IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.4662 of 2010

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M/S Vaishali Flour Mills, a Partnership Firm having its place of business at Dighaghat, Danaour through one of its Partners, Sunil Kumar Agrawal, S/o Shri Ram Sharan Agrawal, R/O 176, Patliputra Colony, P.S.- Patliputra, Distt.- Patna

... ... Petitioner/s

Versus

1. The State Of Bihar through the Principal Secretary cum Commissioner of Commercial Taxes, Bihar, Vikash Bhawan, Bailey Road, Patna
2. The Assistant Commissioner Of Commercial Taxes In-Charge, Danapur Circle, Danapur

... ... Respondent/s

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Appearance :

For the Petitioner/s : Mr.S.D.Sanjay, Sr. Advocate
Mr. Mohit Agarwal, Advocate
Mrs. Priya Gupta, Advocate

For the Respondent/s : Mr. Vikash Kumar, SC 11

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CORAM: HONOURABLE THE CHIEF JUSTICE
and
HONOURABLE MR. JUSTICE S. KUMAR
ORAL JUDGMENT
(Per: HONOURABLE THE CHIEF JUSTICE)

Date : 18-11-2021

The petitioner has prayed for the following relief(s):-

"(i) For a declaration that the Bihar Tax on Entry of Goods into Local Areas for Consumption, Use or Sale Therein (Amendment & Validation) Act, 2008 (Act No.:13/2008 dt. 15.04.2008) being enforced with retrospective effect from 29.8.2006 as ultravires Articles 14, 19(1)(g), 246, 301 & 304 of the Constitution of India;

(ii) For a declaration that the name of Entry-tax on any of the Scheduled Commodities to the extent exceeding the Rate of Bihar VAT is discriminatory, and the Notification- S O No.: 38 dt. 1.04.2008 & S O No.:95 dt. 31.07.2008 prescribing the rate even on

Wheat being 4 % against the Rate of Bihar VAT on Wheat being 1% is liable to be declared to be ultravires;

(iii) For a declaration that in absence of any Notification for any Scheduled Commodity under the Bihar Entry Tax Act, 1993 during the period 29.08.2006 till 19.04.2007 and any rate of Entry Tax prescribed on any commodity for the period 29.08.2006 till 1.04.2008, no authority had any jurisdiction to impose & realize any Entry Tax on any Commodity as the provisions of the Act was not workable;

(iv) For quashing of the Order dt. 16.12.2009 passed by the Respondent-ACCT, Danapur Circle, Danapur by which he has been pleased to impose Entry Tax and also Penalty against the Petitioner for the period 29.08.2006 to 31.03.2007 as being wholly without jurisdiction, illegal, and not sustainable in the eyes of law, and as such, liable to he quashed;

(v) For a declaration that the goods imported from outside the State and having been sold in course of Interstate Trade cannot be subjected to Entry Tax as the Scheduled Goods cannot be said to have been either consumed, used or sold in the local area for consumption & use in the local area; &

(vi) For restraining the Respondents from enforcing the demand of Entry Tax & Interest totaling to Rs. 41,84,578/- (Entry Tax Rs. 28,33,404/- & Interest Amount Rs. 14,40,213/- from the Petitioner as the same is wholly illegal, and without jurisdiction; and for any other relief(s) for which the Petitioner may legally be found entitled to in the facts & circumstances of the present case."

In effect, the petitioner challenged the Constitutional validity of different provisions of the Bihar Tax on Entry of Goods into Local Area for Consumption, Use or Sale Therein Act, 1993, as amended from time to time.

It is a matter of record that Hon'ble the Apex Court vide judgment dated 14th of July, 2006 passed in Civil Appeal No. 3453 of 2002, titled as **M/s. JINDAL STAINLESS Ltd. & ANR. Vs. STATE OF HARYANA AND ORS.** had permitted the parties, before the Supreme Court, to place within two months additional material in the concerned writ petitions.

In most of the cases, such an additional material was not placed by the parties, perhaps for the reason that the issue decided in terms of the said judgment was pending consideration before a Larger Bench of Hon'ble the Apex Court.

Subsequently, a Constitution Bench (Nine Judges) of the Hon'ble Apex Court in the case of **JINDAL STAINLESS LIMITED & ANOTHER VS. STATE OF HARYANA & OTHERS, reported in (2017) 12 SCC 1**, after examining the correctness of the decision rendered in the case of **Jindal Stainless Ltd. (2) and another Vs. State of Haryana and others, reported in (2006) 7 SCC 241** has observed as under:

> "1159. By majority the Court answers the reference in the following terms:
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> 1159.1. Taxes simpliciter are not within the

contemplation of Part XIII of the Constitution of India. The word "free" used in Article 301 does not mean "free from taxation".

1159.2. Only such taxes as are discriminatory in nature are prohibited by Article 304(a). It follows that levy of a non-discriminatory tax would not constitute an infraction of Article 301.

1159.3. Clauses (a) and (b) of Article 304 have to be read disjunctively.

1159.4. A levy that violates Article 304(a) cannot be saved even if the procedure under Article 304(b) or the proviso thereunder is satisfied.

1159.5. The Compensatory Tax Theory evolved in *Automobile Transport case* and subsequently modified in *Jindal's case* has no juristic basis and is therefore rejected.

1159.6. The decisions of this Court in *Atiabari*, *Automobile Transport* and Jindal cases and all other judgments that follow these pronouncements are to the extent of such reliance overruled.

1159.7. A tax on entry of goods into a local area for use, sale or consumption therein is permissible although similar goods are not produced within the taxing State.

1159.8. Article 304 (a) frowns upon discrimination (of a hostile nature in the protectionist sense) and not on mere differentiation. Therefore, incentives, set-offs etc. granted to a specified class of dealers for a limited period of time in a non-hostile fashion with a view to developing economically backward areas would not violate Article 304(a). The question whether the levies in the present case indeed satisfy this test is left to be determined by the regular Benches hearing the matters.

1160. States are well within their right to design their fiscal legislations to ensure that the tax burden on goods imported from other States and goods produced within the State fall equally. Such measures if taken would not contravene Article 304(a) of the Constitution. The question whether the levies in the present case indeed satisfy this test is left to be determined by the regular Benches hearing the matters.

1161. The questions whether the entire State can be notified as a local area and whether entry tax can be levied on goods entering the landmass of India from another country are left open to be determined in appropriate proceedings."

Perhaps, the only surviving issue requiring consideration by this Court is the one pointed out in Paragraph 1161, reproduced supra.

However, after the matter was heard for some time, we find the record to be totally silent on facts or grounds with regard thereto. No doubt, the issue is purely legal. But even the relevant provisions of the Statute claimed to be ultra vires are not on record and the reason is not far to seek for the petition was filed way back in the year 2010 and the Legislation amended/enforced subsequently. That apart, even during the course of hearing we find absolute incoherence with regard thereto.

As such, we are of the considered view that the petitioner files a fresh petition placing on record not only the specific legislation or part thereof, Constitutional validity whereof he wishes to challenge, as also specify the grounds, in addition to the one reproduced supra.

This he is permitted to do so within a period of eight weeks on the same and subsequent cause of action. As and when such petition is filed, the same shall be considered for hearing on priority basis.

Learned counsel for the petitioner invites our attention to the interim order dated 24.09.2010 and prays that the same to be made absolute, in finality.

We are not inclined to allow such a prayer.

However, since we permit the petitioner to file an exhaustive petition on the same and subsequent cause of action, the such interim order(s) would continue for a further period of eight weeks, within which, a fresh petition be filed. We clarify that if such a petition is not filed within eight weeks and mentioned for early listing, the interim order(s) shall automatically stand vacated, without any further reference to this Court.

Petition stands disposed of in the aforesaid terms.

Interlocutory Application, if any, shall stand disposed of.

(Sanjay Karol, CJ)

(S. Kumar, J)

K.C.Jha/-

AFR/NAFR	
CAV DATE	
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