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LIFE INSURANCE CORPORATION OF INDIA

v.

STATE OF RAJASTHAN AND ORS.

FEBRUARY 1, 2007

B

[DR. ARIJIT PASAYAT AND S.H. KAPADIA, JJ.]

Rajasthan Stamp Law (Adaptation) Act, 1952:

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Purchase of stamps from outside State—Causing revenue loss to State Government—Order and notice of demand issued by Additional Collector—Validity of—Held, since matter is pending consideration of High Court, it would be appropriate if the High Court hears the matter expeditiously considering importance of the issues involved regarding permissibility of the levy and the manner adopted.

D

Several divisions of appellant-Corporation in State of Rajasthan purchased stamps from the State of Maharashtra. This was said to have caused revenue loss to the respondent-State. The Additional Collector accordingly issued a notice to the appellant raising the demand. The notice was challenged in a writ petition and on its dismissal a special appeal was filed before the Division Bench of the High Court. The High Court disposed of the appeal and directed the State Government to constitute a High Power Committee to resolve the dispute. The Committee held the Corporation liable to pay the State Government a certain amount. The Corporation filed an application for revival of the special appeal and the interim order passed therein. Dealing with the said application the High Court held that the demand did not exceed the loan advanced by the Corporation to the State Government and the latter may adjust the amount of demand against the said loan.

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In the appeal filed by the Corporation it was contended on its behalf that the Act did not authorize the demand as made by the respondent-State. On the other hand, for the respondent-State it was contended that purchase of stamps from outside the State was against the provisions of the Act, and officers of the appellant-Corporation should purchase stamps from the Rajasthan treasuries only.

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Disposing of the appeal, the Court

HELD: Since the matter is pending consideration of the High Court it would not be proper for this Court to decide the issues on merits. It would be appropriate if the High Court hears the matter expeditiously, considering the importance of the issues involved regarding the permissibility of the levy and the manner adopted. Needless to say the decision of the High Court shall be uninfluenced by the view taken by the High Power Committee. [Para 6 & 7] [116-D-F]

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 413 of 2007.

From the Interlocutory Order dated 23.5.2005 of the High Court of Judicature for Rajasthan at Jaipur Bench, Jaipur in D.B. Civil M.R.A. No. 204/2005 in D.B.C.M.A. No. 214/2005 in D.B.S.A. (Writ) No. 670/2004.

T.R. Andhyarujina and A.V. Rangam for the Appellant.

Aruneshwar Gupta, A.S.G, Naveen Kumar Singh, Mukul Sood, Shashwat Gupta and Shikha Tandon for the Respondents.

The Judgment of the Court was delivered by

DR. ARIJIT PASAYAT, J. I. Leave granted.

2. Challenge in this appeal is to the order dated 23.5.2005 passed by a Division Bench of the Rajasthan High Court, Jaipur Bench.

3. A brief reference to the factual aspect would suffice.

The appellant filed the writ petition challenging the order dated 16.9.2004 and notice dated 16.9.2004 issued by the Additional Collector (Stamps) Jaipur. The demand raised by the State of Rajasthan was in respect of alleged revenue loss caused by the appellant to the State Government by its purchasing stamps from other State i.e. Maharashtra. The writ petition was dismissed by learned Single Judge on the ground of availability of alternative remedy. Appellant filed the Special Appeal questioning correctness of the order passed by the learned Single Judge. Along with Special Appeal an application for stay was also filed. The Special Appeal was disposed of with the direction to the respondent- State to constitute a High Power Committee to resolve the dispute. The High Power Committee by its order dated 27.4.2005 held that the appellant is liable to pay to the State of Rajasthan a sum of Rs.576.72 lakhs Appellant filed an application for revival of the Special Appeal and revival of the interim direction passed in the said appeal. Though initially

A the application was dismissed, subsequently the same was revived. Dealing with the said application it was noted by the High Court by order dated 11.12.2004 that the demand of Rs.1,19,75,000/- made against the appellant does not exceed the loan advanced by the appellant-Corporation to the State of Rajasthan. Liberty was given to the State of Rajasthan to adjust the amount of its demand against the loan advanced by the appellant-Corporation to the State Government.

4. Learned counsel for the appellant submitted that the Rajasthan Stamp Law (Adaptation) Act, 1952 (in short the 'Act') does not in reality authorize the demand as has been made in the present case.

C 5. Learned counsel for the respondent-State on the other hand submitted that the provisions contained in the aforesaid Act clearly permit the action as taken by the authority.

D 6. Since the matter is pending consideration of the High Court it would not be proper for us to decide the issues on merits though learned counsel for the parties made a request in that regard. It would be appropriate if the High Court hears the matter expeditiously, considering the importance to the issues involved regarding the permissibility of the levy and the manner adopted. Undisputedly several divisions of the appellant-Corporation in Rajasthan purchase stamps from Maharashtra. Stand of the State Government is that purchase of stamps from outside Rajasthan was against the provisions of the Act and the Rules made thereunder. The view expressed was that officers of the appellant-Corporation would purchase stamps from the Rajasthan treasuries only.

F 7. In the circumstances, the High Court is requested to take up the Special Appeal for disposal expeditiously. The High Court is also requested to explore the possibility to dispose of the matter by the end of August, 2007. Needless to say the decision of the High Court shall be uninfluenced by the view taken by the High Power Committee. The interim order dated 24.10.2005 passed by this Court shall continue to be operative till disposal of the matter by the High Court. It is made clear that it shall not be construed that we have expressed no opinion on the merits by granting interim protection as fore-noted.

The appeal is accordingly disposed of. No costs.