

ORDER SHEET

IN THE HIGH COURT OF SINDH, CIRCUIT COURT,  
HYDERABAD

**BEFORE :**  
Mr. Justice Adnan-ul-Karim Memon  
Mr. Justice Muhammad Jaffer Raza

**CP. Nos. D- 1136 of 2023**  
[Mrs. Shahida Nazeer Laghari and others  
v.  
Federation of Pakistan, Ministry of Defence & others]

**CP. No. D- 1370 of 2023**  
[Mst: Sabra Sultana & others v. Federation of Pakistan & Others]

**CP. No. D- 1460 of 2023**  
[Muhammad Raheel & others v. Federation of Pakistan & Others]

**CP. No. D- 79 of 2024**  
[Syed Shakeel Ahmed and others v. Federation of Pakistan & Others]

**CP. No. D- 510 of 2024**  
[Qurat ul Ain v. Cantonment Board Hyderabad & Others]

**CP No. D- 511 of 2024**  
[Nasreen Bano & Others v. Cantonment Board Hyderabad & Others]

**CP No. D- 612 of 2024**  
[Raheel and others v. Cantonment Board Hyderabad and others]

**CP No. D- 842 of 2024**  
[Syed Rizwan Ali and others v. Federation of Pakistan & Others]

**CP N. D- 1697 of 2024**  
[Juzer Ali v. Federation of Pakistan & Others]

Petitioners : Through M/s. Jawad Ahmed Qureshi, Osama Yousif Parhyar, Mola Bux Ayoob Leghari, M.M. Taha Khan, Muhammad Rahim Gaju, Kashif Majeed, Muhammad Iqbal Hingoro and Shoukat Ali Kaka, Advocates

Respondents 1 to 4 : Ms. Uzma Khan, Advocate

Mr. Rafiq Ahmed Dahri, Assistant Advocate General.

Mr. Ghulam Abbas Sangi, Assistant Attorney General.

Date of Hearing & Decision : **20.10.2026**

## **ORDER**

**ADNAN-UL-KARIM MEMON, J.-** The petitioners, being tenants/occupants of Cantonment Board Hyderabad at Shah Makki Road Shopping Centre, Hyderabad Cantonment, contend that their tenancies are governed by lease agreements, Clause 3 whereof provides for renewal after every three years subject to a reasonable increase in monthly rent. They submit that, after making substantial investments in their respective businesses, they have regularly paid rent to the Cantonment Board. However, respondent No.3 has issued impugned challans demanding a manifold and exorbitant increase in rent, payable within three days, with threats of coercive action and dispossession in case of default.

2. Learned counsel for the petitioners assert that any enhancement of rent must be determined in accordance with Section 7 of the Cantonment Rent Restriction Act, 1963, and that the Rent Controller cannot exceed the statutory limit prescribed under Section 7(4). They further contend that the impugned demands are contrary to the lease terms and applicable law. They also contend that the petitioners are also aggrieved persons under Article 199 of the Constitution and seek withdrawal of the impugned challans, and a direction to the respondents to receive rent at the existing rate pending final disposal of the petition.

3. After arguing the matter at some length, learned counsel for the parties have consented to dispose of the present petitions on the understanding that the competent authority shall pass a reasonable order within three weeks after hearing the petitioners. The proposal seems to be reasonable.

4. We have heard learned counsel for the petitioners and the respondents and have examined the nature of the controversy in the light of the applicable law.

5. The grievance of the petitioners principally relates to the alleged arbitrary and exorbitant enhancement of rent through the impugned challans issued by the Cantonment Board Hyderabad, requiring payment within three days and threatening coercive action in the event of default. The petitioners assert that their tenancies are governed by lease agreements containing a clause for renewal after every three years, subject to a reasonable increase in rent, and that the impugned demands are inconsistent with the contractual terms and the statutory safeguards provided under the Cantonments Rent Restriction Act, 1963.

6. It is pertinent to observe that Section 7 of the Cantonments Rent Restriction Act, 1963, provides a statutory mechanism for determination of fair rent. Under Section 7(1), the Rent Controller is empowered to determine fair rent upon an application by either the landlord or the tenant after holding such inquiry as may be considered appropriate.

Section 7(2) requires consideration of relevant factors, including prevailing rents of similar buildings in comparable circumstances, increases in construction, repair and maintenance costs, changes in taxes, and the rental value reflected in the relevant assessment list of the Cantonment Board. Significantly, Section 7(4) provides that where the fair rent determined under the provision exceeds the rent previously paid, the maximum increase in rent payable shall not exceed twenty-five per cent of the rent already being paid. Furthermore, Section 7(5) restricts any further increase in fair rent, or rent determined by agreement between the landlord and tenant, during the continuance of the tenancy within three years, subject to the statutory exception relating to additions, improvements or alterations carried out at the landlord's expense and at the tenant's request. Section 8 further regulates increases in fair rent in the circumstances specified therein.

7. The aforesaid statutory provisions demonstrate that the power to enhance rent cannot be exercised arbitrarily or in disregard of the applicable statutory restrictions. Equally, the mere existence of a contractual clause permitting an increase upon renewal does not, by itself, establish an unrestricted authority to impose any amount of enhancement without regard to the terms of the agreement and the applicable law. The expression "reasonable increase" must be construed in the context of the relevant lease, the circumstances of the tenancy and any applicable statutory limitation.

8. The question is whether the particular enhancement demanded through the impugned challans falls within the permissible contractual and statutory framework is, however, a matter requiring examination, the basis of assessment and the justification furnished by the competent authority. This exercise needs to be undertaken afresh. However, the petitioners' allegation of exorbitant enhancement, therefore, cannot be treated as conclusively established merely on the basis of their assertions; equally, the impugned demands cannot be sustained merely because they have been issued by the respondent authority.

8. The petitioners have invoked the constitutional jurisdiction of this Court under Article 199 of the Constitution, alleging arbitrary exercise of authority and violation of their contract. Although the availability and extent of such jurisdiction depend upon the nature of the action challenged and the applicable statutory remedies, an authority exercising statutory powers is required to act within the limits of its lawful authority and in accordance with the governing law. However, the requirement of a reasoned decision is particularly material where a substantial financial liability is imposed and non-payment is threatened with adverse consequences. In such circumstances, the competent authority must, therefore, consider the petitioners' objections, determine the legal basis of the proposed enhancement and provide intelligible reasons for accepting or rejecting their contentions.

9. In the present matter, counsel for the parties have consented to the disposal of these petitions on the terms that the impugned notice shall not be acted upon till decision is made and that the competent authority shall hear the petitioners and pass an appropriate order within three weeks.

10. In view of the consensus reached between the parties, we deem it appropriate to remit the matter to the competent authority for fresh decision in accordance with law.

10. Accordingly, these petitions are disposed of with consent of the parties, in following terms:

(i) The competent authority of the respondent Cantonment Board shall provide the petitioners a reasonable opportunity of hearing and permit them to submit their objections, along with the relevant lease agreements, rent receipts and any other supporting documents.

(ii) The competent authority shall examine the impugned enhancement separately in relation to the applicable lease terms and the relevant provisions of the Cantonments Rent Restriction Act, 1963, particularly Sections 7 and 8, wherever applicable, and shall pass a speaking order, supported by reasons and the relevant legal provisions, within three weeks from the date of receipt of a copy of this order.

(iii) Until the aforesaid decision is made, the impugned notice and challans shall remain in abeyance and shall not be acted upon for the purpose of coercive recovery or dispossession.

(iv) The competent authority shall not treat the impugned enhancement as conclusively established merely on account of issuance of the challans, nor shall it disregard any lawful entitlement of the respondent Board. The rights and contentions of both sides regarding the permissible amount of rent shall remain subject to the decision to be made in accordance with law.

(v) The competent authority shall decide the matter independently, without being influenced by any observation in this order.

12. The petitions stand disposed of in the above terms, with no order as to costs.

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