Roberts* [1922] 2 A. C. 98 to the effect (p. 103) :

... So far as the occupier is concerned, the provisions of the Rent Restriction Act have not in any way made his occupation less beneficial. It is the landlord who is affected, and he, as landlord, is not the subject of assessment, nor can his interest in the property be considered for the purpose of determining what that assessment should be.... From the earliest time it is the inhabitant who has to be taxed. It is in respect of his occupation that the rate is levied, and the standard in the Act is nothing but a means of finding out what the value of that occupation is for the purposes of assessment, In my opinion, the rent that the tenant might reasonably be expected to pay is the rent which, apart from all conditions affecting or limiting its receipt in the hands of the landlord, would be regarded as a reasonable rent for the tenant who occupied under the conditions which the statute of 1869 imposes.

and similar opinions expressed in other cases.

8. I may refer, before referring to the case law, to the several methods prevailing for the determination of the annual letting value. As stated in *Faraday on Rating* (Fifth ed.) at page 24, these are:

1. The "competitive or comparative method, i.e., by finding out rents actually

paid for the hereditament in question and/or others of a similar kind, adjusting them to bring them into line with the statutory conditions, and thus arriving directly at an estimate of the rent. When such rents are available this is always the method to be preferred. In order to secure uniformity it is customary to reduce the whole of the available evidence of this kind to a scale for each group or type of hereditaments and then to apply it to every hereditament of the same kind, with any necessary adjustment for special circumstances.

2. The "profits basis," or calculation by reference to receipts and expenditure, which is now required to be applied to certain public utility undertakings, and may properly be applied to any other hereditament on which a business is carried on which enjoys privileges in the nature of a monopoly. It may also sometimes be used as a check upon the third method in other cases.

3. The "contractor's method," by which it is assumed, in the absence of any other and better way of estimating the rent, that the tenant would arrive at it by finding the figure for which a contractor would provide him with premises neither more nor less suitable for his purpose, and the rate of interest on that cost which the contractor would charge him as a rent.

4. The "unit method," by which schools may be valued at so much a place, hospitals at so much a bed, or certain industrial premises at so much a furnace, or other unit of output. Usually, this is only a short cut by which a valuer applies experience gained in valuing similar hereditaments by the first or third method to avoid repeating that process in each case. Sometimes, however, it is applied to hereditaments or parts of them as to which it is hardly possible to find a logical basis of annual value, when it has at least the merit of providing uniformity.

9. Turning now to case law, the first case which shows the relation between actual rent and annual value is *Hayward v. Overseers etc. of Brinkworth, Wilts* (1864) 10 L. T. 608 Blackburn, J. observes (p. 609) :

...The Legislature has stated that the estimate according to which the rate shall be calculated shall be, not the actual rental paid, but the rent at which the premises might have been reasonably expected to let from year to year. The rent actually paid is no doubt *prima facie* the estimate, but it is not conclusive.

10. On the question of principles followed for valuation I may refer to some of the cases. In the case of *Mersey Docks and Harbour Board v. Birkenhead Assessment Committee* [1901] A. C. 175 the observations are to the effect (p. 180) :

That is the proposition which is put before the parish officers—that is the question which they have to answer; and they are to arrive at that value, so far as I know, unfettered by any statute as to the way in which they can do it, I am not aware of any rule of law or any statute which has limited them as to the mode in which they shall arrive at it. It is not a question of law at all—it is a question of fact....

11. At page 181:

...You are not rating the income-you are rating the premises; so that where you have premises of a similar character with equal facilities for carrying on trade you have a very facile mode of coming to the conclusion what sum would reasonably be given by any tenant from year to year for such premises. But if, instead of doing that, you choose to go into elaborate calculations of how much the building cost to erect, and when erected what would be the value of it, you are only elaborating and making more complex and difficult the simple proposition which the Legislature has put before the overseers to answer.

12. Then again at pages 182-183:

My Lords, that proposition appears to me to be a very intelligible one if unclouded by all those questions which have from time to time been raised by ingenious persons, for a good many academic questions have been discussed at the expense of the parishes. What you are to find out is what tenant will reasonably give, looking, surely, at all the circumstances of the particular occupation, including therein the business that has been done on the premises. . . To go into the amounts of profits and losses as if you were finding out what a man's income is would be absolutely irrelevant; but for the purpose of ascertaining what a tenant would be likely to give, to suggest that that is something which in point of law you have no right to inquire into would be equally absurd. All the circumstances of the particular occupation, the mode in which the trade is being carried on, and the circumstances affecting either the restriction or the amplitude of the trade, are all legitimate subjects of inquiry, and the only question of law is whether the particular tribunal has followed the line I have indicated or not.

13. In the case of *Port of London Authority v. Assessment Committee of Orsett Union* 1920 1 A. C. 273, where Lord Birkenhead L.C. after referring to Section 1 of the Parochial Assessment Act, 1836, says at page 281;

Where a hereditament is let on such terms, the only task of the rating authority is to find out the actual rent, and in any case where the property is let, or is of the same character as other hereditaments which are let, the adjusting of the figures to arrive at the "net annual value" is a question of fact...

Several methods are available for such cases, and it does not follow that the rating authority would necessarily be wrong if it adopted one method when dealing with one hereditament and another method when dealing with a different hereditament.

14. At page 305, after referring to the case of *Sculcoates Union v. Dock Co.* at Kingston-upon Hull [1895] A. C. 136 Lord Buckmaster observes as follows:-

...In other words that decision emphasized and made clear a principle that must always be applicable to such cases. The actual hereditament of which the hypothetical tenant is to be determined must be the particular hereditament as it stands, with all its privileges, opportunities and disabilities created or imposed

either by its natural position or by the artificial conditions of an Act of Parliament....

15. Again in the case of *Poplar Assessment Committee v. Roberts* Lord Buckmaster refers to the Metropolitan Rating Act of 1869 and then says at page 103:

...What it does provide is that the gross value means the annual rent which a tenant might reasonably be expected, taking one year with another, to pay for a hereditament on the assumption that he undertook to pay rates, taxes and tithe, and the landlord undertook the cost of repairs and insurance.

It is round the true meaning of this section that the dispute centres. The tenant referred to is, by common consent, an imaginary person; the actual rent paid is no criterion, unless, indeed, it happens to be the rent that the imaginary tenant might reasonably be expected to pay in the circumstances mentioned in the section. But although the tenant is imaginary, the conditions in which his rent is to be determined cannot be imaginary. They are the actual conditions affecting the hereditament at the time when the valuation is made. This was stated by this House in *Port of London Authority v. Orsett Union Assessment Committee*, and I do not think that the language which I there used needs to be modified or explained; but those words related entirely to determining the value of the occupation to the occupier, excluding of course, any element due to his skill, industry, or other strictly personal qualification...

16. Lord Atkinson says at page 107:

...This tenant has been, therefore, appropriately styled the "hypothetical tenant", and so unreal may his existence be that the owner-in-fee of the hereditament, who is in beneficial occupation of it, may play the part of the hypothetical tenant, ready to pay the annual rent mentioned in the statute for his own property. This imaginary rent is not to be confounded with the rent which an actual tenant in possession in fact pays. It may naturally be assumed that the hypothetical tenant would take this latter into consideration, along with many other things, including the capacity of the hereditament and its adaptabilities, in calculating the amount of the rent he might be expected to pay; but the actual rent paid by the actual tenant is not, and cannot be treated as a measure of, or a substitute for, the hypothetical rent which conceivably might be expected from a hypothetical tenant...

17. In the case of *Robinson Bros. v. Houghton Ass. Com.* [1937] 2 All E. R. 298 a question arose as to whether in the case of a tied house regard could be had to the special price which brewers might give, except so far as such special price might raise the market value generally. The Court of Appeal elaborately discussed the question and Scott, L. J. formulated certain conclusions after considering the case law, which have been approved by the House of Lords in *Robinson Brothers (Brewers), Ltd. v. Durham County Assessment Committee* [1938] A. C. 821 he says:

...The relevant steps (partly law, partly facts), as found in the special case, appear to be these: (i) the hereditament to be valued under sect. 22 of the Act is always the actual house or other property for the occupation of which the occupier is to be rated, and that hereditament is to be valued as it in fact is—*rebus sic stantibus*; (ii) where the particular hereditament is let at what is plainly a rack rent, or where similar hereditaments in similar economic sites are so let, so that they are truly comparable, that evidence is the best evidence, and for that reason is alone admissible: indirect evidence is excluded, not because it is not logically relevant to the economic inquiry, but because it is not the best evidence; (iii) where such direct evidence is not available, for example, if the rents of other premises are shown to be not truly comparable, resort must necessarily be had to indirect evidence from which it is possible to estimate the probable rent which the hypothetical tenant would pay; (iv) this kind of estimating is a skilled business, and it is here especially that the role of the skilled valuer comes in. His employment is plainly contemplated by all the rating statutes of the last hundred years, and has always been the practice in all disputes upon quantum of assessment, but, above all, wherever resort to indirect sources for assessing value is necessary; (v) in weighing up the evidence bearing upon value, it is the duty of the valuer to take into consideration every intrinsic quality and every intrinsic circumstance which tends to push the rental value either up or down, just because it is relevant to the valuation, and ought therefore to be cast into the scales of the balance before he looks to see the resultant figure on the dial at which the pointer finally rests; (vi) a skilled valuer is a professional man, and must be left free to inform his mind of all relevant facts. It is only where it can be shown that he has had regard to some fact which is legally irrelevant or vice versa, that his valuation is open to legal attack; (vii) when the assessing tribunal, whether assessment committee or quarter sessions, has to make its own valuation in a contested case about a gross assessment, the tribunal, not being itself professionally skilled in valuation, must necessarily act on evidence, including expert evidence, and that evidence must be relevant; but, wherever the direct evidence test is not available, no fact which would, in all the actual circumstances of the case, tend to raise or lower the amount of rent likely to be given by probable competitors can be either irrelevant or inadmissible; (viii) the rent to be ascertained is the figure at which the hypothetical landlord and tenant would, in the opinion of the valuer or the tribunal, come to terms as a result of bargaining for that hereditament, in the light of competition or its absence in both demand and supply, as a result of "the higgling of the market" (I call this the true rent because it corresponds to real value); (ix) this true rent is often called "market value," but I hesitate to use that expression, as it seems to me prone to mislead, for it gives rise to the notion of something absolute, something having an objective existence, independent of all the various particular sources of demand, which together constitute the totality of demand...

18. These cases would show that in determining the annual letting value, all factors, that either enhance or decrease the value to a tenant, are to be taken

into account. Can then what is paid by the tenant or the licensee for either the canteen or the stalls or by the passengers for the use of the waiting rooms be disregarded? If this cannot be disregarded, then the method adopted by the Municipal authority for valuing the canteen, the stalls and the waiting rooms on one basis and the offices and the platforms on another basis cannot be said to be erroneous. In considering the question at issue the authority is not limited to the exercise of its powers in a defined manner. It is not bound to value the whole of it as one unit, but may divide it into several units and value differently each one of them for arriving at a fair and reasonable valuation- that which would be the nearest approach to what is required by the statute- and for doing so it might employ different methods described above for different units. That such a course is justified, is shown by the case of Cardiff Rating Authority and Cardiff Assessment Committee v. Guest Keen Baldwin's Iron and Steel Company Limited [1949] 1 K. B. 385. In that case a recorder assessed the greater part of an iron and steel works for rating purposes on the principle of "the contractor's theory of valuation. In the case of four blast furnaces, two fixed melting furnaces and sixty-nine coke ovens, he departed from that theory and adopted a "unit valuation" on the ground that they were short-lived and had a normal life of less than twenty years. Denning L. J. observes at page 395:

The truth is that in these cases the tribunal of fact can approach their task from several possible bases. The basis which they take for one part of the hereditament may be different from that for another. They may work figures on two different bases and arrive at an assessment in between the two. The selection of the basis or bases and the application of them, singly or in combination, are only methods of arriving at the final figure of assessment. The parties can urge before quarter sessions all their arguments on this basis or that: but once quarter sessions have fixed the figure that, as a rule, is final. An appellate court will not interfere unless the method is demonstrably incorrect, or the figure is so obviously wrong that it must have been reached by an incorrect method.

If, therefore, the Municipal authority based its decision on valuation of different parts, merely on that ground, its decision could not be challenged and the Court would not be justified in substituting one method for the other unless it was clearly unsuited or wrong.

19. The canteen contractor in this case entered into a lease first on January 27, 1953, for a period of 3 years from May 1, 1952, to April 30, 1955. He agreed to pay for the canteen a sum of Rs. 435 per month equivalent to Rs. 5,225 per year. When the next lease, however, was taken the appellant changed the nomenclatures employed in the first lease. It mentioned Rs. 4,908 as licence fees and Rs. 1,032 as compensation for occupation of the premises. The Municipal authority took these amounts as the basis for determining the letting value after giving deduction for services rendered by the appellant. The learned Magistrate observed that such a rent was extortionate. He referred to the words "might

reasonably be expected" in the definition of the phrase ""annual letting value" and said

that the section was intended to exclude any rent which cannot be shown to have been fixed by a reasonable demand or which has been fixed on an oppressive demand upon imagined necessities. These words in short do not mean the highest rent that can be extorted from the occupier-This is the case in which the rent is an extortionate rent fixed by reference to special necessities.

He also pointed out the disparity between the valuations arrived at by the different modes by the Assessment Committee and, therefore, he adopted the "Contractor's Test". The learned Magistrate has lost sight of one principle and that is what would a tenant pay looking to all the potentialities of the business that would be attracted by his having the canteen at the place or the stalls in these premises. What appears, without these considerations to be extortionate rent, might appear to be a perfectly reasonable amount of rent, which any tenant, apart from the particular tenant, would be prepared to pay. According to the terms of the agreement between the parties, no one else was allowed to vend his refreshments in these premises. Any contractor, who had his canteen in the premises would necessarily make very large profits in view of the fact that passengers would have to buy all their needs from that canteen. It also appears from the judgments that the bus stand is situated about half a mile away from the village of Mahad. No passenger could, therefore, possibly think of going out and taking refreshment at any other place. The question is not what to the Court would appear to be reasonable rent for particular premises without these advantages but what any tenant expecting to utilise the premises for the purpose for which they are being used with all their advantages and disadvantages would reasonably pay for them. The very fact that for the first 3 years the contractor paid the compensation of Rs. 5,225 per year for the use of the canteen and Rs. 6,000 per year plus taxes for the next 2 years with option to continue would show the extent of the business and the profit for which the amount of compensation is paid. This amount is not paid by the tenant for his necessity in the sense that he is without a living and is compelled to pay this amount. What he has paid and what any other person would pay is due to the expectation of very high returns as profits. The learned Magistrate, therefore, cannot be right when he says that the rent is extortionate so far as the canteen and the stalls are concerned and, therefore, he could justifiably resort to the "Contractor's Test", which is after all an indirect method of arriving at the value. Similar would be the consideration even with regard to the ladies' room and the waiting room. Passengers pay special charges to the appellant for these rooms. These rooms also, therefore, earn direct compensation for their use and if after taking into account what is produced by these rooms the Municipal authority fixed a higher annual letting value for these rooms, it cannot be regarded improper. These set of rooms and stalls and canteen cannot be said to be at a par with the office rooms, which consist of the parcel room, the Controller's room, the Cashier's room and the booking office. This ground, therefore, also for not accepting the

valuation made by the Municipal Assessment Committee is erroneous.

20. The contention, however, that was pressed in the Sessions Court and that has been pressed before me by the learned Government Pleader is that the contractor has paid higher occupation charges because of the special covenant that has been made by the appellant and not merely because of the special situation of the canteen. The covenant relied upon in the second lease is at Clause (2) (b) and is to this effect;

That during the said term of Licence, the Licensor will not permit any person to sell or supply rice plates, meals, light refreshments, tea, coffee, cold drinks, biscuits, bakery stuff, confectionery and sweet-meat to the passengers travelling by the Licensor's buses within the premises of the Licensor wherein the Refreshment Room is situated.

Reliance is placed on principles applied in the cases of tied houses. I am referred to Ryde on Rating (tenth ed.), page 467:

The effect of the decision may perhaps be put thus: all definitions of value (g) for rating purposes take as the measure of value the rent which an ordinary yearly tenant would give, if he had nothing more or less than those rights and liabilities which the law attaches to a yearly tenancy: consequently it cannot be right, in the case of a tied public-house, to take as the measure of value the rent given by a tenant under unusual and onerous covenants, which the law would not attach to an agreement for a yearly tenancy....

21. It is urged that the special charge of Rs. 4,908 per year is made on account of this obligation and that it should be disregarded for the purpose of fixing the value. This contention does not appeal to me at all. Nothing extraordinary is required to be done by the appellant for the observance of this covenant. Even without such a covenant being there, it would normally prevent others from entering the premises. This is merely an additional facility provided for doing business. If other facilities producing higher rent must be considered, why not this? In any case no materials are placed before the Court to show what it has to spend for the observance of this covenant. In that view of the matter, merely on the allegation that this amount is paid for this particular covenant, it cannot be ruled out of consideration.

22. Can then the total amount of Rs. 6,000 be taken into account or not? Once we accept that what the actual tenant pays, as affording a reasonable measure of annual value, even the amount for the licence fees must be taken into account, as is illustrated by the case of *The King v. Bradford* (1815) 4 M. & S. 817. In that case Bradford was a tenant of a canteen in Hythe Barracks, for which he paid ? 15 as rent and also a further sum of ? 510 for the privilege of using the same as a canteen and selling therein provisions and liquors, etc. It was said by Lord Ellenborough C.J. (p. 321):

The two payments constituted in substance but one entire rent payable for the

occupation of a real tenement, and for the enjoyment of the advantages belonging to it.

Therefore, the valuation made by the Assessment Committee of the Municipality for the canteen, etc. by taking the actual returns derived from the same appears to me to be fully justified.

23. It is then contended that actual rent or amount for occupation is not the measure under the Act and reliance is placed on the observations of Lord Par-moor in the case of Poplar Assessment Committee v. Roberts, which are to the following effect (p. 119) :

It has long been recognized, as a matter of principle in rating law, that to make actual rentals the basis of rateable value would contravene the fundamental principle of equality, both between the rate contributions from individual rate-payers, and between the totals of rate contributions levied in different contributory rating areas. In effect the result would be to make the amount on which the occupier of property is liable to pay rates dependent in many cases on the contractual relationship between a particular landlord and tenant, whereas it is dependent in all cases on a statutory direction applicable on the same principle to all hereditaments, and intended to insure equality of treatment as between the occupiers of rateable property and the rating authority.

I cannot accept the interpretation that is sought to be put upon these words. It does not necessarily mean that the actual amount that is earned for the premises is not the same as the one which a hypothetical tenant will pay and it must be disregarded in every case. It in effect means what has been emphasised in several cases, that the actual rent that is paid may not necessarily be that which a tenant might reasonably pay for the premises. In a given case it is possible successfully to assert that the amount that is actually paid by a tenant is not the real value by giving evidence of circumstances affecting it. In some cases the real value may be higher and in some lower. See *Hayward v. Overseers etc. of Brinkworth, Wilts* referred to earlier and the *Clark v. Fisherton-Angar* (1880) 6 Q.B.D. 139. On the other hand, as stated by Scott L. J. in the case of *Robinson Bros. v. Houghton, Ass/Comm.*, the actual rent may be taken as *prima facie* evidence of value, unless it is shown to be different from the real value. In this case there is a greater reason why what is paid by the contractor should be taken as the real value and it is this. After the first term expired he had the option of leaving. Instead of leaving the premises he entered into another agreement of a licence from year to year. The conditions of the licence were none too lenient and still he agreed to pay a larger amount for being allowed to run the canteen.

24. Ordinarily, this Court has no jurisdiction to interfere with those orders u/s 115 of the Civil Procedure Code. However, revisional powers under Regulation IT of 1827 are wider and, when circumstances require it, this has been done under the Regulation. In view of the importance of the question and the error

committed by the learned Magistrate, I would be justified in interfering with the order.

25. I, therefore, set aside the order of the Magistrate and declare that the valuation made by the Municipal authority in all the three cases is correct and the appellant is liable to be assessed on the basis of those valuations.

26. I may mention that the question of valuations under the various Municipal Acts assumes greater importance in these days on account of decentralization of industries and other activities which are spreading even within limits of smaller Municipalities. It would appear to be desirable both in the interest of Municipal administrations and the tax-payers to provide for a regular appeal to the District Court instead of to a Magistrate, and a further appeal to the High Court on questions of law since these are matters of recurring liability. In any case this may be done in cases when the annual tax is more than say Rs. 200. Copy be sent to Director of Local Authorities and Government.