

LETTERS PATENT APPEAL

Before Mehar Singh, C.J. and Prem Chand Jain, J.

MESSRS CH. SURJA RAM AND SONS GINNING AND PRESSING
FACTORY, MALOUT,—Petitioners.

versus

THE PUNJAB STATE AND OTHERS,—Respondents.

Letters Patent Appeal No. 423 of 1964

May 13, 1969.

Punjab Agricultural Produce Markets Act (XXIII of 1961)—Section 23—Punjab Agricultural Produce Markets (General) Rules (1962)—Rule 29—Section 23 providing for the levy of market fee on "parties to a transaction"—Rule 29 fixing the liability to pay market fee on the buyer only—Such rule—Whether contrary to section 23 and ultra vires.

Held, that under section 23 of Punjab Agricultural Produce Markets Act, 1961, a marketing committee has been empowered to levy on *ad valorem* basis, fees on the agricultural produce bought or sold by licensees in the notified market area at a rate not exceeding fifty *naya* Paise for every one hundred rupees subject to such rules as may be made by the State Government in this behalf. Section 23 authorises the framing of rules by the State Government in the matter of levy of market fees subject to the limitations contained in the proviso of that section, which is divided into two parts. Under (a) it is provided that no fee shall be leviable in respect of any transaction in which delivery of the agricultural produce bought or sold is not actually made. Under (b) it is provided that a fee shall be leviable only on the 'parties to a transaction' in which delivery is actually made. In sub-rule (2) of rule 29 of Punjab Agricultural Produce Markets (General) Rules 1962, it is provided that the responsibility of paying the fees shall be of the buyer and, if he is not a licensee, then of the seller who may realise the same from the buyer. The words 'parties to a transaction' in the proviso have been purposely used by the Legislature with an idea to draw a distinction between parties to a transaction and functionaries through whom the transaction takes place such as brokers, *Katcha arhtias*, etc., referred to in the Act and obviously it is for this reason that the word 'only' has been added to the words 'parties to a transaction' in the said proviso. The Legislature has not used the word 'jointly' after the words 'parties to a transaction' and it was left to the rule-making authority to determine the manner in which the fees were to be realised from the parties to a transaction. From sub-rule (2) of rule 29 it is clear that the responsibility of paying the fees prescribed under sub-rule (1) is of the buyer and if he is not a licensee, then of the seller and in this manner the liability of the parties to a transaction has been determined. Moreover the words in the singular include plural and *vice versa* and thus the words 'parties to a transaction' used in proviso to section 23 of the Act would also mean party to a transaction, and in this view also, by determining the

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liability of the buyer, sub-rule (2) of rule 29 does not go beyond what section 23 contemplates. Hence rule 29 is in no way repugnant to and is in consonance with the spirit of section 23 of the Act. (Para 3)

Letters Patent Appeal under Clause X of the Letters Patent against the order of the Hon'ble Mr. Justice D. K. Mahajan dated 11th November, 1964 in Civil Writ No. 78 of 1964.

R. C. DOGRA AND H. L. SIBAL, ADVOCATES, for the Appellants.

N. K. SODHI, ADVOCATE for Respondent No. 3 AND S. K. JAIN, ADVOCATE FOR ADVOCATE-GENERAL (PUNJAB).

JUDGMENT

P. C. JAIN, J.—Messrs Surja Ram and Sons through Prahlad Kumar partner, filed a petition under Articles 226 and 227 of the Constitution of India praying that an appropriate writ, direction or order or declaration be issued against State of Punjab, respondent No. 1, declaring:—

- (i) the proviso to section 30 of the Punjab Agricultural Produce Markets Act as void and *ultra vires* the Constitution;
- (ii) rule 2, sub-rule (6) of the Rules and bye-law No. 28 of the bye-law *ultra vires* of the Act and void and unconstitutional;
- (iii) section 23 of the Act void and *ultra vires* of the Constitution;
- (iv) rule 29 sub-rule (2) of the Rules void and *ultra vires* of the Act and the Constitution;
- (v) the bye-law in respect of the auction of the Agricultural Produce are void and *ultra vires* of the Act, Rules and Constitution;
- (vi) prohibiting the respondents from charging or permitting to be charged the market charges and market fees under the above mentioned provisions of the law, and cancelling the notice issued by the market committee, Malout, on 31st Decmeber, 1963; and
- (vii) prohibiting the respondents from enforcing the bye-law No. 11 sub-clause (2) relating to auction of the agricultural produce according to which the difference between

two bids must not be less than 20 Naye Paise in the case of cotton and not less than 10 Naya Paise in the case of other produce.

(2) The learned Single Judge, with regard to reliefs (ii), (v) (vi) and (vii), held that the same were concluded by a Division Bench decision of this Court in *Mukhtiar Chand and another v. Marketing Committee, Malout Mandi* (1). In respect of reliefs (iii) and (iv), it was observed that they stood concluded by another unreported decision of this Court in *Piara Ram v. State* (2). In view of the decision of this Court in *Mukhtiar Chand's case* (1), the petition was allowed *qua* reliefs (ii), (v) (vi) and (vii) while relief was refused with regard to items (iii) and (iv) following *Piara Ram's case* (2). In respect of relief No. (i), it was observed that this question would arise only after proper bye-laws had been framed. Consequently the learned Single Judge allowed the petition partially. Feeling aggrieved from the judgment and order of the learned Single Judge dated the 11th November, 1964, the present appeal has been filed under clause 10 of the Letters Patent by Messrs Surja Ram and Sons.

(3) Mr. Sibal, learned counsel appearing on behalf of the appellant, contended that section 23 of the Punjab Agricultural Produce Markets Act, 1961, (Punjab Act No. 23 of 1961), hereinafter referred to as the Act) provides levy of a market fee on *ad valorem* basis at a rate not exceeding fifty *naya* Paise for every one hundred rupees by the Committee payable on agricultural produce bought or sold by the licensees and, according to sub-clause (b) of the section, fee is leviable on the 'parties to a transaction' but rule 29, sub-rule (2) of the Punjab Agricultural Produce Markets (General) Rules, 1962 (hereinafter referred to as Rules) provides that market fee in all cases is to be paid by the buyer only. According to the learned counsel, under the proviso to section 23, the market fee is leviable only on the 'parties to a transaction', meaning thereby that the intention of the Legislature was to burden the buyer as well as the seller with the levy of the fees and that under rule 29 the buyer alone has been made liable to pay the fee and thus the rule being contrary to section 23 is *ultra vires* and deserves to be struck down. In order to appreciate the contention of the learned counsel it is

(1) I.L.R. (1964)2 Pb. 523=1964 P.L.R. 836.

(2) C.W. No. 308 of 1963 decided on 5th November, 1963.

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necessary to reproduce section 23 and the relevant portion of rule 29 which reads as under:—

“23. A Committee may, subject to such rules as may be made by the State Government in this behalf, levy on *ad valorem* basis fees on the agricultural produce bought or sold by licensees in the notified market area at a rate not exceeding fifty Paise for every one hundred rupees:

Provided that—

- (a) no fee shall be leviable in respect of any transaction in which delivery of the agricultural produce bought or sold is not actually made; and
- (b) a fee shall be leviable only on the parties to a transaction in which delivery is actually made.”

“29. *Levy and collection of fees on the sale and purchase of agricultural produce.*—(1) Under section 23 a Committee shall levy fees on the agricultural produce bought or sold by licencees in the notified market area at the rates fixed by the Board from time to time:

Provided that no such fees shall be levied on the same agricultural produce more than once in the same notified market area. A list of such fees shall be exhibited in some conspicuous place at the office of the Committee concerned.

- (2) The responsibility of paying the fees prescribed under sub-rule (1) shall be of the buyer and if he is not a licensee then of the seller who may realise the same from the buyer. Such fees shall be leviable as soon as an agricultural produce is bought or sold by a licensee.

* * * * *

Under section 23 the Committee has been empowered to levy on *ad valorem* basis, fees on the agricultural produce bought or sold by licensees in the notified market area at a rate not exceeding fifty *naya* Paise for every one hundred rupees subject to such rules as may be made by the State Government in this behalf. Section 23 authorises the framing of rules by the State Government in the matter of levy of market fees subject to the limitations contained

in the proviso of that section, which is divided into two parts. Under (a) it is provided that no fee shall be leviable in respect of any transaction in which delivery of the agricultural produce bought or sold is not actually made. Under (b) it is provided that a fee shall be leviable only on the 'parties to a transaction' in which delivery is actually made. In sub-rule (2) of rule 29 it is provided that the responsibility of paying the fees shall be of the buyer and, if he is not a licensee, then of the seller who may realise the same from the buyer. The main stress which was laid by the learned counsel in support of his contention was on the words 'parties to a transaction' used in part (b) of the proviso. According to him, the words 'parties to a transaction' would mean both buyer and seller jointly. I am afraid I am unable to accept the contention of the learned counsel. It appears that the words 'parties to a transaction' in the proviso have been purposely used by the Legislature with an idea to draw a distinction between parties to a transaction and functionaries through whom the transaction takes place such as brokers, *katcha arhtias*, etc., referred to in the Act and obviously it is for this reason that, the words 'only' has been added to the words 'parties to a transaction' in the said proviso. The Legislature has not used the word 'jointly' after the words 'parties to a transaction' and, in my view, it was left to the rule-making authority to determine the manner in which the fees were to be realised from the parties to a transaction. From sub-rule (2) of rule 29 it is clear that the responsibility of paying the fees prescribed under sub-rule (1) is of the buyer and if he is not a licensee, then of the seller and in this manner the liability of the parties to a transaction has been determined. Moreover, as provided in section 11 of the Punjab General Clauses Act, the words in the singular include plural and *vice versa* and thus the words 'parties to a transaction' used in proviso to section 23 of the Act would also mean party to a transaction, and in this view also, by determining the liability of the buyer sub-rule (2) of rule 29 does not go beyond what section 23 contemplates. Thus looking at the matter from any angle, the rule impugned is in no way repugnant to and is in consonance with the spirit of section 23 of the Act.

(4) It was next contended by the learned counsel for the appellant that section 23 of the Act was void and *ultra vires* of the Constitution. The precise argument of the learned counsel was as follows:

"That the levy under the Rules of a market fee is strictly position of a tax by the Committee by whatever name

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66 of List II or Item No. 47 of the List III of the Constitution of India. It is in fact a tax levied to augment the general revenue of the Committee as is evident from the excessive and high rate at which it is levied. This imposition of a tax by the Committee by whatever name called and the collection thereof is without authority of law and unconstitutional and void."

(5) The decision of the Division Bench of this Court in *Piara Ram's case* (2), which was later on followed in another unreported Division Bench decision *Murari Lal Sharma v. The State of Punjab and others* (3), is a complete answer to this contention of the learned counsel. We see no reason to accept the contention of the learned counsel that the decision in *Piara Ram's* (2), case does not lay down correct law.

No other point was urged.

For the reasons recorded above, the appeal fails and is dismissed with costs. Counsel's fee Rs. 100.

MEHAR SINGH, C.J.—I agree.

K.S.K.

REVISIONAL CIVIL

Before R. S. Narula, J.

RAM SARAN DASS,—Petitioner.

versus

GURMUKH RAM AND OTHERS,—Respondents.

Civil Revision No. 323 of 1969.

May 19, 1969.

Punjab Pre-emption Act (I of 1913)—Section 22(1) and 22(4)—Extension of time for deposit of pre-emption money—Court—Whether can grant such extension after the expiry of the period previously allowed—Satisfaction of the Court to grant extension—Reasons for—Whether must be given—Defendant not opposing the grant of extension—Whether sufficient justification for the Court to grant extension of time.

Held, that the Court has jurisdiction to extend time for making the deposit of one fifth of the pre-emption money under section 22(1) of Punjab Pre-emption Act, 1913, even after expiry of the time previously fixed by it.

(3) C.W. No. 1444 of 1963 decided on 24th August, 1966.