

Sat Pal, etc. *v.* Budha, etc. (Gurdev Singh, J.)

Patna and the Nagpur High Courts, and hold that the appeal is not competent.

Shri R. N. Mittal has prayed that this appeal be treated as a petition for revision as apart from going into the question of sufficient cause for abatement, the learned District Judge has acted illegally in exercising his jurisdiction in holding that the appeal had abated not only against the deceased respondent Hazari Lal, but against two others Niranjana Lal and Banwari Lal, who admittedly were still parties to the suit. This prayer, in my opinion, is justified, and I do not agree with Shri Sanghi, that even a petition for revision does not lie against the impugned order of the District Judge. I, accordingly, direct that this matter be treated as a petition for revision under section 115 of the Civil Procedure Code.

As the records will be necessary to appreciate the contention with regard to the extent of abatement of the appeal, I direct that the same be obtained for an early date. It has been brought to my notice that some of the actual-date notices issued by registered post have not yet been received. Though the presumption is that they must have been served, yet in order to avoid any further difficulty, I think it is proper that these respondents whose notices have not been received back should be served by publication of the notices in the daily Hindi Milap of Delhi for an actual date.

K.S.K.

CIVIL MISCELLANEOUS

*Before D. K. Mahajan and R. S. Narula, JJ.*

M/S BHAJAN LAL-SARAN SINGH & CO.,—*Petitioner*

*versus*

THE STATE OF PUNJAB AND OTHERS,—*Respondents*

Civil Writ No. 538 of 1966

February 6, 1967

*Punjab Excise Act (I of 1914)—Ss. 36 and 38—Punjab Liquor Licence Rules (1956)—Rule 36(23-A)—Whether offends Entry 51 in list II of the Seventh*

*Schedule of the Constitution of India—Still-head duty on stock of liquor not lifted by the licensee according to conditions of auction—Whether recoverable from him as excise duty—Constitution of India (1950)—Article 226—Oral assurances of Minister-in-charge—Whether can be enforced in writ proceedings—Licence cancelled before date of expiry—Whether balance of licence fee can be recovered.*

*Held*, that first part of Rule 36(23-A) of the Punjab Liquor Licence Rules, which is incorporated into conditions of the license is valid, but in so far as Rule 36(23-A) provides that in the event of any deficiency in the amount of still-head duty realizable on full proportionate quota due to the short lifting of quota by the licensee, the deficiency may be realised from the amount of security or otherwise, the Rule transgresses the limits and bounds within which an excise duty has to be contained. This part of the rule also violates the spirit of section 23 of the Punjab Excise Act. The levy imposed by the said Rule and the said condition, being in respect of sale and not production of country liquor, is *ultra vires* entry 51 in List II of the Seventh Schedule to the Constitution of India,

*Held*, that still-head duty payable by the retail vendor for the stocks, which have not been lifted by him, under condition 8 of the conditions on which licences for retail vends of country spirit were granted for the financial year 1965-66, which is based on Rule 36(23-A) of the Punjab Liquor License Rules cannot in the eye of law be described as an excise duty.

*Held*, that if once still-head duty had been levied in respect of stocks lifted by the wholesaler from the bonded warehouse or from the manufacturer of the liquor as the case may be, the relationship of the said duty with manufacture or production of the liquor had come to an end, and in that event, it would be for the wholesaler to recoup himself to the extent of the excise duty paid by him by including the same in the price to be charged by him, but the said item would lose the character of an excise duty and would cease to be leviable as such by the State.

*Held*, that the oral assurances by the Minister-in-charge of a Department of the Government cannot be enforced in writ proceedings under Article 226 of the Constitution of India.

*Held*, that the balance of the licence fee, which is *prima facie* due under section 36 read with section 38 of the Punjab Excise Act, is recoverable even if the licence has been cancelled before its expiry and does not cease to be due from the licensee, merely because the liability is being disputed. The Excise Authorities can, therefore, determine the amount due to them and recover the same in exercise of their powers as Assistant Collectors.

*Petition under Article 226 of the Constitution of India, praying that a writ of certiorari, mandamus or any other appropriate writ, order or direction be issued,*

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*directing respondents 1 to 4 not to make recoveries of licence fees and not to require the petitioners to lift quota of liquor on the basis of the illegal contract mentioned in the petition.*

TIRATH SINGH MUNJRAL, M. M. PUNCHI AND MAHARAJ BAKSH SINGH, ADVOCATES, for the Petitioner.

B. R. AGGARWAL, ADVOCATE, FOR ADVOCATE-GENERAL, for the Respondents.

#### ORDER

The following Judgment of the Court was delivered by—

NARULA, J.—This judgment will dispose of two writ petitions, namely, C.W. 538 of 1966 and C.W. 1991 of 1966, wherein common questions of law have been argued by the learned counsel who represents the petitioners in both the cases.

The relevant facts of the case of M/s. Bhajan Lal Saran Singh alone may be stated as the only difference between this case and the other one is about the name of the different vends, their situation and the licence fee fixed between the parties.

On January 20, 1965, a notice for the auction of the relevant vends was issued which was subject to the conditions on which licences for the retail vends of country spirit were to be granted for the financial year 1965-66. Conditions Nos. 7, 8, 28 and 42 alone are relevant for deciding these cases and the same are, therefore, quoted below verbatim:—

- “7. There shall be fixed a minimum quota for each vend, which shall be announced at the time of auction. Subject to availability and genuine demand of the area concerned, the Excise and Taxation Commissioner or an officer authorised by him in this behalf, may, in his discretion, allow supplementary quota of country spirit (without additional licence fees).
8. The licensee shall lift each month the proportionate quota for the month fixed for his vend(s) or deposit still-head duty realisable thereon. In the event of any deficiency in the amount of still-head duty realisable from the lifting of the full proportionate quota due to

the short lifting of the quota by the licensee or non-deposit of the amount of still-head duty, the said deficiency may be realised from the amount of security deposited by him at the time of grant of licence. The resulting deficiency in the amount of security shall be made good by the licensee within 7 days of such adjustment. In case the short lifting of proportionate quota or short deposit of still-head duty continues for two consecutive months or the licensee fails to make up the deficiency in the amount of security within the prescribed period of 7 days, his licence may be cancelled in addition to the recovery of the deficiency in still-head duty.

28. (i) Retail vendors in a district shall, unless otherwise permitted by the Deputy Excise and Taxation Commissioner concerned in exceptional cases, obtain their requirements of country spirit from wholesale vendors, who shall be granted permits by the Excise and Taxation Officer holding charge of district to transport country spirit. Wholesale vendors, who will function as stockists for retail vendors, will charge from the latter fixed prices of plain and ordinary spiced country spirit as given in paragraph 24 above plus still-head duty paid by them and a surcharge to cover their transport and godown expenses and profit. Sales tax, if any, paid by wholesalers to distilleries, however, will be chargeable *pro rata* from retailers. The surcharge over the fixed ex-distillery issue prices shall be levied at the rates fixed by the Excise and Taxation Commissioner, Punjab.
- (ii) The stock of country spirit left unsold at the end of the financial year 1964-65 shall be counted towards the quota of retail vendor for the financial year 1965-66 and shall not be allowed as additional supply even if any sitting retail vendor succeeds in securing the same licence for the financial year 1965-66. The outgoing licensee shall have no claim on the amount of still-head duty paid by him on the stock of country spirit left unsold out of the minimum quota fixed for his vend. The price of such stock to be paid by the incoming licensee to the outgoing licensee shall be exclusive of the still-head duty leviable thereon, which the former shall pay at the rates

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in force at the time of his taking over to Government immediately after the commencement of his business.

42. All licences, wholesale and retail, shall be subject to the provisions of the Punjab Excise Act (1 of 1914) and the rules framed thereunder from time to time."

The auction was held in February, 1965. The highest bid of Rs. 29,01,000 for five retail country spirit vends was given by the petitioner. In terms of the licence Rs. 2,65,850 as 1/12th of licence fee and Rs. 4,68,910 on account of 1/24th of the still-head duty, were deposited by the petitioner within time. It is admitted on both sides that the petitioner was unable to lift the prescribed proportionate periodical quota in accordance with the terms of condition No. 8 quoted above. Thereupon, the Government made demands on the petitioner for lifting the quota which had been short-lifted and in the alternative for payment of the licence fee and still-head duty in respect thereof. The petitioner represented to the Government for being relieved of his said liabilities under the licence. He justified his demand on account of labour troubles and international tension on account of the Kutch dispute followed by ultimate outbreak of hostilities between India and Pakistan which took an active shape in the beginning of September, 1965. In these circumstances, the petitioner submitted a detailed representation, dated September 15, 1965 (Annexure A-2), for remission (of the amount claimed by the Government) under paragraph 3.19 of the Punjab Excise Manual, Volume III. Some meetings were admittedly held between the Chief Minister and the Excise Minister of the State of Punjab, on the one hand, and the licensees on the other, and it is alleged by the petitioner that some oral assurances were given to them for the grant of certain remissions. The petitioner has referred to the subsequent representation, dated November 15, 1965 (Annexure A-3), wherein reference has been made to those assurances. Not having obtained the desired relief, the petitioner sent a formal notice through his counsel on November 26, 1965 (Annexure A-4), wherein reference was again made to the alleged oral assurances and it was made out on behalf of the petitioner that the contract had been frustrated, and the Government was asked to confirm the assurances in writing or to make other alternative arrangement in the meantime. On the basis of demand made by the Government, another sum of Rs. 50,000 was paid by the petitioner on the basis of actual sales effected after the date of the cancellation of his licence. Certain other payments are stated to have been made

by the petitioner without prejudice to his alleged claim canvassed in the representation. Having got no relief, the petitioner filed civil writ 46 of 1966, in this Court on January 6, 1966, praying for refund of the over-payment on the alleged ground of frustration of the contract entered into by him with the Government, in pursuance of the auction held in February, 1965. On January 7, 1966, respondent No. 3 issued an order (Annexure A) cancelling the licence of the petitioner, under clause (c) of section 36 of the Punjab Excise Act (hereinafter called the Act), read with rule 36(23) of the Punjab Liquor Licence Rules, 1956, hereinafter referred to as the licence rules.

The petitioner was further directed to lift the remaining prescribed quota due to him up to December 31, 1965. It is also admitted case of both sides that in spite of the cancellation, the petitioner was not stopped from continuing his vends in question upto the 31st of March, 1966. In the meantime, on January 31, 1966, Government issued fresh auction notice for the next financial year, i.e., for 1966-67, wherein certain changes were made as compared with the conditions of the auction in the previous year. Vends were auctioned in term of the quotas to be lifted and not in terms of money, and the strength of the liquor for which licences were to be issued, was lowered. On March 11, 1966, respondent No. 4 issued a notice of demand calling upon the petitioner to pay Rs. 2,65,850 as balance of licence fee and Rs. 4,68,910 on account of balance of still-head duty under the licence in question.

In the above circumstances, the petitioner made an application on March 19, 1966, to withdraw civil writ 46 of 1966, and on the same day filed the present writ petition. By order, dated March 21, 1966, the Motion Bench (Mehtar Singh and Jindra Lal, JJ.), admitted the fresh writ petition and by a separate order, dated 23rd March, 1966, another Bench dismissed the previous writ petition (C.W. 46 of 1966) as withdrawn. The recovery of the amount due was stayed till the hearing of the writ petition and the production of the relevant records by the State. Respondent No. 3 filed written statement, dated April 7, 1966, on behalf of all the four respondents in reply to the writ petition. Certain objections of preliminary nature have been raised by Mr. Tirath Singh Munjral, against the validity of the written statement. In the circumstances hereinafter referred to, it is needless to consider the objections raised by Mr. Munjral. The petitioner has put in those objections in his civil miscellaneous No. 1083 of 1966, dated April 14, 1966.

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During the pendency of the writ petition, respondent No. 2 has allowed some relief to the petitioner by order, dated September 17, 1966. The relief granted is that no licence fee and still-head duty are to be recovered from the petitioner for the period 6th of September, 1965 to January 31, 1966, beyond the amount due in respect of quantities of liquor actually sold by the petitioner during the period. On October 20, 1966, the petitioner submitted an application (C.M. 4095 of 1966) to this Court to take into account the subsequent order of respondent No. 2 referred to above, and also take into account the subsequent demand notice marked Exhibit X-1. In this petition, the relief claimed is for directing the respondents to remit the entire licence fee and still-head duty in respect of the liquor which has not been lifted by the petitioner or sold out by it, and also to direct the respondents to refund the amount alleged to have been overpaid. The only other claim in the writ petition is for payment to the petitioner of the full price of the stock left over by it at the end of the period of licence which stocks have admittedly been handed over by the petitioner to the Excise Department.

Mr. Tirath Singh Munjral, the learned counsel for the petitioners, has argued that condition No. 8 in Annexure A-11, i.e., the stipulation for the payment of still-head duty for stocks which have not been removed and obtained by the petitioner and rule 36(23-A) of the Punjab Liquor Licence Rules on which the said condition is based, are illegal and void and should be struck down on that ground. He has firstly contended that rule 36(23-A) outsteps the delegated legislative authority of the State Government which cannot go beyond the powers conferred upon the State Legislature under entry 51 of List II of the Seventh Schedule of the Constitution. The said entry reads as follows:—

“51. Duties of excise on the following goods manufactured or produced in the State and countervailing duties at the same or lower rates on similar goods manufactured or produced elsewhere in India:—

- (a) alcoholic liquors for human consumption;
- (b) opium, Indian hemp and other narcotic drugs and narcotics;

but not including medicinal and toilet preparations containing alcohol or any substance included in sub-paragraph

(b) of the entry.”

It has been conceded by Mr. Babu Ram Aggarwal, the learned counsel for the respondents that the still-head duty is an excise duty, which has been levied under section 31 of the Act. The argument of the learned counsel for the petitioners (which is also contained in paragraph 11 of the writ petition) is that excise-duty is leviable only on the manufacture or production of liquor at the time of its issue from the distillery and inasmuch as rule 36(23-A) and condition No. 8 referred to above insist on the payment of the said duty on liquor, which has neither been lifted nor removed from the distillery by the petitioner, the said rule and condition make the demand based thereon illegal. Counsel has made specific reference to condition No. 28(ii) of the conditions of the licence (Annexure A-11), which provides that the outgoing licensee shall have no claim to the amount of still-head duty paid by him on the country spirit left unsold, out of the minimum quota fixed for his vend. and that the price of such stock to be paid by the incoming licensee to the outgoing licensee, shall be exclusive of the still-head duty leviable thereon, which the former shall pay at the rates in force at the time of his taking over to Government immediately after the commencement of his business. Mr. Munjral has relied on a recent unreported judgment of the Supreme Court in *M/s Shinde Brothers, etc., v. The Deputy Commissioner, Raichur and others, etc.*, Civil Appeals Nos. 1580, etc., of 1966, decided on September 26, 1966. Sikri, J., who delivered the judgment of the majority held that in order to bring any duty within entry 51 of list II of the Seventh Schedule of the Constitution, it has to be shown that it fulfils the essential characteristics of an excise duty, namely, (i) uniformity of incidence, (ii) that the duty has a close relation to the production or manufacture of goods, and (iii) if a levy is made for the privilege of selling of excisable article and the article has already borne the duty and the duty has to be paid, there must be clear terms in the charging section to indicate that what is being levied for the purpose of privilege of sale is in fact a duty of excise. Dealing with the above-mentioned second condition precedent, which must be satisfied to bring a duty within the relevant entry, the learned Judge observed as follows:—

“Secondly, the duty must be closely related to production or manufacture of goods. It does not matter if the levy is made not at the moment of production or manufacture but at a later stage. If a duty has been levied on an



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excisable article but this duty is collected from a retailer, it would not necessarily cease to be an excise duty. Thirdly, if a levy is made for the privilege of selling an excisable article and the excisable article has already borne the duty and the duty has been paid, there must be clear terms in the charging section to indicate that what is being levied for the purpose of privilege of sale is in fact a duty of excise.

What is the true character or nature of the levy in this case? First, it is a payment for the exclusive privilege of selling toddy from certain shops. The licensee pays what he considers to be equivalent to the value of the right. Secondly, it has no close relation to the production or manufacture of toddy. Thirdly the only relation it has to the production or manufacture of toddy is that it enables the licensee to sell it. But he may sell little less or more than he anticipated, depending on various factors. Fourthly, toddy has already paid one excise duty in the form of tree tax. If the petitioner taps toddy, he pays tree tax, but he need not tap himself. Fifthly, the duty is not uniform in incidence because the amount collected has no relation to the quantity or quality of the product but has only relation to what the petitioner thought he could recoup by the sale of the excisable articles. What he recoups would depend upon the amount of sales and the conditions prevailing during the licensing year. Sixthly, there are no express words showing that what is being realised from the petitioner is an excise duty. In fact what section 16 of the Mysore Excise Act says is that a privilege has been granted to him for selling by retail. Section 28 refers specifically to an amount due to the Government by any grantee of the privilege and the legislature apparently did not think that this amount would be covered by the expression "all duties, taxes, fines and fees payable to the Government" occurring in section 28. Seventhly, the privilege of selling is auctioned well before the goods come into existence. In this case it would be noticed that the second notification dated April 27, 1964, was for the sale during the next two years.

In view of these characteristics, can it be said to be an excise duty? In our opinion the answer is in the negative. The taxable event is not the manufacture or production of goods but the acceptance of the license to sell. In other words, the levy is in respect of the business of carrying on the sale of toddy. There is no connection of any part of the levy with any manufacture or production of any goods. To accept the contention of the State would mean expanding the definition of "excise duty" to include a levy which has close relation to the sale of excisable goods. It is now too late in the day to do so."

It appears to us that the third, fifth and the seventh characteristics of the duty which was impugned in the case before the Supreme Court apply to the present case also. It is not disputed that the petitioner could sell little less or more than the stipulated quantities of liquor depending on various factors. It is also apparent that the incidence of the duty would not have been uniform in the present case, because the amount collected has no relation to the quantity or quality of the product, but is related only to what the petitioner thought it could recoup by sale of the excisable liquor. It is also not disputed that the privilege of selling was auctioned well before the goods might or might not have actually come into existence. The position is made worse for the State by condition No. 28(i) of the conditions of licence to which reference has repeatedly been made by Mr. Babu Ram Aggarwal, learned counsel for the State. The stipulation in that condition is that it is the wholesale vendor who would function as stockist for retail vendors and will charge from the latter fixed prices of the country spirit in question plus the still-head duty paid by the wholesaler, and a surcharge to cover the godown expenses and profits. Mr. Aggarwal has argued that in the absence of special permission granted by the Excise and Taxation Authorities, the petitioners had to obtain their stocks only from such wholesalers who had already paid out still-head duty in respect of the quota to be lifted by the petitioners. If this is so, the charge under the still-head duty could not in the eye of law be described as an excise-duty in the circumstances of these cases. In *State of Bombay v. M/s S. S. Miranda Ltd., Mazagaon* (1), it was held that once an excise-duty has been

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(1) A.I.R. 1960 S.C. 898.

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paid, in respect of certain goods, an additional amount as excise-duty would not be recoverable in respect of the same goods merely on the ground that the rate of duty has subsequently been enhanced. Their Lordships observed that they could not see an excisable article which had been subjected to duty once would be liable to further duty nor to the difference in case of increase in the rate. Applying the same principles to the instant case it appears that once excise-duty known as still-head duty had been levied in respect of the stock lifted by the wholesaler from the bonded warehouse or from the manufacturer of the liquor as the case may be, the relationship of the said duty with the manufacture or production of the liquor had come to an end, and in that event, it would be for the wholesaler to recoup himself to the extent of the excise-duty paid by him by including the same in the price to be charged by him, but the said item would lose the character of an excise-duty and would cease to be leviable as such by the State.

Mr. Babu Ram Aggarwal concedes that the impugned condition No. 8 in Annexure A-11 cannot possibly be sustained unless the validity of rule 36(23-A) is upheld. Rule 36(23-A) is in the following terms:—

“(23-A) The licensee of a country spirit shop shall have to lift the minimum annual quota fixed for that shop by the Collector and shall lift every month his proportionate monthly quota as calculated on the basis of the annual quota and shall deposit still-head duty realizable thereon. In the event of any deficiency in the amount of still-head duty realizable on full proportionate quota due to the short lifting of quota by the licensee or non-depositing of the full amount of still-head duty, the deficiency may be realised from the amount of security deposited under clause (22-A). The resulting deficiency in the amount of security shall be made good by the licensee within a period of seven days of the receipt of intimation by him of such realization. In case the short lifting of proportionate quota or the short deposit of still-head duty continues for two consecutive months or in case the licensee fails to make up the deficiency in the amount of security within a period of seven days of the receipt of intimation by him, his license shall be liable to cancellation.”

The requirements of this rule appear to have been carried over into conditions Nos. 7 and 8 of the licence. So far as the first part of rule 36(23-A) which is incorporated into condition No. 7 of the licence is concerned, no valid attack can be made against it, but in so far as rule 36(23-A) provides that in the event of any deficiency in the amount of still-head duty realizable on full proportionate quota due to the short lifting of quota by the licensee, the deficiency may be realised from the amount of security or otherwise, the rule appears to transgress the limits and bounds within which an excise-duty has to be contained. This part of the rule also appears to violate the spirit of section 23 of the Punjab Excise Act, which provision is in the following words:—

“23. No intoxicant shall be removed from any distillery, brewery, warehouse, or other place of storage established or licensed under this Act, unless the duty (if any) payable under Chapter V has been paid or a bond has been executed for the payment thereof.”

There is no doubt that the above-quoted section prohibits the removal of any excisable article from any distillery or warehouse, etc., unless an excise-duty payable on it has been paid out or a bond has been executed for the payment thereof, but this provision shows that the intention of the legislature is to insist on payment of the excise-duty in question only if the article has to be removed from a distillery or a warehouse. In exercise of powers conferred by sections 31 and 32 of the Punjab Excise Act (1 of 1914), the Governor of Punjab has issued the Punjab Excise Fiscal (First Amendment) Order, 1965, which is operative with effect from the 1st of April, 1965. The opening part of the said Fiscal Order is in the following words:—

“The following shall be the rates of duty leviable in respect of spirit removed from any distilleries licensed in Punjab, or when imported into Punjab from any State or Union Territory in India per proof litre of the strength of London proof to be increased or reduced in proportion as the strength of spirit exceeds or is less than London proof:— \* \* \* \*”

The language of the Fiscal Order is also consistent with the intention behind section 23 of the Excise Act. It may not be necessary to provide for the imposition and recovery of the excise-duty only at the time of removal of the article from the bonded warehouse or the distillery. It may certainly be open to the appropriate

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authorities to impose or recover the duty at any stage from the time of the manufacture of the article till the time it reaches the hands of the consumer. But it cannot be provided in the case of a duty of the nature of excise that it would be payable by a licensee even if he does not want to and does not in fact obtain the excisable article for sale or even for consumption. Nor would it be leviable as an excise-duty in respect of an article on which such duty has already been charged and recovered. Since the impugned part of rule 36(23-A) of the liquor rules and condition No. 8 of the conditions of the licence offend against the said principles and provide that the taxable event is not the production of the liquor but the acceptance of the licence to sell, in other words since the levy imposed by the said rule and the said condition is in respect of sale and not production of country liquor, the same are hereby struck down as being *ultra vires* entry 51 in list II of the Seventh Schedule to the Constitution and against the principles authoritatively settled by the Supreme Court in the aforesaid cases.

Mr. Munjral has then argued that once the licence had been cancelled by the appropriate authority on January 7, 1966, the conditions of the licence could not be enforced against the petitioners and they could not, therefore, be called upon to pay the licence fee and still-head duty in respect of the period during which their licences were not in force. This would no doubt be true in respect of the still-head duty in case the excisable articles were not obtained by the petitioners, and in respect of the quota not actually lifted by them. But this argument has no force in so far as it relates to the licence fee as section 38 of the Excise Act which is in the following terms, authorises the recovery of the licence fee in case of the cancellation of the licence under section 36. It is admitted on behalf of the petitioners that they did not pay out the balance of the licence fee due from them in accordance with the conditions of the licence. That being so, in the absence of anything further, the cancellation of their licences appears to have been justified. Whether the cancellation was justified or not, the Excise Authorities were entitled to recover the entire licence fee. The cancellation of the licence has, therefore, no effect on the liability of the petitioners to pay the balance of the licence fee due from them which is recovered under section 38:—

“38. In the case of cancellation or suspension of a licence under clause (a), (b), (c), (d) or (e) of section 36, the fee payable for the balance of the period for which any

licence would have been current but for such cancellation or suspension, may be recovered from the licensee as excise revenue."

The next argument of Mr. Munjral is based on the alleged oral assurances said to have been given to the petitioners by the Minister-in-charge and by the Chief Minister. We are unable to go into contentions of this type in exercise of our jurisdiction under Article 226 of the Constitution. If the petitioners have any valid cause of action based on any such assurances, it is open to them to claim the requisite redress by a proper action in a competent civil Court.

The last argument of Mr. Tirth Singh Munjral is that the Excise Authorities cannot effect recovery of the amount mentioned in the impugned demand under section 60 of the Act, as the amount in question is not admitted by the petitioners to be due from them. The operative part of section 60 of the Act is in the following words:—

"60. (1) The following moneys, namely:—

- (a) all excise revenue,
- (b) any loss that may accrue, when in consequence of default a grant has been taken under management by the Collector or has been resold by him under section 39, and
- (c) all amounts due to the Government by any person on account of any contract relating to the excise revenue,

may be recovered from the person primarily liable to pay the same, or from his surety (if any), by distress and sale of his movable property, or by any other process for the recovery of arrears of land revenue due from land-holders or from farmers of land or their sureties.

(2) \* \* \* \* \*

(3) \* \* \* \* \*".

Counsel emphasises that the above-quoted section cannot come into operation except in respect of the amount "due" from the licensee.

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According to Mr. Tirath Singh Munjal, if the liability is disputed, the amount cannot be said to be "due". We regret we are unable to agree with this contention. Merely by reason of dispute as to liability, a debtor cannot claim that the amount ceases to be due from him. On the facts and in the circumstances of these cases, the amount and the balance of the licence fee appears to be *prima facie* due under section 36 read with section 38 of the Act. Counsel has relied on the judgment of this Court in *Custodian General of Evacuee Property, New Delhi and others v. Harnam Singh* (2) wherein the dispute related to a time-barred amount being due or not due under section 48 of the Administration of Evacuee Property Act (31 of 1950). That proposition appears to have no relevancy to the issue raised by the learned counsel before us. Moreover, it has been argued by Mr. Babu Ram Aggarwal that the Excise and Taxation Officer has been vested with the powers of Assistant Collector under the Land Revenue Act by means of a notification and that the recovery proceedings are to be resorted to by the said authority in exercise of those powers. It is, therefore, apparent that the Excise Authorities can determine the amount due to them as such authorities and can recover the same in exercise of their powers as Assistant Collectors by virtue of the notification by which the said powers have been vested in them.

Counsel has raised various other points regarding the validity of the contract and also about the licence fee not being due on account of the still-head duty having been struck down on the allegation that the contract was indivisible. These are not matters which can be decided in these proceedings, because they necessarily involve decision of disputed questions of fact. It is open to the petitioners to raise these matters in appropriate proceedings in a competent Civil Court, if so advised.

For the foregoing reasons these writ petitions partially succeed and it is held that the respondents are not entitled to levy, charge or recover from the petitioners any amount on account of still-head duty in respect of the liquor which has not actually been lifted by the petitioners either from the wholesalers or from the manufacturers. Consequently the demand on account of the balance of still-head duty in respect of goods not lifted by the petitioners is set

aside and quashed. It is also directed that if any such amount has already been recovered from the petitioners, the same shall be refunded to them. The petitioners are not entitled to any other relief in these writ petitions. In the peculiar circumstances of these cases, there is no order as to costs.

R. N. M.

APPELLATE CIVIL

*Before D. K. Mahajan and R. S. Narula, JJ.*

DISTRICT BOARD, HOSHIARPUR,—*Appellants.*

*versus*

FIRM HIRA SINGH-JAGAT SINGH,—*Respondents.*

Regular Second Appeal No. 149 of 1958

February 7, 1967

*Punjab District Boards Act (XX of 1883)—S. 31—Tax on carrying of profession, trade or business—Shopkeeper having a shop outside district board area but having a godown within its limits wherein he stores goods and from which he gives delivery of goods to purchasers after they have already been sold and paid for at the shop—Whether liable to pay the tax.*

*Held*, that a dealer or a shopkeeper is not liable to pay professional tax to District Board for carrying on his profession of sale of goods if he does not do anything within the district board area except effecting delivery of goods already sold outside such limits, from a godown situated within such limits. It is the *situs* of the trade, business, calling or profession which has to be considered in the matter of determining liability to professional tax and mere delivery of the goods from the godown cannot be equated to the doing of business at that time.

*Case referred by the Hon'ble Mr. Justice D. K. Mahajan on 29th March, 1966 to a Division Bench for the decision of an important question of law involved in the case. The case was finally decided by the Division Bench consisting of the Hon'ble Mr. Justice D. K. Mahajan and the Hon'ble Mr. Justice R. S. Narula on 7th February, 1967.*