



**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

(202)

RSA-1542-1996 (O&M)**Date of Decision:-04.02.2026**

Market Committee Budhlada and Another

... Appellants

Versus

M/s Shri Roshan Oil and Cotton Mills, Budhlada

... Respondent

CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL**Present :-**

Mr. Vikas Singh, Senior Advocate with
Ms. Anamika Sheoran, Advocate
for the appellants.

Mr. Sandeep Khunger, Advocate with
Ms. Srisuti, Advocate and
Mr. Sudrishti, Advocate
for respondent.

VIRINDER AGGARWAL, J.(ORAL)

1. The appellants/defendants, being aggrieved by the judgment and decree dated 09.02.1996 rendered by the learned Additional District Judge, Mansa, whereby the well-reasoned findings and decree of the learned Additional Senior Sub-Judge, Mansa, dated 20.10.1995 was reversed, respectfully invoke the appellate jurisdiction of this Court by way of the present Regular Second Appeal. The Appellants seek the restoration of the decree passed by the learned Trial Court, as the impugned judgment is *ex-facie* unsustainable and vitiated by manifest perversity, serious legal infirmities, and a fundamentally flawed appreciation of the evidentiary



record. It is respectfully submitted that the erroneous reversal of the Trial Court's findings has occasioned a substantial miscarriage of justice. Consequently, the appellants pray that this Court set aside the impugned judgment and decree and reinstate the judicious decree of the learned Trial Court to secure the ends of justice.

2. The sequence of events antecedent to, and culminating in, the present appeal may be succinctly set out as under -

The plaintiff-appellant, engaged in the business of mustard oil extraction, instituted the present suit seeking a permanent injunction restraining the Market Committee from recovering market fees, contending such demand to be illegal. It was alleged that the plaintiff purchased mustard seeds from outside Punjab through commission agents, and, after completion of transactions and weighment, transported the seeds to his mill for oil extraction. No agreements were executed, nor were the goods weighed or delivered within Budhlada market; hence, the plaintiff claimed no liability to pay the fees. Despite serving a notice under Section 31 of the Punjab Agricultural Produce Markets Act, 1961 on 1.8.1990, and filing a writ petition before the High Court on 23.8.1990, the recovery was not stayed, prompting the present civil suit.

3. The defendants contested the suit primarily on the ground that it was barred by limitation, being required to be filed within six months of receipt of the notice. On merits, it was contended that under Section 23 of the Act, the plaintiff was liable to pay market fees, as he engaged in the purchase and sale of agricultural commodities within the market area, and the importation of produce into the market triggered the statutory obligation to remit market fees and prayed for dismissal of the suit.



4. Following a meticulous and comprehensive examination of the pleadings, documents, and submissions of both parties, the learned trial Court has framed the issues for adjudication to ensure a precise, thorough, and judicious determination of the respective claims and defenses, which are as follows:-

1. *Whether the plaintiff has no locus-standi and cause of action to file the present suit? OPD*
2. *Whether the suit is within time?OPP*
3. *Whether the suit is bad for non-jointer of the necessary parties? OPD*
4. *Whether this court has no jurisdiction to try the suit in view of legal objections No.5 of the written statement?OPD*
5. *Whether the suit is not competent in view of legal objections No.6 and 7 of W/S?OPD*
6. *Whether the impugned demand of the defendant is illegal and void and is operative qua the plaintiff?OPP.*
7. *Whether the plaintiff is entitled to injunction prayed for?OPP*
8. *Whether the suit is false and vexatious and the defendant is entitled to special costs if so to what amount? OPD*
9. *Relief.*

5. Both parties were afforded a full and fair opportunity to adduce evidence in support of their respective claims. Upon conclusion of the trial and after hearing learned counsel for both sides, the learned Trial Court, proceeded to **dismiss** the suit.

6. Aggrieved by the judgment and decree, the respondents/appellants filed an appeal before the learned First Appellate Court, who **allowed** the appeal.



6.1. Aggrieved by the determinations rendered by the learned First Appellate Court, the appellants/plaintiffs have filed the present appeal. Upon its admission, notices were duly issued, following which the respondents, through their counsel, appeared and contested the appeal. The complete records of the courts below were requisitioned and are available for detailed scrutiny and adjudication.

7. I have heard learned counsel for the parties at length and have carefully considered their submissions alongside the pleadings, evidence, and concurrent findings recorded by the courts below. The entire record has been subjected to a meticulous and comprehensive examination to determine *‘whether the impugned judgments and decrees suffer from any legal infirmity, jurisdictional error, or misappreciation of evidence warranting interference by this Court in the exercise of its appellate jurisdiction.’*

8. As regards the scope of second appeal, it is now a settled proposition of law that in Punjab and Haryana, second appeals preferred are to be treated as appeals under Section 41 of the Punjab Courts Act, 1918 and not under Section 100 CPC. Reference in this regard can be made to the judgment of the Supreme Court in the case of ***Pankajakshi (Dead) through LRs and others V/s Chandrika and others, (2016)6 SCC 157***, followed by the judgments in the case of ***Kirodi (since deceased) through his LR V/s Ram Parkash and others, (2019) 11 SCC 317 and Satender and others V/s Saroj and others, 2022(12) Scale 92***. Relying upon the law laid down in the aforesaid judgments, no question of law is required to be framed.



9. Learned counsel for the appellant contended that the learned First Appellate Court has misappreciated the pleadings and evidence on record and erred in concluding that no sale or purchase of agricultural produce occurred within the notified market area of Budhlada. It was submitted that the offer made via telephone was accepted outside the market area, and the transaction was completed within the market premises. Reliance placed upon the judgments in ***Parkash Woolen Industrial vs. State of Haryana, 1980 PLC 54***, and ***Jagatjit Industrial vs. State of Punjab, 1993(3) RRR 480***, was argued to be wholly in-apposite, as in the present case, delivery and weighment of the agricultural produce occurred within the Budhlada Market Committee. Learned counsel, therefore, urged that the findings of the First Appellate Court be set aside and the judgment and decree of the Civil Court be restored.

10. Conversely, learned counsel for the respondent contended that the matter is squarely governed by the binding precedents of this Division Bench in ***M/s Guru Nanak Industries vs. State of Punjab and Others, 2018(4) PLR 239***, subsequently followed in ***M/s Arora Industries and Others vs. Punjab State Agricultural Marketing Board and Others (Law Finder Document ID #20500581)***. It was submitted that no interference is warranted and the appeal should accordingly be dismissed.

11. The findings recorded by the learned First Appellate Court are in para No.7 of the impugned judgment, which reads as under:-

“7. After hearing the 1d. counsel for the parties, I find that the liability of a licence holder to pay the market fees arises under section 23 of the Act according to which a market fee is leviable on agricultural produce bought or sold in the notified market area. The definition of



bought or sold is given in rule 29(7) of the Act, according to which three ingredients must be present in order to say a transaction to be of bought and sold. Firstly there should be an agreement of sale or purchase, in pursuance of the agreement, the produce is weighed in the said area and if in pursuance of the agreement the commodity is delivered in the arrea to the purchaser, market fee isleviable. Sub clasue 'D' in this rulehas also been added according to which if the agricultural produce even if sold or bought otherwise than in pursuance of the agreement is delivered in the said area to the purchaser, the market fee is leviable. In the present case where there is no agreement of saleor purchase within the market area, since there are no such allegations nor it is said so by the defendant. Ithas also been observed by the Ld.trial court that since an order was being placed from Budhlada for the purchase of muster seeds to the commission agents outside the area of Budhlada, the offer was made at Budhlada. Even if it be assumed that offer was made at Budhlada, the contract is complete only at the place where it is accepted. The offer made at Budhlada by means of a telephone or by any other means wasaccepted outside the market area of Budhlada, therefore, it cannot be said that the transaction took place within the market area. The second element is the weighment. It has also come on record, produced by the plaintiff that the commodity was being weighed, put in gunny bags and stored outside the market area by their commission agents, which were lateron despatched to them. There is no evidence nor any pleading by the defendant that the commodity was ever weighed in the market area. In this connection there is a statement of Mool Chand, Mandi Supervisor DW1, who had appeared in reply to the additional evidence produced by the plaintiff. He has stated that the weighment of Sarson brought from



outside by the plaintiff is weighed at Budhlada no in their factory. But this witness in cross-examination stated that the commodity was never done in his presence. No representative of the defendant is used to be present at the time of weighment. He stated that he was deposing so because in other factories the weighment was being done in his presence. In this manner it is clear that the market committee is trying to lead evidence on a plea which is not taken in their written statement and further the evidence produced in this connection is not trust worthy. The third element of delivery of the commodity within the market area is also missing in the present case. According to statements of PW2,PW3 and PW4, who are the commission agents working in Haryana and Rajasthan, the plain iff used to purchase the mustard seeds through them from outside the market area. They used to purchase the mustard seed on behalf of the plaintiff, got it weighed and put the same in gunny bags. Thereafter, according to the instructions of the plaintiff they used to send the same to the plaintiff. PW2 has stated that he had charged the commission on the said purchase from the plaintiff and also labour charges. To the similar effect is the statement of other PWs who had acted as Commission Agents on behalf of the plaintiff. The nor is the subject matter of any dispute. The question is if Ld. Trial court has observed that according to bills Ez.P3 P51,P54, P62, the delivery has taken place at Budhlada, since because the goods were sent from different places to Budhlada. The arrival of the goods at Budhlada is not disputed these deliveries were in furtherance of the sale transaction or simple deliveries to the plaintiff of their own goods purchased by their Agents from outside the market area A perusal of these bills show that these were consigned by different commission Agents to the plaintiff and were not purchased by the



plaintiffs themselves. A similar question arose in British India corporation Ltd. Vs. Market Committee Dhariwal, supplementary Vol.9, All India Land Law Reporter 558. It has been held in this case that according to three clauses of Sub Rule 7 of Rule 29 "the existance of an agreement of sale or purchase is necessary. Mere weighment delivery is not enough". In this case Ram Wool was being purchased by the Head Office at Kanpur and was being sent to different mills for processing. It was held that a finding has to be given by the market committee that the wool was delivered and weighed by the licensee in pursuance of a contract of parties. The matter was then taken to the Hon'ble Supreme Court by the parties and it was held that Situs of sale is to be determined. It was held that if the sale transaction took place within the market committee either by delivery of goods or by weighment thereof, the transaction would fall within the ambit of Rule 29(7)." It was further observed that "transactions must be delivery and/or weighment without which there will be no sale at all in law." The appellant has also placed reliance on Jagatjit Industries Vs. State of Punjab. 1993(3) RRR 480. In this case the market committee had by observing that no weighment of the produce was made and no facility was given by the Market committee in respect of the agreement produced purchased from outside the state, said it was not proper to impose market fees in respect of the purchases of agricultural produce made from outside the state of Punjab. This order of the Market committee was later on set aside by the Secretary, Punjab State Agricultural Marketing Board and the order of the State Agricultural Marketing Board and the order of the Market Committee was restored by the Hon 'ble High Court. In view of the law laid down in the judgments referred and in view of the facts of the case, it is proved that the



delivery of the mustard seeds at Budhlada was not in execution of any transaction of sale or purchase, but was the delivery of the commodity belonging to the plaintiff itself earlier purchased by it from outside the Punjab and was brought only for the purpose of manufacturing. Extraction of oi from mustard seeds hasbeen held to bea manufacturing processin Parkash Woolen Industries Vs. State of Haryana, 1980 PLR 54, as relied upon by the appellant.”

13. The Division Bench of this Court has held ***M/s Guru Nanak Industries case (supra)***, which reads as under:-

“21. Section 23 of the Act provides for levy of fee on agricultural produce bought or sold within the market area. However, in Rule 29 (7) of the Rules, a deeming section has been added providing for certain eventualities which, in turn, would lead to the conclusion that the agricultural produce was bought or sold within the market area, hence, market fee will be leviable. Any one of those eventualities in isolation may not itself lead to conclusion regarding the agricultural produce being bought or sold in the market area, if seen these parameters considered in the light of the principles as laid down in the Sale of Goods Act, 1930. Hon'ble the Supreme Court in Shalimar Chemical Works Limited's case (supra) opined a similar presumption raised to be rebuttable. The legal fiction so created was held to be beyond legislative policy. In the case of M/s Arihant Udhyog's case (supra), Hon'ble the Supreme Court opined that factum of purchase of sale of goods in a market area will depend on their title for the agricultural produce passes. If entire transaction takes place outside the State, market fee will not be payable. In this case also, reference was made to the provisions of the Sale of Goods Act, 1930.”



14. The appellant contended that the agricultural produce was weighed within the notified Market Area Committee at Budhlada, and examined DW-1, Mool Chand, the factory supervisor, in support of this claim. However, upon scrutiny of his cross-examination, it is evident that he did not witness any actual weighment, and no representative of the defendant was present at the relevant time. His testimony, therefore, rests on conjecture rather than verifiable facts. In these circumstances, as the sale and purchase of the agricultural produce did not occur within the notified Market Area of Budhlada, no infirmity or illegality exists in the judgment of the learned First Appellate Court, and the appeal, being devoid of merit, is hereby dismissed.

15. In view of the foregoing and the final adjudication of the principal matter, all pending miscellaneous applications, if any, arising from or connected with the present proceedings shall stand disposed of by necessary implication, and no separate or further orders are required in this regard.

04.02.2026
Gaurav Sorot

(**VIRINDER AGGARWAL**)
JUDGE

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