PRASHANT VILAS
2026:BHC-AS:24963-DB
VERDICTUM.IN

IN THE HIGH COURT OF JUDICATURE AT BOMBAY

CIVIL APPELLATE JURISDICTION

WRIT PETITION NO. 8977 OF 2005

Weikfield Agro Products Ltd. ...Petitioner

Versus

1. State of Maharashtra & Ors.
2. Standing Committee, Zilla Parishad, Pune
3. Dy. Chief Executive Officer (Panchayat) Zilla Parishad , Pune
4. Panchayat Samiti Haveli
5. Sarpanch, Grampanchayat Bakori, Tal. Haveli, Dist. Pune. ...Respondents

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Mr. Dhananjay Bhanage, for Petitioner (through V.C.)

Smt. Neha Bhide, Government Pleader with Smt. S. A. Prabhune, AGP for the State.

Mr. S. S. Panchpor i/b. Mr. Swapnil R. Chopade, for Respondent No.5.

CORAM: G. S. KULKARNI & AARTI SATHE, JJ.

DATE: 18 JUNE 2026

ORAL JUDGMENT (Per G. S. Kulkarni, J.)

1. This petition under Article 226 of the Constitution of India is filed praying for the following substantive reliefs:-

> "(a) This Hon'ble Court may be pleased to grant a Writ of Certiorari or a Writ in the nature of Certiorari or another appropriate Writ, direction or Order under Art. 226 and 227 of the Constitution of India and call for the records and proceedings of the Appeal dated 15.9.2001 filed by the Petitioner before the Panchayat Samiti, Haveli, Dist. Pune and the records and proceedings of further appeal of the Petitioner dated 18.1.2002 filed by the Petitioner before the Standing Committee, Zilla Parishad, Pune and those pertaining to the Resolution No.315 dt. 23.10.2003 passed by the said Standing Committee and on

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examining the legality, validity and propriety of the orders dated 21.12.2001 passed by the Panchayat Samiti and dated 23.10.2003 passed by the Standing Committee vide Resolution No.315 and quash and set aside the said orders.

(b) This Hon'ble Court may be pleased to grant a Writ of Mandamus or a Writ in the nature of Mandamus or another appropriate Writ, direction or other under Art.226 of the Constitution of India and direct the Grampanchayat, Bakori, Tal. Haveli, Dist. Pune, Panchayat Samiti and Zilla Parishad Pune not to recover any tax on building either determined under Orders dated 21.12.2001 of Panchayat Samiti and dated 23.10.2003 of the Standing Committee or otherwise under the bill dtd. 13/09/2005 or under the letter No.ZP/Pancha/5/1504/05 dtd. 25/11/2005 or otherwise.

(c) This Hon'ble Court may be pleased to grant a Writ of Mandamus or a writ in the nature of Mandamus or another appropriate Writ, direction or Order under Article 226 of the Constitution of India and direcrt the Grampanchayat, Bakori, Tal. Haveli, Dist. Pune not to enforce the attachment orders dated 1.3.2004, 18/11/2005 and not to attach the property of the Petitioner in any manner or otherwise recover the tax on buildings from the petitioner in respect of its agricultural property at Weikfield Agro Products Ltd., Bakori, Tal. Haveli, Dist. Pune."

2. At the outset Mr. Bhanage, learned Counsel for the petitioner has placed on record subsequent developments, namely the correspondence pertaining to the settlement arrived between the petitioner and respondent no.5, in relation to the arrears of property tax for the period from 1997-1998 to 2024-25, as a consequence of the series of discussions between the parties. In such context, Mr. Bhanage has drawn the Court's attention to a letter dated 30 May 2025 addressed by the petitioner to respondent No.5, setting out its proposal for settlement. Such settlement proposal envisaged the petitioner's willingness to pay property tax at the rate of 25 paise per sq. ft. from the year 1997-98 to 2024-25 and onwards, on the RCC and Non-RCC structures located on its agricultural areas like compost shed, Phase II bunkers, growing rooms, spawn lab, stones and utilities area etc.. The said letter is required to be noted which read thus:-

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"WFPL is engaged in cultivating and growing of Fresh Mushrooms at Village Bakori Gat No.323/331. From FY 1997-98 and onwards the Bakori Grampanchayat has billed and levied tax on the RCC and Non-RCC civil structures on our fresh mushroom cultivation area and also on our processed mushroom and processed fruits and vegetable and other miscellaneous areas by assuming that they are being used for industrial purposes.

Hence, in November 2005 WFPL filed a Writ Petition in Mumbai High Couet, vide WP Number 8977/2005 contesting the above. WFPL has stated that the entire land is agricultural land and is mainly being used for fresh mushroom cultivation which is inherently an agricultural activity and the RCC and Non-RCC structures on the said land are an integral part of these agricultural activities and do not attract any Grampanchayat tax.

As per the High Court Order all the Bakori Grampanchayat Tax bills have been put on hold from FY 2005-06.

During the pendency of this petition both the parties have had several rounds of discussions and have decided to settle the matter amicably in the interest of both the parties and to dispose off the petition.

<u>In this context, WFPL has decided to settle the issue amicably and is now ready to pay Grampanchayat tax on the RCC & Non-RCC structures located on its agricultural areas like compost shed, Phase II bunkers, growing rooms, spawn lab, stones and utilities area etc. @ Rs.0.25 paise per sq. ft. from the year FY 1997-98 to FY 2024-25 and onwards.</u>

<u>For the proposed mushroof & fruits and vegetables area, admin building, security cabin, cycle and scooter stand etc., WFPL will payt he Grampanchayat tax as per the billing done by the Grampanchayat Bakori for this period after deducting the amount paid by WFPL on account.</u>

WFPL will not pay ANY Notice Fees, Penalties, Interest and any other costs and expenses for the period FY 1997-98 to FY 2024-25 and beyond.

<u>In view of above settlement and as per the request of the Bakori Grampanchayat, Mr. Ashwini Malhotra, Managing Director of WFPL, has committed to construct a secondary school for the Bakori and surrounding villages children and the land required for the same will be made available by the Bakori Grampanchayat.</u>

The Grampanchayat Bakori has agreed that the school will be named after Mr. Ashwini Malhotra's beloved late mother and will be called "Smt. Rajinder Mohini Malhotra Zilla Parishad School, Bakori."

<u>On settlement of all the above dispute, WFPL will withdraw the Writ Petition filed in Mumbai High Court and the members of the Bakori Grampanchayat will be present in the Mumbai High Court and will give their consent for this settlement as stated above.</u> The Bakori Grampanchayat will also withdraw their cases, if any, which are pending in the Mumbai High Court.

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> WFPL hereby requests the Grampanchayat Bakori to accept this proposal in the interest of the Bakori Village and its villagers."
>
> (emphasis supplied)

3. It is hence clearly seen from the contents of the aforesaid letter that the petitioner proposed to withdraw this petition in the event the proposal for an amicable settlement was accepted. Mr. Bhanage would submit that respondent No.5 accepted the said proposal by letter dated 16 June 2025 addressed to the petitioner, however, the settlement of tax to be paid by the petitioner was proposed not at 25 paise as offered by the petitioner but at an enhanced rate of 50 paise per square feet. The said letter of respondent no.5 addressed to the petitioner accepting the petitioner's settlement, is required to be noted which read thus:

> "Outward No. 30 Date:- 16.06.2025.
>
> To,
> The Manager,
> Weikfield Foods Private Limited Company,
> Village Bakori, Taluka Haveli, District Pune.
>
> Subject :- Dispute between Weikfield Foods Private Limited Company and Grampanchayat Bakori regarding the taxes levied by Grampanchayat Bakori on the structures situated on the plot of land bearing Gat Nos. 323/331 at Bakori, owned by WFPL and regarding Writ Petition No. 8977 / 2005 filed by WFPL.
>
> Sir,
>
> In connection with the abovementioned subject, you are hereby informed that this Office has received your Letter dated 30.05.2025 and on perusal of the aforesaid letter, it appears that you have submitted the same regarding the outstanding taxes of your Company and tax-related matter pending before the Hon'ble High Court and that in the aforesaid letter, you have put forth your say and request and after our discussion on the said requests put forth by you in the aforesaid letter, we are approving your requests, as under:-
>
> The tax in respect of the RCC Construction levied upon your company by the Grampanchayat should be accepted and paid. As regards the tax levied on Mushroom cultivation, which is not acceptable to you and in respect of which you and we are litigating the Court Case for obtaining remission thereof, you have stated that you are ready to pay the said tax at the rate of 25 paise per square foot. However, our say is that the said tax should be paid at the rate of 50 paise per square foot and not at the rate of 25 paise per square foot. After arriving at a settlement as aforesaid,

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you shall complete the entire construction work of the School for the Grampanchayat and for the said purpose, this Office shall make available the necessary land to you. Moreover, the School shall be given such a name as may be suggested by you by way of courtesy and we shall give our consent thereto.

Thus, we are agree to the aforesaid requests and upon agreeing to all the abovementioned requests, you shall withdraw the aforesaid Writ Petition pending before the Hon'ble Court and the Grampanchayat shall give its consent thereto. Under this settlement, it is decided that for the period from the Financial Year 1997-1998 to the Financial Year 2024-2025, we shall not levy any additional charges of whatsoever nature such as Notice Fees, Penalty and Interest and that you shall not face any kind of difficulty in the future in this regard and shall not face any problem from the Grampanchayat and that the entire responsibility in that regard shall lie on the Grampanchayat. Thus, in pursuance of your aforesaid Letter, we are issuing this Letter to you.

May this be known,
Yours faithfully,
sd/
Sarpanch
Grampanchayat Bakori,
Taluka Haveli, District Pune.

4. The petitioner by its letter dated 4 July 2025 informed respondent No.5 of its acceptance of the said settlement and agreed to pay the Grampanchayat taxes for the said building at the rate of 50 paise per sq. ft., as also agreed to withdraw this Writ Petition. The contents of the said letter addressed to respondent No.5 are required to be noted which read thus :-

"WFPL/MD/2025-26
4th July 2025

To,
The Sarpanch
Grampanchayat,
Bakori.

Sub.: Dispute of tax charged by Bakori Grampanchayat on Weikfield Foods Pvt. Ltd. (WFPL) for their Gat Nos.323/331 in Bakori village owned by WFPL.

Ref.: Writ Petition No.8977/2005 filed by WFPL in High Court, Mumbai.

Dear Sir,

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This has reference to our letter dated 30/05/2025 for amicable settlement of the issues involved in Writ Petition No.8977/2005 and your reply vide your letter dated 16/06/2025.

In our aforesaid letter dated 30/05/2025, we had offered to pay Grampanchayat tax @ 25 paise per square foot for our agricultural activity of cultivation of mushrooms, without prejudice to our contention that the said activity does not attract Grampanchayat tax, being a recognised agriculture activity. You have, however, suggested to increase the Grampanchayat tax @ 50 paise per square foot vide your letter dated 16/06/2025.

In the interest of the welfare of the Bakori village and its residents, we are agreeable to pay the said tax as requested @ 50 paise per square foot. This said rate of 50 paise per square foot will be applicable from the year 1997-98 onwards and also for the future years as mutually agreed by us. As regards the tax on the identified and mutually agreed RCC construction buildings of the company (PMD, PVFD, Admin, etc.), it has been agreed by WFPL to pay the tax at the rate as suggested by you.

The detailed calculation statement of the net Grampanchayat tax payable by WFPL from 1997-98 to 2024-25 is attached herewith.

We are confident that the Grampanchyat Bakori will abide by all the other terms of this amicable settlement as mentioned in our letter dated 30/05/2025 and which has been confirmed by you in your letter dated 16/06/2025.

As offered by us vide our earlier letter dated 30/05/2025, we have agreed to construct a Zilla Parishad School building on the earmarked land near the existing school in village Bakori, which will be fully provided by you totally free of cost. The school will be named as "Jhमती राजिंदर मोहिनीoमल्हो«kk ज़िल्हा परिषद शाळा, बकोरी" (Smt. Rajinder Mohini Malhotra Zilla Parishad School, Bakori), in memory of the beloved mother of the undersigned who passed away in the year 2014.

The School will be designed, its cost shall be calculated and budgeted and its construction will be executed and monitored by the undersigned as mutually decided with the Grampanchayat Bakori. In order to prepare the Project Report of the proposed school, the undersigned shall require some detailed information from the Grampanchayat Bakori which has been agreed by the latter.

Yours sincerely,

Ashwini Malhotra
Managing Director."

5. Mr. Bhanage would submit that in view of this development, the dispute between the Grampanchayat and the petitioner stands resolved and the settlement now needs to be recorded by the Court.

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6. We may observe that the proposal of the petitioner is sent about a year back as also the acceptance of the petitioner's proposal by respondent No.5 as on date is also a year old i.e. the letter dated 16 June 2025 (supra) addressed by respondent No.5 to the petitioner (supra). Such acceptance has continued to operate and subsist till date which is a period of almost a year. Even the respondents are not taking a position on record that the said acceptance was at any time withdrawn and not applicable to the Grampanchayat. These facts in our opinion clearly indicate that the Grampanchayat has taken a well considered position on the finality arrived on the said settlement, which according to Mr. Bhanage is extremely favourable to the Grampanchayat.

7. However and quite peculiarly notwithstanding the fact that the proceedings of this petition are listed today for final hearing after almost 21 years, today surprisingly Mr.Panchpor, learned Counsel for respondent No.5-Grampanchayat would contend that respondent No.5 would intend to place on record further affidavit when the settlement has continued to operate for almost one year. We cannot permit any new pleadings to be filed at this stage of the proceedings.

8. In our opinion, the petitioner is correct in its contention that for almost a year, no attempt whatsoever was made by Grampanchayat or any of its responsible office bearers to revoke the acceptance of the settlement which is a composite settlement, which benefits the Grampanchayat also with a school building. The larger public interest of the Grampanchayat cannot be left to the whims and fancies or vary at the *ipse dixit* of the Sarpanch any other elected representative. Also,

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when the settlement has prevailed for over a year, it cannot be revoked at respondent No.5's mood, at the passing moment. This would amount to gross arbitrariness nay high-handedness and/or abuse of authority at the hands of such persons.

9. Thus, there being nothing on record to show that the acceptance of the petitioner's proposal by the Grampanchayat by its letter dated 16 June 2025, as accepted by the petitioner, in no manner as law would mandate, being withdraw. Thus, such settlement (supra), as on date, is very much in subsistence and binding on such parties. We may also observe that any elected representative or the Sarpanch and for that matter the Grampanchayat cannot sit on the fence and/or speculate under the garb of the pending litigation. A consistent stand has been taken by the petitioner when the enhanced rate was offered by respondent No.5 to the petitioner and the petitioner accepted the same by its communication dated 4 July 2025 (supra) and such settlement continued to operate.

10. In this view of the matter, we are of the clear opinion that the dispute between the parties needs to achieve quietus in the manner as agreed between the parties for the period in question i.e., 1997-98 to 2024-25, however, keeping it open for the Grampanchayat to levy future taxes in accordance with law. Further, even under the tax jurisprudence, (indirect & direct) settlement of taxes in variety of forms has always been recognized by the Courts. Hence, we cannot overlook such settlement. In fact, as rightly contended by Mr. Bhanage, the parties were to jointly approach this Court after the communication dated 4 July 2025 for the

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proceedings to be disposed of in terms of the settlement as arrived between the parties. Taking any other view of the matter would amount to permitting the Sarpanch or any other elected member of the Grampanchayat to speculate under the garb of this litigation. We find that the settlement forwarded by the Grampanchayat by a letter dated 16 June 2025 being accepted by the petitioner by its communication dated 4 July 2025 needs to be acted upon and the Grampanchayat receives all the taxes and the benefit of the school which cannot be deprived to the villagers. Thus, the Grampanchayat is bound to act upon the settlement and receive the arrears of property tax as per the calculation as mutually arrived and agreed between the parties for the period 1997-98 to 2024-25. Needless to observe that Grampanchayat is permitted to recover the taxes for any other period or for the future period, as per the procedure in law. All contentions of the parties in that regard are expressly kept open.

11. In this view of the matter, further adjudication of this petition is not called for. Writ Petition is disposed of in terms of our aforesaid observations.

12. Rule is accordingly made absolute in the aforesaid terms. No costs.

(AARTI SATHE, J.) **(G. S. KULKARNI, J.)**

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