

## **J. Fernandes & Co vs The Deputy Chief Controller Of Imports & ... on 7 March, 1975**

**Equivalent citations: 1975 AIR 1208, 1975 SCR (3) 863, AIR 1975 SUPREME COURT 1208, 1975 (1) SCC 716 1975 3 SCR 867, 1975 3 SCR 867, 1975 3 SCR 867 1975 (1) SCC 716, 1975 (1) SCC 716**

**Author: A.N. Ray**

**Bench: A.N. Ray, Kuttyil Kurien Mathew**

PETITIONER:

J. FERNANDES & CO.

Vs.

RESPONDENT:

THE DEPUTY CHIEF CONTROLLER OF IMPORTS & EXPORTS AND ORS.

DATE OF JUDGMENT 07/03/1975

BENCH:

RAY, A.N. (CJ)

BENCH:

RAY, A.N. (CJ)

MATHEW, KUTTYIL KURIEN

CITATION:

1975 AIR 1208                      1975 SCR (3) 863

1975 SCC (1) 716

CITATOR INFO :

D                      1981 SC1946 (32)

ACT:

Constitution of India, 1950, Articles 73(1)(a), 239(1), 240 and 264(4)--depending on whether licence was granted before or after liberation of Goa--Classification, if valid.

Constitution of India, 1950, Art. 32--Grant of import licence--Petitioner not challenging the validity of the Statute or statutory orders--Wrong application of law, if a violation of fundamental right.

Constitution of India, 1950, Articles 73(1)(a), 239(1), 240 and 246(4)--Union Territory, administration of--Union Government, if can issue executive directions to Administrator.

Goa, Daman and Diu (Administration) Ordinance No. 2 of 1962, Ss. 3, 4 and 7 and Goa, Daman and Diu (Administration) Act No. 1 of 1962, Ss. 4, 5 and 9--Validation of all actions

taken in good faith and for peace and good Government of Goa, Daman and Diu--Licence granted contrary to Procedure or by mistake or inadvertence. if could be validated.

Constitution of India, 1950, Article 19(1)(f)--Rejection of application for grant of import licence--Petitioner, if can claim fundamental right to the grant of licence on the basis of a policy statement.

International Law--Acquisition of new Territory by Union of India--Rights, if could be founded on pre-liberation law--Central Government (new Sovereign), if can alter pre-existing procedure for issuing import licence.

HEADNOTE:

The petitioners are a partnership firm. They are successors to J. Fernandes & Company (Original concern) of which Joshino Fernandes was the sole proprietor. In the month of October, 1961 the original concern booked orders for purchase of Surveying & Mathematical Instruments and Surgical & Scientific Instruments with a German firm. The orders were accepted by the German firm on 7th November, 1961. On 19/20 December, 1961 Goa was liberated. On 18 January, 1962 the original concern applied to the Administrator of Goa for issuing an import licence for pound 32,652.10 for Surveying and Mathematical Instruments and Surgical and Laboratory Equipments, along with necessary papers of firm commitments. The original concern obtained a licence on 12 February, 1962. The licence was No. 47. It opened a letter of credit on 21 February, 1962 for 50 per cent of the licence. The Central Government on 21 February, 1962 informed the Administrator, Goa, that the Central Government withheld action on all pending cases where import had been authorised. Pursuant thereto the Administrator, Goa issued directions to suspend issue of letter of credit and all cases relating to firm commitments entered into before 18 December, 1961 which were till then not disposed of, should be frozen. On April 2, 1962 the Administrator of Goa issued a Press Note that imports into Goa, Daman and Diu would be governed by three principles. First import would be allowed in cases (a) where letters of credits had been opened with the Banco National Ultra Marines on or before 18 December, 1961; (b) where goods were, shipped on or before 20 December, 1961. Second, imports of certain specified items were banned. Third, imports would be allowed of certain goods to the extent of 50 per cent of imports actually made in the quarter of September, October and November, 1961.

The petitioner's licence No. 47 was revalidated on 28 May, 1962 for pound 16,000 for which the petitioner had not till then opened letter of credit.

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27 February, 1962 is the date when the Administrator of Goa

suspended issue of fresh letter of credit. In the month of July, 1962 the petitioner effected imports of goods for the full value.

The Imports and Exports Control Act, 1947 was applied to Goa, Daman & Diu from 1 October, 1963.

In October, 1964 the original concern was taken over by the petitioner.

In 1967 the Hand Book for the year 1967 declared the period 1 April, 1961 to 31 March, 1966 as the basic period and any one year during the period could be selected as the basic import by the concerned party who would become the established importers.

On 15 May, 1967 the petitioner applied to the licensing authorities for recognising the change in the constitution of the firm and fixation of quota for which they could import the goods. The licensing authorities recognised the change in the constitution but refused to fix the quota on the ground that the original licence No. 47 granted to the original concern on 12 February, 1962 was not issued in accordance with the procedure followed for the issue of licence at that time. The petitioner filed an appeal against the order. The appeal was rejected.

This writ petition has been filed by the petitioners praying for a writ of mandamus directing the respondents to cancel four orders mentioned in the petition and to issue quota certificate to the petitioners.

It was contended for the petitioners : (i) The petitioners' fundamental right under Art. 14 is violated because the respondents discriminated against the petitioners. The respondents granted licences to six parties. There is no distinction between the cases of the petitioners and the case of the six traders. (ii) The licence No. 47 dated 12 February, 1962 was a licence issued in accordance with the procedure followed for the issue of licence at that time. The directions of the Central Government were illegal. The Central Government was not competent to issue directions to the Administrator of Goa except through the President in view of Arts. 239 and 240 of the Constitution. (iii) The provisions of the Goa, Daman and Diu (Administration) Ordinance No. 2 of 1962, and Goa, Daman and Diu, Administration Act 1 of 1962 cured all irregularities of the State, if any, for the grant of licence. And (iv), the refusal to consider the application affects the fundamental right of the petitioner to carry on trade and business.

Rejecting the contentions and dismissing the writ petitions. HELD : (i) The classification of persons with reference to the grant of import licence depending on whether it was granted before the liberation or after the liberation of Goa is a valid classification based on intelligible differentia having a rational nexus with the object of import licence policy. There is no violation of Art. 14. The petitioner stands on a different footing and does not belong to the class of persons who were given import licences during the

Portuguese Rule before liberation of Goa. [872 G-H]

(ii) The petitioner does not challenge the validity of paragraph 33(n) of the Hand Book of Rules of Procedure. There is no challenge to the authority of the Deputy Chief Controller of Imports and Exports to pass an order in the light of paragraph 33(n) of the Hand Book. [873 C]

Really, the petitioner's contention is that the licensing authorities misapplied or wrongly applied the Imports and Exports Control Act. A petition under Art. 32 will not be competent to challenge any erroneous decision of an authority. [873 D]

Gulabdas & Co. v. Assistant Collector of Customs, A.T.R. 1957 S.C. 733, State of Jammu & Kashmir v. Mir Gulam Rasul, [1961] 3 S.C.R. 969, Smt. Ujjam Bai v. State of U.P., [1963] 1 S.C.R. 778 and Bhatnagars & Co. Ltd. v. Union of India, [1957] S.C.R. 701 at 712, relied on.

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Parliament has power under Art. 246(4) to make laws with respect to any Union Territory. The executive power of the Union under Art. 73(1)(a) shall extend to the matters with respect to which Parliament has power to make laws. The Union Government has, therefore, power to issue executive directions to the Administrator of a Union Territory. So long as there is no conflict between a direction issued by the Central Government and a Presidential Regulation made under Art. 240, the Administrator of a Union Territory is bound to carry out the orders and directions given by the Central Government. [875 G-H]

Shamsher Singh v. State of Punjab & Anr., A.I.R. 1974 S.C. 2192, referred to.

There is no particular statute or Portuguese law which confers any right on the petitioner to get an import licence in the circumstances in which it was issued to him. Even if pre-liberation laws continued to be in force with effect from 5 March, 1962 that would not take away power of the Central Government to modify or alter the preexisting procedure for issuing import licences, after liberation, in exercise of its executive powers under Art. 73(1) of the Constitution. [876 D]

(iii) Section 3 and 4 of the Goa, Daman and Diu (Administration) Ordinance No. 2 of 1961 and Section 4 and 5 of the Goa, Daman and Diu (Administration) Act No. 1 of 1962 do not support the case of the petitioner. These provisions in the Ordinance and the Act came into force on 5 March, 1962. The import licence was issued on 12 February, 1962 which is prior to the coming into force of the provisions of the Ordinance and the Act. After the liberation of Goa the Portuguese laws were not in force and, therefore, the petitioner cannot take recourse to the Portuguese laws for the validity of the licence which was issued on 12 February, 1962. The Chief Civil Administrator was subordinate authority to the Government of India and was bound to obey the directions of the Central Government. The Chief Civil

Administrator had no authority to issue a licence in disregard of the directions of the Central Government. Such a licence would not confer any right on the petitioner. [874 C-E]

State of Punjab v. Jagdip Singh, [1964] 4 S.C.R. 964, referred to.

The petitioner cannot draw any sustenance either from section 7 of the Ordinance or section 9 of the Act for three reasons. First, the scope of validation is limited to such acts which were done in good faith and with the reasonable belief that they were necessary for peace and good Government. The licence was issued in contravention of lawful directions given by the Government of India. The licence was not issued in good faith or in a reasonable belief that they were necessary for the peace and good Government of Goa, Daman and Diu. Second, the validation was not intended to protect breaches of directions issued by the new sovereign. [874 E-G]

Pama Chibar v. Union of India, [1966] 1 S.C.R. 357, referred to.

Third, in the year 1967 the Government of India laid down the conditions that imports made under licences issued through inadvertence or mistake in the past would not be considered for issuing the import quota certificate. This is a matter of policy. The policy decision is also not challenged by the petitioner. If the policy is followed and in a given case a licence was issued contrary to the procedure or by mistake or inadvertence the decision in the year 1968 in the light of the policy enunciated in 1967 cannot be regarded erroneous simply on the ground that the original licence erroneously issued in 1962 might be validated under s. 7 of the Ordinance. [874 H-875 B]

Revalidation was in violation of the terms and conditions set out by the Chief Civil Administrator in his Press Note dated 2 April, 1962. It is not correct to say that the Chief Civil Administrator revalidated the licence dated 12 February 1962 on 28 May, 1962. The Chief Civil Administrator merely extended the validity of the licence for a further period of 90 days. It is not a case of revalidation of a defective licence but a case of extension of the duration of the licence. [875 C-D]

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(iv) No materials were shown to establish that the original concern was a regular registered importer. That apart, no person can on the basis of a Policy statement claim a right to the grant of an import licence. This Court has held that there is no absolute right much less a fundamental right, to the grant of an import licence. In the present case, there is no misconstruction of any statutory provision. It cannot be said that there is no authority of law to reject an application for import licence. [876 E-E; 877 C-E]

Smt. Ujjam Bai v. State of U.P., [1963] 1 SCR 778, M/s. Andhra Industrial Works v. Chief Controller of Imports and

Others, AIR 1974, SC 1539, and Deputy Assistant Iron and Steel Controller v. L. Manickchand, Proprietor, Katrella Metal Corporation, Madras, [1972] 3 SCR 1, relied on. Tata Iron and Steel Co. Ltd. v. S. R. Sarkar, [1961] 1 SCR 379, K. T. Moopil Nair v. The State of Kerala, [1961] 3 SCR 77, Shri Madanlal Arora v. The Excise and Taxation, Officer, [1962] SCR 823, referred to.

JUDGMENT :

ORIGINAL JURISDICTION : Writ Petition No. 615 of 1970. Petition under Art. 32 of the Constitution of India. Y. S. Chitale, H. N. Ramachandra and B. R. Agarwala, for the petitioners.

P. P. Rao and S. P. Nayar, for the respondents. The Judgment of the Court was delivered by RAY., C. J.-This writ petition is for a mandamus directing the respondents to cancel for orders mentioned in the petition and to issue quota certificate to the petitioners in respect of their past imports.

The petitioners are a partnership firm. The petitioners are successors to J. Fernandes & Company of which Joshino Fernandes was the sole proprietor, hereinafter referred to as the original concern.

In the month of October, 1961 the original concern booked orders for purchase of Surveying & Mathematical Instruments and Surgical & Scientific Instruments with a German firm. The orders were accepted by the German firm, as will appear from the letter dated 7 November, 1961.

On 19/20 December, 1961 Goa was liberated. Prior to the liberation of Goa import licences were granted to the citizens of Goa by a Government Department known as "Junta do Comercio Externo" which means the Board of External Trade. The original concern is alleged to be an importer registered with the Junta prior to the month of December, 1961. After the liberation of Goa the representatives of Goa Chamber of Commerce and Industry saw the Administrator of Goa with regard to applications for import. On 18 January, 1962 the original concern applied to the Administrator of Goa for issuing an import licence for pound 32,652.10 for Surveying and Mathematical Instruments and Surgical and Laboratory Equipments, along with necessary papers for firm commitments.

The original concern obtained a licence on 12 February, 1962. The licence was No. 47. The original concern was allowed to import instruments, microscopes, laboratory apparatus and utensils all worth pound 32,652-10-0. The original concern opened a letter of credit on 21 February, 1962 for 50 per cent of the licence.

The Central Government on 21 February, 1962 informed the Administrator, Goa, that the Central Government withheld action on all pending cases where import had been authorised. The Central Government gave two reasons. First, the Government were of the view that any relaxation of, import would result in serious drain on foreign exchange, and second that it was difficult for any authority to be satisfied about the firm commitments and some abuse was possible. Pursuant thereto the

Administrator, Goa issued directions to suspend issue of letter of credit and all cases relating to firm commitments entered into before 18 December, 1961 which were till then, not disposed of, should be frozen.

On 2 April, 1962 the Administrator of Goa issued a Press Note that imports into Goa, Daman and Diu would be governed by three principles. First, import would be allowed in cases (a) where letters of credits had been opened with the Banco National Ultra Marines on or before 18 December, 1961;

(b) where goods were shipped on or before 20 December, 1961. Second, imports of certain specified items were banned. Third, imports would be allowed of certain goods to the extent of 50 per cent of imports actually made in the quarter of September, October and November, 1961. The petitioner's licence No. 47 was revalidated on 28 May, 1962 for pound 16,000 for which the petitioner had not till then opened letter of credit. 27 February, 1962 is the date when the Administrator of Goa had suspended to issue fresh letter of credit. In the month of July, 1962 the petitioner effected imports of goods for the full value. The Imports and Exports Control Act, 1947 was applied to Goa, Daman & Diu from 1 October, 1963.

In October, 1964 the original concern was taken over by the petitioner.

In 1967 the Hand Book for the year 1967 declared the period 1 April, 1961 to 31 March, 1966 as the basic period and any one year during the period could be selected as the basic import by the concerned party who would become the established importers.

On 15 May, 1967 the petitioner applied to the licensing authorities for recognising the change in the constitution of the firm and fixation of quota for which they could import the goods. The licensing authorities recognised the change in the constitution but refused to fix the quota on the ground that the original licence No. 47 granted to the original concern on 12 February, 1962 was not issued in accordance with the procedure followed for the issue of licence at that time. The petitioner filed an appeal against the order. The appeal was rejected. The petitioner filed a review application which was rejected.

The petitioner's grievances are these : First, licence No. 47 dated 12 February, 1962 was a licence issued in accordance with the procedure followed for the issue of licence at that time. The directions ,of the Central Government were illegal. The Central Government was not competent to issue directions to the Administrator of Goa except through the President in view of Articles 239 and 240 of the Constitution. Second, the provisions of the Goa, Daman, Diu Administration Ordinance No. 2 of 1961, hereinafter referred to as the Ordinance and Goa, Daman, Diu Administration Act 1 of 1962 hereinafter referred to as the Act cured all irregularities of the State, if any, for the grant of licence. Third, refusal to consider the applica- tion affects the fundamental right of the petitioner to carry on trade, and business. Fourth, the petitioner's fundamental right under Article 14 is violated because the respondents discriminated against the petitioner. The respondents granted licences to six parties. It is said that the conditions, namely, shipping before 20 December, 1961 and opening of letters of credit before 18 December, 1961 could only operate in respect of licences issued by the Portuguese Government. When by reason of policy, these were the conditions applied, the same

should have been applied even to those who were given licences under the old laws by the Portuguese Government or those who were given licences by the Administrator of Goa under the operation of the old laws. There is no, distinction between the cases of the petitioner and the case of six traders mentioned in Annexure R-4 at page 169.

The contention of the petitioner that six traders have been granted licences whereas the petitioner was not, and, there was violation under Article 14 is unacceptable. These six licences were issued before liberation between the period 12 February, 1961 and 4 December, 1961. The six licences were issued prior to the liberation of Goa. The liberation of Goa was on 19 December, 1961. On 20 December, 1961 Goa became a Union Territory. The licence on which the petitioner bases the claim was dated 12 February, 1962. The petitioner was not admittedly issued any licence before the liberation of Goa. Between the liberation of Goa and the application of the petitioner for licence, the Government of India issued on 3 January, 1962 to the Chief Civil Administrator, Goa certain directions regarding the issue of import licence. The original concern had not opened letter of credit before 18 December, 1961 and the goods in question were not shipped prior to 20 December, 1961. The application of the petitioner was subsequent to the issue of directions dated 3 January, 1962 by the Government of India that imports would be allowed if letter of credit had been opened before 18 December, 1961 or shipment had taken place before 20 December, 1961. The classification of persons with reference to the grant of import licence depending on whether it was granted before the liberation or after the liberation of Goa is a valid classification based on intelligible differentia having a rational nexus with the object of import licence policy. There is no violation of Article 14. The petitioner stands on a different footing and does not belong to the class of persons who were given import licences during the Portuguese Rule before the liberation of Goa.

The petitioner challenges the orders dated 28 September, 1968 rejecting the petitioner's application for the issue of a quota certificate. The Government rejected it on the ground that licence No. 47 dated 12 February, 1962 was not issued in accordance with the procedure prescribed for issue of licences, at that time. The Government relied on paragraph 33 (n) of the Hand Book of Rules, 1968. In short, that paragraph is that licence would be given only for the basic period between 1 April, 1961 and 31 March, 1966 to established importers. The Government took the stand that the petitioner is not eligible because there was no valid licence. The petitioner does not challenge the validity of any provision of the Imports and Exports (Control) Act, 1947, or any provision of any statutory orders issued thereunder. The, petitioner does not challenge the validity of paragraph 33(n) of the Hand Book of Rules of Procedure. There is no challenge to the authority of the Deputy Chief Controller of Imports and Exports to pass an order in the light of paragraph 33(n) of the Hand Book.

Really, the petitioner's contention is that the licensing authorities misapplied or wrongly applied the Imports and Exports Control Act. A petition under Article 32 Will not be competent to challenge any erroneous decision of an authority. (See *Gulabdas & Co. v. Assistant Collector of Customs*(1) and *State of Jammu & Kashmir v. Mir Gulam Rasul*).(2) A wrong application of law would not amount to a violation of fundamental right. Das, C.J. said in the case of *Gulabdas & Co.* (supra) that if the provisions of law are good and the orders passed are within the jurisdiction of the authorities there is no infraction of fundamental right if the authorities are right or wrong on facts. In the case of *Gulabdas & Co.* (supra) the petitioners challenged the order of the Assistant Collector of Customs.



The Customs authorities assessed duty under Item 45(4) of the Indian Customs Tariff. The petitioners in that case contended that the duty should have been assessed under Item 45(a). This Court held that there was neither any violation of fundamental right under Article 19 or any unequal treatment and the petition was not maintainable. This Court in the case of Smt. Ujjam Bai v. State of U.P.(3) as also in the case of Bhatnagars & Co. Ltd. v. Union of India,(4) held the same view that any erroneous decision would not be a violation of fundamental rights.

The petitioner relied on sections 3, 4 and 7 of the Goa, Daman & Diu (Administration) Ordinance 1962. Section 3 of the Ordinance in short stated that authorities who immediately before the commencement of this Ordinance were exercising lawful functions in connection with the Administration of Goa, Daman and Diu or any part thereof shall, unless otherwise directed continue to exercise in connection with such administration their respective functions. Section 4 of the Ordinance speaks of continuance of existing laws and their adaptation until amended or repealed by a competent legislature. Section 7 says that all things done and all actions taken on or after the appointed day (1) A.I.R. 1957 S.C. 733.

(3) [1963] 1 S.C.R. 778.

(2) [1961] 3 S.C.R. 969.

(4) [1957] S.C.R. 701 at 712.

which was 20 December, 1961 and before the commencement of the Ordinance, viz., 5 March, 1962 by the Administrator or any other officer which have been done or taken in good faith and in a reasonable belief that they were necessary for the peace and good Government of Goa, Daman and Diu, shall be as valid and operative as if they had been done or taken in accordance with law.

The petitioner also relied on sections 4, 5 and 9 of the Act. Section 4 speaks of officers who before the commencement of the Act were exercising lawful functions would continue to exercise their respective functions. Section 5 of the Act speaks of continuance of existing laws and their adaptation until amended or altered by the competent Legislature. Section 9 of the Act speaks of validation of certain action and indemnity of officers for certain acts similar to section 7 of the Ordinance. Sections 3 and 4 of the Goa, Daman and Diu (Administration) Ordinance No. 2 of 1961 and Sections 4 and 5 of the Goa, Daman and Diu (Administration) Act No.1 of 1962 do not support the case of the petitioner. These provisions in the Ordinance and the Act came into force on 5 March, 1962. The import licence was issued on 12 February, 1962 which is prior to the coming into force of the provisions of the Ordinance and the Act. After the liberation of Goa the Portuguese laws were not in force and, therefore, the petitioner cannot take recourse to the Portuguese laws for the validity of the licence which was issued on 12 February, 1962. The Chief Civil Administrator was subordinate authority to the Government of India and was bound to obey the directions of the Central Government. The Chief Civil Administrator had no authority to issue a licence in disregard of the directions of the Central Government. Such a licence would not confer any right on the petitioner (See State of Punjab v. Jagdip Singh) The petitioner cannot draw any sustenance either from section 7 of the Ordinance or section 9 of the Act for three reasons. First, the scope of validation is limited to

such acts which were done in good faith and with the reasonable belief that they were necessary for peace and good Government. The licence was issued in contravention of lawful directions given by the Government of India. The licence was not issued in good faith or in a reason-able belief that they were necessary for the peace and good Government of Goa, Daman and Diu. Second, the validation was not intended to protect breaches of directions issued by the new sovereign. (See *Pama Chibar v. Union of India*) (2). If the licence dated 12 February, 1962 was validated by section 7 of the Ordinance that validation would be an answer to any move on the part of the respondents to cancel that particular licence. What was deemed to be valid by legal fiction for a certain purpose, notwithstanding the infirmity in granting it, cannot confer any right on the, petitioner to claim in future as a matter of right, any import quota.

(1) [1964] 4 S.C.R.964.

(2) [1966] 1 S.C.R. 357.

The validation would be only in respect of past transactions. Third,. in the year 1967 the Government of India laid down the conditions, that imports made under licences issued through inadvertence or mistake in the past would not be considered for issuing the import quota certificate. This is a matter of policy. Norm-ally, courts do not go into such policy decision. The policy decision is also not challenged by the petitioner. If the policy is followed and in a given case a licence was issued contrary to the procedure or by mistake or inadvertence, the decision in the year 1968 in the light of the policy enunciated in 1967 cannot be- regarded erroneous simply on the ground that the original licence erroneously issued in 1962 might be validated under section 7 of the Ordinance. Any revalidation of the licence on 28 May, 1962 by the Administrator would not assist the petitioner in regard to obtaining quota rights. On 12 April, 1962 the Administrator himself issued a Press Note specifying the conditions subject to which imports would be allowed. Revalidation was in violation of the terms and conditions set out by the Chief Civil Administrator in his Press Note dated 2 April, 1962. It is not correct to say that the Chief Civil Administrator revalidated the licence dated 12 February, 1962 on 28- May, 1962. The Chief Civil Administrator merely extended the validity of the licence for a further period of 90 days. It is not a case of revalidation of a defective licence but a case of extension of the duration of the licence. If the original licence was defective mere extension of the duration of the licence could not cure the defect. In any event, the protection, if any, of the validating section in the Ordinance would not extend beyond 4 March, 1962 because the acts validated under section 7 of the Ordinance must have been done between 20 December, 1961 and 4 March, 1962.

The directions issued by the Central Government are impeached by the petitioner to be in violation of Articles 239 and 240 of the Constitution. Under Article 1(3)(c) of the Constitution, Goa, Daman and Diu became part of the territory of India by acquisition. Goa, Daman and Diu became a Union Territory on and from the date of their acquisition by the Government of India. Under Article 239(1) a Union Territory shall be administered by the President acting through an Administrator. Article 240 empowers the President to make regulations for the peace, progress and good Government of the Union Territory. In the present case no Presidential Regulation was relied on by either side. Parliament has power under Article 246(4) to make laws with respect to any Union Territory. The

executive power of the Union under Article 73 (1) (a) shall extend to the matters with respect to which Parliament has power to make laws. The Union Government has, therefore, power to issue executive directions to the Administrator of a Union Territory. So long as there is no conflict between a direction issued by the Central Government and a Presidential Regulation made under Article 240, the Administrator of a Union Territory is bound to carry out the orders and directions given by the Central Government. The decision of this Court in *Shamsher Singh v. State of Punjab & Anr.*(1) is that the powers conferred on the President by Article 239 are to be exercised by him on the aid and advice of the Cabinet. Therefore, the directions issued by the Central Government are valid because of the combined effect of Article 73 and article 246 which confers power on the Union executive to exercise powers in respect of matters with respect to which Parliament has competence to make laws.

In the present case, the Chief Civil Administrator himself declared in a Press Note dated 2 April, 1962 the terms and conditions subject to which import licence would be granted. The alleged revalidation of licence No. 47 in the month of May, 1962 took place subsequent to the Press Note and contrary to the terms and conditions. It was really not a revalidation of the licence but an extension of the period. If the licence itself was defective, there could not be any validation of the licence as was contended for by the petitioner.

There is no particular statute or Portuguese law which confers any right on the petitioner to get an import licence in the circumstances in which it was issued to him. Even if pre-liberation laws continued to be in force with effect from 5 March, 1962 that would not take away power of the Central Government to modify or alter the preexisting procedure for issuing import licences, after liberation, in exercise of its executive powers under Article 73(1) of the Constitution.

The petitioner contended that the original concern was an importer registered with the Junta prior to December, 1961. The respondents denied that allegation. The petitioner in the rejoinder alleged that it is to be presumed that the original importer must have been registered with the Junta, prior to the liberation. No materials were shown to establish that the original concern was a regular registered importer. The contention on behalf of the respondents that the licence was issued without following the regular procedure and by inadvertence or mistake is borne by the facts and circumstances of the case particularly because the Chief Civil Administrator had no authority to issue any import licences in contravention of the directions of the Central Government issued on 3 January, 1962. The petitioner relied on the decision of this Court in *M/s. Andhra Industrial Works v. Chief Controller of Imports and others*(2) in support of the proposition appearing at page 1542 of the Report. The proposition stated there in that one of the instances in relation to laws regulating the citizen's right to carry on trade or business guaranteed by Article 19(1) (g) may be catalogued as where the impugned action is based on a misconstruction of the intra vires statute or is so contrary to the established procedure or rules of natural justice that it results in violation of a fundamental right. In the case of *M/s. Andhra Industrial Works* (supra) the proposition which was extracted from *Ujjambai's case* (supra) is that an order of assessment made by an authority under a taxing statute which is intra vires, cannot be challenged under Article 32 as repugnant to Article 19 (1) (g) on the sole (1) A.I.R. 1974 S.C. 2192.

(2) A.I.R. 1974 S.C. 1539.

ground that it is based on a misconstruction of a provision of the Act or of a notification issued thereunder. In Ujjambai's case (supra) it was said that when assessment proceedings are repugnant to rules of natural justice there is an infringement of the right guaranteed under Article 19(1) (f) and 19 (1) (g). In support of that proposition reference was made to *Tata Iron and Steel Co. Ltd. v. S. R. Sarkar*(1), *K. T. Moopil Nair v. The State of Kerala*(2) and *Shri Madanlal Arora v. The Excise and Taxation Officer*(3). In the case of *Andhra Industrial Works. (supra)* an objection was raised on behalf of the respondents that the petition was not competent because there was no violation of fundamental rights. This Court upheld that objection and said that neither the Imports and Exports (Control) Act nor any order thereunder was alleged to be ultra vires nor was the Import Control Policy impeached. A policy statement was held to be not a statutory document. No person can on the basis of a policy statement claim a right to the grant of an import licence. This Court, also held that there is no absolute right much less a fundamental right, to the grant of an import licence.

This Court in *Deputy Assistant Iron and Steel Controller v. L. Manickchand, Proprietor, Katrella Metal Corporation, Madras*(4) held that no one has any vested right to an import licence in terms of the policy in force at the time of his application. There is no misconstruction of any statutory provision in the present case. In the present case, it cannot be said that there is no authority of law to reject an application for import licence.

For these reasons, the petition fails and is dismissed. Parties will pay and bear their own costs.

V.M.K. Petition dismissed.

(1) [1961] 1 S.C.R. 379.

(3) [1962] 1 S.C.R. 823.

(2) [1961] 3 S.C.R. 77.

(4) [1972] 3 S.C.R. 1.