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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-2838-1999 (O&M)
Date of Decision: 23.01.2020

Bhagwanpura Sugar Mills, Dhuri ... Petitioner

Versus

State of Punjab and others ... Respondents

CORAM : Hon'ble Mr. Justice Ajay Tewari
Hon'ble Mr. Justice Avneesh Jhingan

Present: Mr. O.P. Goyal, Sr. Advocate with
Mr. Sanjeev K. Sharma, Advocate
for the petitioner.

Mr. Pankaj Gupta, Addl. A.G. Punjab.
for the respondent-State.

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<u>AJAY TEWARI, J.(Oral)</u>

1. This petition has been filed for a writ directing the State of Punjab to pay a sum of Rs. 100 per quintal of molasses to the petitioner.

2. The petitioner is a Sugar Mill and one of the bye-products of sugar is molasses, which is later used by distilleries for the production of alcohol. On 16.02.1995, a meeting was held between the Chief Minister of Punjab (along with his officers) and with the representatives of the Sugar Mills, wherein it was ultimately decided as follows :-

> ***(iii)"To run the excise policy for the excise year 1995-96 smoothly, the rate of molasses be fixed at Rs. 300/- per quintal which would be payable***

> ***to all sugar mills both in the coop. and in the private sectors. The Excise & Taxation Deptt would, however, supply molasses to the distilleries at a rate of Rs.200/- per qtl. The balance amount of Rs. 100/- per quintal will be paid to the sugar mills from the State Exchequer. Further, it would be ensured that a suitable mechanism is evolved for arranging payment from the State Exchequer concurrently.***
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> ***iv) The finance Department would release an amount of Rs.10/- crores immediately to the Excise & Taxation Deptt. as an adhoc release for payment to Sugarfed towards differential price of molasses already supplied by the coop. Sugar mills."***

3. The claim made is that despite this the petitioner was not given this benefit. In the written statement the first plea taken is that actually the price of molasses registered a sharp decrease in the year 1995-96 and therefore, it would become unfair and unjust now to burden the State with this commitment. Second, it is proved that one of the permits (for which the petitioner is seeking relief) i.e. Annexure P-7 was allocated prior to the financial year 1995-96.

4. As regards the first argument, it is being noticed only to be rejected. There is no dispute that at the time when the meeting was held the price of molasses was in the range of Rs. 450/ per quintal and at that time, the sugar mills agreed to sell the molasses at Rs.300/-. Moreover, the minutes of the meeting dated 16.02.1995 were admittedly incorporated in the excise policy of 1995-96. In these circumstances, it would not be permissible for the State to now turn around and say that because the prices

of molasses fell for that period, the State is not bound to make the payment; for the simple reason that if the price had arisen the State would have still held the Sugar Mills owners bound to the price of Rs.300 per quintal.

5. As regards the second argument, the same is well merited. Even the minutes themselves reveal that this policy was intended for the excise year 1995-96. The first allocation is dated 07.03.1995, it is therefore, not covered.

6. In these circumstances, the petition is allowed and the respondents are directed to grant the necessary benefits to the petitioner for the allocations Annexure P-8 and P-9 (except the first one dated 07.03.1995) within a period of three months from today with interest at the rate of 7% per annum. It is made clear that in case the amount is not paid within a period of three months, the interest rate leviable would be 9 per cent per annum.

(AJAY TEWARI)
JUDGE

(AVNEESH JHINGAN)
JUDGE

23.01.2020
Parveen Sharma

Whether reasoned/speaking Yes/No
Whether reportable Yes/No