



CGHC010169032024

2026:CGHC:41407-DB

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

WPC No. 2956 of 2024

M/s Narayan Udyog Through Its Proprietor, Shri Shyam Ratan Mundhara
S/o Shri Badri Narayan Mundhara, Aged About 61 Year Registered Add.-
Patpar Road, Near Tahsil Officer, Lalbahadur Shashtri Ward, Bhatapara
District Baloda Bazar Chhattisgarh. **... Petitioner**

versus

1 - State Of Chhattisgarh Through The Special Secretary, Department Of
Commercial Tax (Excise), Mahanadi Bhawan, Atal Nagar, Nawa Raipur
District Raipur Chhattisgarh.

2 - Union of India Through Its Secretary, Ministry Of Finance,
Government Of India, North Block, New Delhi.

... Respondents

For Petitioner : None.

For Respondent No. 1/State : Mr. Shashank Thakur, Addl. A.G.

For Respondent No.2/DSGI : Ms. Annpurna Tiwari, Advocate

Hon'ble Shri Krushna Ram Mohapatra, Chief Justice and
Hon'ble Shri Santosh Sharma, Judge

Order on Board

Per Krushna Ram Mohapatra, C.J.

23/09/2026

1. None appears on behalf of the petitioner despite repeated calls.
2. Mr. Shashank Thakur, learned Additional Advocate General, is present. Ms. Annpurna Tiwari, learned Deputy Solicitor General of India, is also present.

RAHUL
DEWANGAN

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signed by
RAHUL
DEWANGAN

3. The writ petition has been filed seeking the following reliefs :

It is therefore, humbly prayed that this Hon'ble Court may graciously be pleased to

10.1. Call for the entire records pertaining to the present case.

10.2. Hold and declare that the impugned Enactment, i.e., the Chhattisgarh Molasses Control and Regulation Rules, 2022 (Annexure P/1) is ultra vires to the Constitution of India.

10.3. Grant the cost of the Petition to the Petitioner.

10.4. Grant any other relief as deemed fit and proper in the facts and circumstances of the case.

4. Vide order dated 19.06.2024, this writ petition was directed to be listed along with WPC No. 498 of 2023 and WPC No. 3580 of 2023 on the request of learned counsel for the petitioner. However, the correct number of the said connected matter is WPC No. 3580 of 2022, which was inadvertently mentioned as WPC No. 3580 of 2023. Consequently, the present writ petition could not be listed or connected with the said batch. In the meantime, WPC No. 3580 of 2022 has already been disposed of vide order dated 27.03.2026 along with a batch of writ petitions with the following directions.

F. Conclusion

156. In view of the discussion above, the following conclusions emerge:

156.1 Entry 8 of List II of the Seventh Schedule to the Constitution is both an industry-based entry and a product-based entry. The words that follow the expression "that is to say" in the Entry are not exhaustive of its contents. It

includes the regulation of everything from the raw materials to the consumption of 'intoxicating liquor';

156.2 Parliament cannot occupy the field of the entire industry merely by issuing a declaration under Entry 52 of List I. The State Legislature's competence under Entry 24 of List II is denuded only to the extent of the field covered by the law of Parliament under Entry 52 of List I;

156.3 Parliament does not have the legislative competence to enact a law taking control of the industry of intoxicating liquor covered by Entry 8 of List II in exercise of the power under Article 246 read with Entry 52 of List I;

156.4. The judgments of the Bombay High Court in Fram Nusserwanji Balsara v. State of Bombay (1950 SCC OnLine Bom 57), this Court in FN Balsara (AIR 1951 SC 318) and Southern Pharmaceuticals ((1981) 4 SCC 391} did not limit the meaning of the expression 'intoxicating liquor' to its popular meaning, that is, alcoholic beverages that produce intoxication. All the three judgments interpreted the expression to cover alcohol that could be noxiously used to the detriment of health;

156.5 The expression 'intoxicating liquor' in Entry 8 has not acquired a legislative meaning on an application of the test laid down in Ganon Dunkerley {1958 SCC OnLine SC 100}.

156.6 The study of the evolution of the legislative entries on alcohol indicates that the

use of the expressions "intoxicating liquor" and "alcoholic liquor for human consumption" in the Seventh Schedule to the Constitution was a matter well-thought of. It also indicates that the members of the Constituent Assembly were aware of use of the variants of alcohol as a raw material in the production of multiple products;

156.7 Entry 8 of List II is based on public interest. It seeks to enhance the scope of the entry beyond potable alcohol. This is inferable from the use of the phrase 'intoxicating' and other accompanying words in the Entry. Alcohol is inherently a noxious substance that is prone to misuse affecting public health at large. Entry 8 covers alcohol that could be used noxiously to the detriment of public health. This includes alcohol such as rectified spirit, ENA and denatured spirit which are used as raw materials in the production of potable alcohol and other products. However, it does not include the final product (such as a hand sanitiser) that contains alcohol since such an interpretation will substantially diminish the scope of other legislative entries;

156.8 The judgment in Synthetics (7J) (supra) is overruled in terms of this judgment;

156.9 Item 26 of the First Schedule to the IDRA must be read as excluding the industry of "intoxicating liquor", as interpreted in this judgment;

156.10 The correctness of the judgment in Tika Ramji (supra) on the interpretation of word 'industry' as it occurs in the legislative entries

*does not fall for determination in this reference;
and*

156.11 The issue of whether Section 18G of the IDRA covers the field under Entry 33 of List III does not arise for adjudication in view of the finding that denatured alcohol is covered by Entry 8 of List II."

44. *It is not at all in dispute that Molasses is a by-product of sugar industry and it is not fit for human consumption in its raw form. It further does not contain alcohol and becomes capable of producing alcohol only after fermentation. As such, the Molasses cannot per se be equated with 'intoxicant', 'intoxicating liquor' or 'exisable article' as defined under the Excise Act. The Excise Act is a legislation dealing with intoxicating liquor and intoxicating drugs. Therefore, bringing Molasses within the regulatory fold of the Excise Act, without statutory backing, is impermissible. The State's attempt to regulate Molasses on the ground that it may be used for producing alcohol amounts to over-extension of legislative power. Accepting such a contention would permit the State to regulate any substance capable of fermentation, which is constitutionally impermissible. The State relies on Section 8(c) of the Excise Act, which refers to "any other base" used for manufacture of liquor. This Court is unable to accept that the expression "any other base" can be stretched to include molasses in its raw, non-intoxicant form. Such interpretation would override the definition provisions, expand the Act beyond its object, and further violate settled principles of statutory*

interpretation. Section 62 of the Excise Act empowers the State to make rules to carry out the provisions of the Act. It is a settled principle that rules cannot enlarge the scope of the parent statute. The Rules of 2022 extend control to non-intoxicant uses, impose licensing and duty, regulate ordinary trade activity. This clearly travels beyond the scope of the Excise Act and is therefore ultra vires. A plain reading of the Rules shows two categories: use for distillation (valid domain of State), and use for industrial, agricultural, cattle feed etc. The latter category clearly falls outside the Excise domain.

45. *In view of the above discussion, this Court holds that the Rules of 2022 is ultra vires the Constitution.*

46. *As a result, all the writ petitions stand allowed. The petitioners would be entitled to consequential relief(s) flowing from this order.*

47. *No order as to costs.*

- 5.** Since the issue involved in the present writ petition is similar to that of WPC No. 3580 of 2022 and the said writ petition has already been disposed of along with a batch of writ petitions vide order dated 27.03.2026 with the aforesaid directions, the present writ petition is also disposed of in terms of the aforesaid conclusion and directions.

Sd/-

**(Santosh Sharma)
Judge**

Sd/-

**(Krushna Ram Mohapatra)
Chief Justice**