

## **Nagar Mahapalika Bareilly vs State Of U.P. & Others on 2 February, 1988**

**Equivalent citations: 1988 AIR 850, 1988 SCR (2) 865, 1988 ALL. L. J. 527, 1988 (2) SCC 193, (1988) 14 ALL LR 263, (1988) 24 STC 212, (1988) 70 STC 97, 1988 SCC(TAX) 186, 1988 MCC 64, 1988 UPTC 489, (1988) 1 JT 594 (SC), (1988) 1 SCJ 562, (1988) UPLBEC 237, 1988 UJ(SC) 1 458, AIR 1988 SUPREME COURT 850**

**Author: Sabyasachi Mukharji**

**Bench: Sabyasachi Mukharji**

PETITIONER:  
NAGAR MAHAPALIKA BAREILLY

Vs.

RESPONDENT:  
STATE OF U.P. & OTHERS

DATE OF JUDGMENT 02/02/1988

BENCH:  
MUKHARJI, SABYASACHI (J)  
BENCH:  
MUKHARJI, SABYASACHI (J)  
RANGNATHAN, S.

CITATION:  
1988 AIR 850                      1988 SCR (2) 865  
1988 SCC (2) 193              JT 1988 (1) 594  
1988 SCALE (1) 307

ACT:

U.P. Nagar Mahapalika Adhiniyam, 1959: Section 172 (2) (b) and Notification dated April 30, 1986, Schedule Class III Item No. 7 & Class VI Item No. 6- 'Foreign imported liquor and all kinds of wine made in India'-Interpretation of-Levy and realisation of octroi-Taxable event is entry-Nature and type of goods the relevant factor-Country spirit/rectified spirit-Levy of octroi duty.

Statutory Interpretation: Taxing Statute-Taxable items mentioned in Schedule to enactment-Court to give meaning intended by framers of schedule-All items in one group to be considered in a generic sense.

HEADNOTE:

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The Nagar Mahapalika, Bareilly petitioner imposed octroi duty on goods brought within its limits for 'consumption, use or sale therein' through a Notification dated April 30, 1986 in exercise of powers under section 172(2)(b) of the U.P. Nagar Mahapalika Adhiniyam, 1959. In the Schedule forming part of this notification are mentioned the articles on which octroi duty is payable and the rates thereof. The articles have been grouped together in different classes from Class I to Class X. Class III which bears the Heading "Articles of lighting, fuel, washing and lubricants contains the entry Item No. 7 as "7. Methalated denatured and rectified spirit-Rs.0.05 per litre." Class VI with the heading "Tobacco and other intoxicating goods" contains the entry at Item No. 6: as "6. Foreign imported liquor and all kinds of wines made in India-Re.1 per litre."

Kasturi Lal Satanttra Kumar and his partner-respondents 3 and 4 by a bid in the auction held for retail vend of country liquor for the excise year 1987-88 ending on March 31, 1988 obtained the necessary licence under the U.P. Excise Act for a group of shops in the district of Bareilly. One of the conditions of the auction which also formed part of the licence was that the licensee would obtain supply of country liquor for retail vend from the bonded warehouse in respect of Bareilly district.

The Nagar Mahapalika sought to realise octroi duty on the

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country spirit supplied by the bonded warehouse at the rate of Re.1 per litre treating it to be 'liquor fit for human consumption' under Entry 6 of Class VI of the Notification.

The respondents filed a writ petition for a direction to restrain the Nagar Mahapalika from collecting octroi at the rate of Re.1 per litre contending that country spirit is nothing but rectified spirit and that octroi duty could not be charged in excess of Rs.0.05 per litre under Item No. 7 of Class III of the Notification.

The High Court allowed the writ petition and restrained the Nagar Mahapalika from requiring payment of octroi duty at Re.1 per litre upon the country spirit brought within its limit under Item No. 6 of Class VI of the Schedule to the Notification.

Dismissing the SLP of the Nagar Mahapalika, this Court,  
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HELD: 1. The taxable event for the imposition of octroi is the entry, and the nature and type of the goods at the point of entry on the relevant factors. [870A]

2. The normal meaning of the expressions "foreign imported liquor or all kinds of wine made in India" would not fit in the description of the rectified spirit. Ordinary

people would not consider rectified spirit to be 'foreign imported liquor or all kinds of wines made in India'. That is not the natural meaning as understood by common people. That is the yardstick by which this should be judged. The dictionary meaning also corresponds to the same view. [868E-F]

3. While giving a meaning to an Item contained in the Schedule of articles, the Court should normally give it a meaning intended by the framers of the Schedule by looking at the various articles mentioned in a particular group. All the items in one group should be considered in a generic sense. [868H; 869A]

In the instant case, having regard to the nature of the duty and the type of the goods, rectified spirit is dutiable at the rate of Rs.0.05 per litre and not on the basis that it was 'foreign wine or liquor.' [870B]

State of U.P. and others v. Synthetics and Chemical Ltd. etc. etc., A.I.R. 1980 S.C. 614, referred to.

Heeralal and others v. State, A.I.R. 1979 Rajasthan 133, approved.

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#### JUDGMENT:

CIVIL APPELLATE JURISDICTION: S.L.P. (CIVIL) No. 14968 of 1987.

From the Judgment and Order dated 2.11.1987 of the High Court of Allahabad in Civil Misc. Petition No.492 of 1987.

S.N. Kacker and Pramod Swarup for the Petitioner. Soli J. Sorabjee and R.B. Mehrotra for the Respondents. The Judgment of the Court was delivered by SBYASACHI MUKHARJI, J. This petition under Article 136 of the Constitution for leave to appeal is against the decision of the High Court of Allahabad dated 2nd of November, 1987. The question involved here is regarding the levy and realisation of octroi duty by the Nagar Mahapalika, Bareilly in Uttar Pradesh. Kasturi Lal Satantra Kumar and his partner, respondents herein, by a bid in the auction held for retail vend of country liquor for excise year 1987- 88 ending on March 31, 1988 obtained the necessary licence under the U.P. Excise Act for a group of shops known as Faridpur Group in the district of Bareilly. The auction was held in the month of March, 1987. One of the conditions of the auction which also formed part of the licence, was that the licensee would obtain supply of country liquor for retail vend from the bonded warehouse in respect of Bareilly district situated within the limits of Nagar Mahapalika Bareilly.

Indubitably the said Kasturi petitioner in the original writ petition brought into the territory country spirit, the question was at what rate the municipality was to impose octroi duty on the rectified spirit which was brought.

It appears that there was a notification dated 30th of April, 1986, published in the U.P. Gazette in exercise of powers under section 172(2)(b) of the U.P. Nagar Mahapalika Adhiniyam, 1959. In the Schedule forming part of that notification are mentioned the articles on which the octroi duty is payable and the rates thereof. The articles have been grouped together in different classes from Class I to Class X. Class III which bears the heading "Articles of lighting, Fuel, Washing and Lubricants" contains the following entry as item No. 7:

"7. Methelated denatured and rectified spirit .....Rs.0.05 per litre"

Class VI with the heading "Tobacco and other intoxicating goods" contains the following entry at item No. 6:

"6. Foreign imported liquor and all kinds of wines made in India.

.....Re.1 per litre"

It is asserted on behalf of the respondents that the point of entry within the Nagar Mahapalika limits, the plain spirit is nothing but rectified spirit and that octroi duty could not be charged upon it in excess of Rs.0.05 per litre under Item No. 7 of Class III of the aforesaid Gazette Notification. The Municipality contends otherwise that it is foreign imported liquor of all kinds of wines made in India. The base for this contention is that for foreign liquor or wine rectified spirit is used. Reliance was placed on a decision of this Court in the State of U.P. and others v. Synthetics and Chemical Ltd. etc. etc., A.I.R. 1980 S.C. 614, where this Court observed that the term 'liquor' in the various Abkari Acts in the provinces of India would not only cover those alcoholic liquids which are generally used for beverage purposes and produce intoxication but also all liquids containing alcohol. It is, therefore, submitted that the payment of octroi duty could not be avoided by the respondents saying that the plain country spirit was not liquor in the sense that it was not fit for human consumption at the stage when it was brought within the limits of the Nagar Mahapalika. The normal meaning of the expression "foreign imported liquor or all kinds of wine made in India" would not fit in the description of the rectified spirit. Ordinary people would not consider rectified spirit to be foreign imported liquor or all kinds of wines made in India. That is not the natural meaning as understood by common people. That is the yardstick by which this should be judged. The dictionary meaning also corresponds to the same view. "Wine" according to Collins Dictionary of the English language means an alcoholic drink produced by the fermenting of grapes with water and sugar and an alcoholic drink produced in this way from other fruits, flowers etc. By any common notion it could not be considered that the respondents having regard to the nature of the goods, brought into the territory liquor or wine. The High Court has come to that conclusion after taking into consideration the ordinary notion. While giving a meaning to an item contained in the Schedule of articles, the Court should normally give it a meaning intended by the framers of the Schedule by looking at the various articles mentioned in a particular group. All the items in one group should be considered in a generic sense. It appears that Class III of the Schedule in the instant case was intended to deal with the subjects of Methelated denatured and rectified spirit which was brought within the limits of the Nagar Mahapalika for use as articles for lighting, fuel, washing and lubricants at the low rate of Rs.0.05 per litre while liquor brought within its limits for use as an article of intoxication was

intended to be subjected to levy of octroi duty at the higher rate of Re.1 per litre. Class VI contains the following items:

"Class VI-Tobacco and other intoxicating goods:

1. Field dried tobacco, its chura and roots ordinary tobacco for eating and Hugga.
2. Scented tobacco for eating and smoking, Qimam, Surti, Sugni.
3. Leaves of bidi.
4. Bidi tobacco, finished bidi, prepared khamira tobacco.
5. Cigarette cigar, foreign type manufactured tobacco which is smoked through cigarette and pipe, cigarette paper, pipe and other such articles
6. Foreign imported liquor and all kinds of wines made in India.
7. Bear."

The scheme is found in respect of the articles mentioned in the various other classes also. The High Court has noted Class-I which deals with articles of food and drinks for men and animals. Item No. 1 of the said class mentions wheat and paddy; item No. 6 mentions chemical fodder meant for animals and birds; item No. 16 mentions ice made of water and item No. 17 mentions all cold drinks like Double Seven, Thumps-up, Limca, Gold-spot, etc. Likewise, in Class III, articles for lighting, fuel, washing and lubricants, one finds at item 1 fuel and wood etc. We must reiterate that we are concerned with a duty which is imposed at the time of entry and not how it is used thereafter. The taxable event for the imposition of octroi is the entry and the nature and type of the goods at the point of entry is the relevant factor.

We may note that this view was taken by the Rajasthan High Court in Heeralal and others v. State, A.I.R. 1979 Rajasthan 133. Having regard to the nature of the duty and the type of the goods with which we are concerned, we are of the opinion that the rectified spirit is dutiable at the rate of Rs.0.05 per litre and not on the basis that it was foreign wine or liquor.

In the premises, the view taken by the High Court is right. This petition therefore, fails and is accordingly dismissed.

N.V.K.

Petition dismissed.