

Jasraj Inder Singh vs Hemraj Multanchand on 14 February, 1977

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Bench: A.C. Gupta, V.R. Krishna Iyer

JUDGMENT

v.R. Krishna Iyer, J.

1. The two appeals, measured by their legal merits or factual dimensions, may not justify their longevity from June 23, 1949 to February 1977-the former being the date of birth of the suit and the latter the termination, at long last, of the cases in this Court. The subject-matter is a relatively small money claim which perhaps, is less than the amount each side has spent on the forensic scrimmage. Before we narrate the facts and discuss the law, we may permit ourselves a pensive reflection about our processual justice. If we (law-makers and lawyers) tarry 'any longer to forge a speedy and radical jurisprudence of remedies-in-action, the long quest for the fruits of rights may tempt suitors into the traditional quagmire of processual legalistics wherefrom extrication may prove an expensive futility. The story which hopefully comes to a close with this judgment, among many others like this, bears testimony to the crying need for serious reform-not oblique by-pass-of the court-system by an aware legislature, lest the considerable social cost of pursuing judicial remedies stultify and disenchant seekers of legal justice. The facts, when unfolded, will validate this obiter intended to alert the law-maker.

2. The High Court, thanks to the then rule of valuation under Article 133(1)(a) of the Constitution, granted a certificate of fitness. The appellant-plaintiff, as kartha of a joint Hindu family, was running a business in the name and style of Jasraj Inder Singh with two shops, one in Khamgaon and the other in Bombay. (The trade name for the Bombay Shop was slightly different.) The respondent-defendant had been having dealings with the plaintiff at both places between October 1947, and May 1948. The accounts between the parties fluctuated from time to time, since deposits, advances, withdrawals and entrustment of, silver, castor, cotton and the like for sale as agents and crediting the prices in the accounts were a running feature of the mutual dealings. The plaintiff isolated the transactions which took place in Khamgaon and brought a suit claiming a sum of Rs. 11,401-7-9 which represented the net balance due on the Khamgaon khata to him from the defendant on May 12, 1948. Interest was also demanded on an alleged agreed rate. It is noteworthy that the plaintiff's initial folly, as Shri Desai, for the appellant, frankly admitted, was . in excluding from the suit claim the amounts due one way or the other from the Bombay branch of the business.

The contracting parties were identical, the dealings were similar and on any fair basis either could get from the other the net amount legally due from both the shops together. But legal sense and commonsense were abandoned by the plaintiff out of the oblique motive of claiming a larger sum than would be due in case a joint balance was struck. This dubious device, as will be seen presently, has backlashed on the plaintiff whose disaster in the High Court has been largely courted by this motivated cleverness. To revert to the litigative narrative, the defendant urged in defence that the demand was untenable since he had deposited six bars of silver with the Khamgaon shop of the plaintiff to be sold through his Bombay branch and if the sale proceeds thereof were taken into account in the Khamgaon khata a larger sum would be due to him. (We bypass, for the time being, the fight over this claim being a set-off under Order VIII, Rule 6, C.P.C., or a counter-claim in the nature of a substantive relief for the balance). This counter-claim was met by the plaintiff in an additional pleading wherein he urged that the sale of silver bars was a matter for the Bombay shop and should not be mixed up with the Khamgaon dealings which were the basis of the action. What falls for regrettable comment is that even at this stage the plaintiff did not invoke the obvious argument that the Khamgaon and the Bombay shops both belonged to the same owner and since the transactions were between the same parties (in different places though) when a suit for (or on) final accounts were filed, all the items in the twin places should figure in the resultant decree. If this, straight-forward plea were taken the facts tend to show the plaintiff would still have got a decree, maybe for a lesser sum. Often times, obdurate legal obscurantism of litigants leads to protraction of proceedings, projection of intricate procedural punctilios and the phyrrie processual victory forensically won being a potent source of perverting truth, draining resources and undoing justice. This sombre scenario of the case we are deciding proves how on account of the correct curial approach being blinded by the cantankerousness of the plaintiff, conveniently concurred in by the other side, revision and appeal, remand and appeal and attendant decades of delay and disproportionate litigative spending by both and two friendly businessmen, thanks to this feud, turning into foes, followed-at once a disaster to both and detriment to the business community. And some pre-trial conciliation activism by the court at an early stage might well have sorted out the dispute, bettered their relations and pre-empted this cock-fight. Doing justice is a noble behest which blesses all; deciding the lis within a judicative pyramid provocative of appeals and revisions, bleeds both and unwittingly incites the bitter persistence in the struggle to win (and lose!). We are courts of justice guided by law and the signature tune of the Judicature is *Fiat Justitia*. We gently suggested, in this spirit, whether the parties would be disposed to compose their quarrel. Counsel, as often happens, constructively helped, but the purchase of peace at this late stage was difficult and we gave up. Of course, adjudication on the law and the facts cannot and shall not be influenced by this extra-curial excursion.

3. We pick up the story of the suit where we left it. In the dog-fight that followed, a question of court-fee was raised and decided. That was taken up to the High Court and returned. A preliminary decree for accounts of the Bombay khata was passed and that too leapt to the High Court resulting in a remand, fresh issues and so on. Then a decree was passed and both sides challenged it in appeal and cross-objections and the last lap of the tiring race is this Court where the vanquished plaintiff is the appellant. We proceed to. decode the justice and the law of the cause.

4. We may state that the plaintiff's obstinate attitude in treating the Bombay shop and Khamgaon shop as two different persons each being entitled to sue the defendant without reference to the amounts due to the latter from the former in inter-connected business dealings is a legal fallacy and cute perversity. However, we may repeat that the defendant also proceeded on that 'shop autonomy' theory but only urged that the silver bars were wrongfully omitted from the Khamgaon khata. Shops are not persons; although suits may be filed in trade names. The trial Court took a commonsense view in commingling the business account of the same parties. This was good law. A plurality of shops owned by the same person does not proliferate into many 'shop-persons'. At an intermediate stage of the many involved interlocutory skirmishes, the plaintiff did allege: The alleged Silver Bars were sold by the defendant Suwalal through the said Bombay shop and naturally the sale proceeds of that quantity of Silver are credited in the defendant's Khata in the Bombay shop. The plaintiff, therefore in reply to the defendant's claim of Rupees 17000/- has to file the extracts of accounts of the Bombay shop to put the full picture of transactions before the court. As the Bombay shop shows the balance of Rs. 4535-12-0 as due to the defendants, the said fact has been so mentioned by the plaintiff in his statement.

5. In passing, we may mention that the counter-claim led to a demand for court-fee and the High Court affirmed this order but reduced the sum on which such fee was payable. Later, issues were framed by the trial Court which reflected the, integrated nature of the dealings between the two parties in the shops at Khamgaon and Bombay. The learned District Judge, not obsessed by the wrong-headed pleadings, took the view that the shops, though located at different places, were owned by the same family and the claims were so inter-connected that, in equity and law. set off was permissible and the net sum due to the plaintiff-less than what he had sued for-should be decreed. We may mention the relevant issues framed at the first round even here since we may have to refer to them later when dealing with a supportive submission of Shri Phadke for the defendant. Issues 5 and 7 may be reproduced here :-

5. Whether the Bombay & Khamgaon shops owned by plaintiff's partners are so connected with each other that a composite account of the entries in the two shops can be made by the Defendants?

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7. Whether on making an account of the two shops of the Plaintiff of Bombay and Khamgaon, the Defendants are entitled to a set-off thereafter to a sum of:

(a) Rs. 17000/- as claimed by the Defendants or to a set off.

(b) Rs. 4535-12-0 as stated by the plaintiff?

Later, amended pleadings led to amended issues of which issues 4 to 6 are meaningful and are set out below with the findings thereon:

4. Whether the Bombay and Khamgaon shops owned by plaintiff's partners are so connected with each other that a composite account of the entries in two shops can be made by the defendants?-Yes

5. (a) Whether a sum of Rupees 44697/10 is debited to the defendants in the account of the Bombay shop?-Yes.

(b) Are these entries proper and correct? - Yes.

(c) And in time?-Yes.

6. Whether on making an account of the two shops of the plain tiff of Bombay and Khamgaon the defendants are entitled to a set off and thereafter to a sum of-

(a) Rs. 17000/- as claimed by the defendants or to a set off- No.

(b) Rs. 4535/12/- as stated by the plaintiff? -Yes.

6. The plain fact emerges that the two parties were having dealings with each other, that the dealings in Khamgaon and Bombay were inter-related and not totally different transactions, dissociated in nature and divorced in period. The trial Judge treated the totality of transactions as a composite account and the suit as one on accounts. He granted a decree on these terms:

The plaintiff shall' render an account of the Bombay shop to the defendant, who shall be entitled to falsify and surcharge. A preliminary decree for accounts under Order 20, Rule 16, C.P.C. shall be drawn up. After making an account and the necessary adjustment, the eventual liability inter se shall be determined. Costs shall abide the result.

The plaintiff appealed and the defendant filed cross-objections. After a study of Order 8, Rule 6 C.P.C., the High Court felt that the Bombay accounts should not have been gone into and the defendant's claim by way of set off alone was available for adjudication. Since it had been held that the silver bars were an item in the Khamgaon shop accounts, the direction for rendition of the Bombay account was illegal.' The Court observed:

The learned lower Court was thus in error in converting the claim of set off into a claim for rendering accounts by the plaintiff to the defendants in respect of the dealings made in the Bombay shop. The lower Court was bound in terms of Order 8 Rule 6, to treat this claim of set off as a money claim in respect of the ascertained amount and to find whether such amount was due to the defendants from plaintiff. If such amount was found due to the defendants from the plaintiff, then the defendants would be entitled to set off that amount as against the claim of the plaintiff.

The decree as passed by the learned lower Court will, therefore, have to be set aside. It is necessary for the trial Court to decide as to what amount was due to the defendants from the plaintiff. The issue was framed and parties have led evidence. The lower Court shall decide the issues left undecided for final decree. The learned lower Court will decide whether it is proved on the facts that the defendants have to recover Rs. 17000/- from the plaintiff, and if so found, will adjust the eventual liability inter se, and if it is found that any of the parties has to recover any amount from the other, a decree should be accordingly passed....

The case is, therefore, sent back to the trial Court who will decide as to what amount is due to the defendants from the plaintiff. Thereafter whatever amount is found due to the defendants shall be adjusted towards the proved claim of the plaintiff in respect of the deposits in the Khamgaon shop. The Court shall pass a decree in favour of the party in whose favour the balance will be found due.

It is true that the High Court's observations inhibited the Bombay accounts being generally reopened but when the case was remanded for fresh decision, the trial Court, apparently pressed by the injustice of amputating the composite dealings, went on to hold that while the plaintiff was right in his demand vis-a-vis the Khamgaon khata, the defendant was entitled to a sum of Rupees 4535/12/- from the Bombay accounts and awarded to the plaintiff a decree for the net balance of Rs. 7,464/4/-. This he did in purported compliance with the High Court's direction. He was bound by it and to act contrary to a higher court's order is to be subversive of the discipline that the rule of law enjoys in our hierarchical justice system. The trial Judge, in recording findings on all the issues, did a comprehensive investigation of the Bombay accounts since the silver bars, although entrusted to the Khamgaon shop, were sold in Bombay and rightly credited in the Bombay khata.

7. To pick out a single true item which had been inextricably got enmeshed in the skein of entries and cross-entries was to tear up the fabric of the whole truth. In a finer sense, harmony is the beautiful totality of a whole sequence of notes and the concord of sweet sounds is ill-tuned into disjointed discord if a note or two is unmusically cut and played. Truth, like song, is whole, and half-truth can be noise! Justice is truth, is beauty and the strategy of healing injustice is discovery of the whole truth and harmonising human relations. Law's finest hour is not in meditating on abstractions but in being the delivery agent of full fairness. This divagation is justified by the need to remind ourselves that the grammar of justice according to law is not little litigative solution of isolated problems but resolving the conflict in its wider bearings.

8. Let us pick up the threads of the litigation. Even the interrogatories served and the answers elicited made it clear that while there were two shops in two different venues, the dealings between the plaintiff and the defendant were closely connected-rather, integrated. That furnished the justification for the trial Judge to examine the Bombay accounts between the parties and he came to the factual conclusion : 'I see absolutely no reason to doubt the correctness of any of the entries in these extracts of plaintiff's account book (Exht. P-23), I answer issues 5(a) and (b) in the affirmative.

Ex. P. 23 contains on the credit side the sale proceeds of defendant's silver which was sold in Bombay.' A plea had been feebly raised by the defendants that some of the items in the Bombay account were barred by limitation and the plaintiff could not claim credit for them. This plea was also examined by the trial Court and negatived with the observation : 'I hold that in view of the credit and debit entries in Ex. P. 23 all the debit entries were within time at the material period. I answer issue 5(c) in the affirmative.'

9. Thus there was no denial of fairness in the trial because the Bombay accounts in their entirety were put in issue, and focused on by both sides in the evidence followed by appropriate findings. The upshot of this process was, in the language of the trial Court : 'Thus all things considered plaintiff is entitled to Rs. 12, 000/- minus Rupees 4535/12/- i.e., Rs. 7,464/4/ from the defendants'. The court denied costs to both since neither came with clean hands. Both sides were guilty of not playing cricket and, in this game of over-reaching each other, the Court's penalty is denial of costs. This rule was adopted by the trial Court.

10. When the case went up in appeal, the High Court harked back to the order of the Nagpur Bench in the same case in a revision filed against the order of payment of court-fee for the counter-claim. It is true the High Court had then held that only a specific sum relating to the sale of silver bars was the basis of the counter-claim and the entire accounts of the Bombay shop was not at large before the Court. The High Court referred again to the decree first passed by the trial Court to render an account of the Bombay shop to the defendant on the footing that the accounts in Bombay and Khamgaon were so inter-connected as to warrant a composite understanding of the entries in the two shops. This approach of the trial Court in passing a preliminary decree for rendition of accounts was set aside by the High Court in appeal at the first round on the score that the plea of the defendant was confined to one of set off under Order 8. Rule 6 C.P.C. Therefore, argued the High Court, A mere liability to account cannot be an answer by way of set off to the claim of the plaintiff. In fact, the defendants in their written statement, claimed by way of set off such ascertained sum of money which, according to them, was Rupees 17000/-. It is because such ascertained sum was claimed by way of set off that the claim was entertained for investigation by the lower Court. Therefore, the only question that was before the learned lower Court was to find out what amount was due to the plaintiff from the defendants in respect of the deposits of amounts made in the Khamgaon shop and also to find out what amount was due to the defendants from the plaintiff in respect of the silver transactions made in the Bombay shop. The question of rendering accounts by the plaintiff to the defendants could not arise on the facts of the case.

11. The remand order was undoubtedly binding on the lower Court and had directed a limited enquiry and passing of a decree 'in favour of the party in whose favour the balance will be found due.' The High Court held that after the remand the learned trial Judge had no jurisdiction to look into the Bombay accounts as a whole and on account of the misapprehension of the observations of the remand order an illegal decree had been passed in favour of the plaintiff.

12. What was the misapprehension about? While directing a remand, the High Court ordered that issue' 6 should be decided by the trial Court and this issue has been set out earlier by us. Naturally, the trial Court took the view that the High Court, having ordered an adjudication of issue learned

Counsel 6, vested it with the jurisdiction to enquire into the Bombay accounts in toto and pass the decree that we have already indicated, viz., a deduction of the surplus due to the defendant from the Bombay accounts from the amount due to the plaintiff from the defendant according to the Khamgaon accounts. The arithmetic is not in dispute and, indeed, while both the counsel have taken us through the evidence in the case we are satisfied that if both the Khamgaon and the Bombay accounts had to be gone into, the decree passed was correct both regarding the quantum and on the issue of limitation. This we affirm because Shri Phadke had feebly pressed before us that in any case his client should be given a fresh opportunity to make out his case regarding the various entries in the Bombay katha. We are not satisfied that the defendant has not had a full say and We are therefore disinclined to accede to this request.

13. The surviving question before us is whether it was in order for the trial Court to have investigated the accounts in the two shops together as if they were transactions between the same two persons or whether the remand order of the High Court at the first round had fettered the trial Court's hands in doing justice in this comprehensive way. The suit is for a sum due on accounts. The parties are the same. There are two shops belonging to the same owner. The return of the income from the two shops, for income-tax purposes, is a consolidated one. In short, there was only one person who owned two shops and it is wrong to construe the situation as if there were two juristic entities or personae. Secondly, the defendant, who dealt with the plaintiff in the two shops, was the same person. He had no dual characteristics. The dealings were either in one or in the other shop. They were business dealings between two businessmen, during the same period, and even inter-related, to such an extent that sometimes advances were made from one shop and realisations were made in the other shop. In short an artificial dissection of these transactions could not square up with the reality of the situation. Shri Phadke urged that one contract was one transaction and a set of contracts need not be necessarily brought up in the same action between the same parties. We consider that the true nature of the action here is a suit on account for the sum due on striking a balance. That itself is the cause of action. Such a suit is not unfamiliar and such a cause of action may be made up of various minor transactions. Viewed at the micro level each may be a single contract. But viewed at the macro level as a suit on accounts, it is a single cause of action, If the present action is one on accounts and if the various entries in the two shops at Khamgaon and Bombay involve transfusion of funds and goods, there is no reason why we should not accept as sound the approach made by the trial Court that the entirety of accounts in the two shops should be viewed as a composite one. It reduces litigation; it promotes the final financial settlement as between the parties; it has the stamp of reality. Otherwise it would be an odd distortion to grant a decree for the plaintiff for, say Rs. 10,000/- on the strength of the Khamgaon accounts while he owes the defendant Rs. 50,000/- according to the Bombay accounts. Order 8, Rule 6, C.P.C. deals with a specific situation and does not prevent the Court where the facts call for wider relief from looking into the accounts in both places to do ultimate justice between the parties. Procedure is the handmaid and not the mistress of justice and, in this spirit, the trial Court's adjudication cannot be faulted.

14. Be that as it may, in an appeal against the High Court's finding, the Supreme Court is not bound by what the High Court might have held in its remand order. It is true that a subordinate court is bound by the direction of the High Court. It is equally true that the same High Court, hearing the

matter on a second occasion or any other court of co-ordinate authority hearing the matter cannot discard the earlier holding, but a finding in a remand order cannot bind a higher Court when it comes up in appeal before it. This is the correct view of the law, although Shri Phadke controverted it, without reliance on any authority. Nor did Shri S.T. Desai, who asserted this proposition, which we regard as correct, cite any precedent of this Court in support. However, it transpires that in *Lonankutty v. Thomman* this proposition has been affirmed. Viewed simplistically, the remand order by the High Court is a finding in an intermediate stage of the same litigation. When it came to the trial Court and escalated to the High Court, it remained the same litigation. The appeal before the Supreme Court is from the suit as a whole and, therefore, the entire subject-matter is available for adjudication before us. If, on any other principle of finality statutorily conferred or on account of *res judicata* attracted by a decision in an allied litigation the matter is concluded, we too are bound in the Supreme Court. Otherwise, the whole *lis* for the first time comes to this Court and the High Court's finding at an intermediate stage does not prevent examination of the position of law by this Court. Intermediate stages of the litigation and orders passed at those stages have a provisional finality. After discussing various aspects of the matter, Chandrachud J., speaking for the Court in *Lonankutty* observed : "The circumstance that the remanding judgment of the High Court was not appealed against, assuming that an appeal lay therefrom, cannot preclude the appellant from challenging the correctness of the view taken by the High Court in that judgment." The contention barred before the High Court is still available to be canvassed before this Court when it seeks to pronounce finally on the entirety of the suit.

15. Shri Desai cited before us the decision of the Bombay High Court, in *Ratanlal* 1975 Mah LJ 65 as part of his argument. Therein it is laid down that a remand order will not operate as *res judicata* and preclude the remanding court from reopening it at the subsequent stage of the same continuing proceeding when the law underlying the remand order is differently interpreted by a larger Bench of by the Supreme Court. Such an order or finding recorded at the stage of remand happens to be interlocutory and cannot terminate the cause finally so that when the litigation comes up before the remanding court, the previous remand order would ordinarily be conclusive and binding like any other interlocutory order. But exceptions there are where a re-consideration of such an order is necessitated either by discovery of fresh matter or of unforeseen development subsequent to the order or change of law having retrospective effect. We do not make any comments on this argument of Shri Desai and leave it at that.

16. The trial Court's judgment has therefore to be restored. It accords with justice and with law. There will thus be a decree in favour of the plaintiff in a sum of Rupees 7,464/4/-. Even truthful case urged through unvarnished forensic processes must be visited with the punitive curial displeasure of denial of costs and discretionary interest. Her" the plaintiff sued for a sum of Rupees 12,000/- and gets a decree for less than Rs. 8,000/-. We deny him costs for the amount decreed in his favour but allow costs for the defendant to the extent he has succeeded (*viz.*, for Rs. 4,535/12/-). The equities of the situation are such, especially having regard to the long lapse of time and the dubious attitude of the plaintiff and litigative prolixity, that we do not' award interest on the amount decreed at all.