

Supreme Court of India

State Of M.P vs Hardeo Shrinath on 11 July, 1994

Equivalent citations: 1994 AIR 2538, 1994 SCC (4) 707

Author: K Singh

Bench: Kuldip Singh (J)

PETITIONER:

STATE OF M.P.

Vs.

RESPONDENT:

HARDEO SHRINATH

DATE OF JUDGMENT 11/07/1994

BENCH:

KULDIP SINGH (J)

BENCH:

KULDIP SINGH (J)

YOGESHWAR DAYAL (J)

CITATION:

1994 AIR 2538

1994 SCC (4) 707

JT 1994 (4) 471

1994 SCALE (3) 98

ACT:

HEADNOTE:

JUDGMENT:

The Judgment of the Court was delivered by KULDIP SINGH, J.- This appeal by the State of Madhya Pradesh is directed against the order dated 8-4-1987 of Indore Bench of the Madhya Pradesh High Court, wherein the expression 'trader' under Section 2(p) of the Madhya Pradesh Krishi Upaj Mandi Adhiniyam, 1972 (the Act) has been interpreted to include an 'agriculturist'.

2.Sub-sections (b), (e) and (p) of Section 2 which are relevant are reproduced hereunder-

"(b) 'agriculturist' means a person whose main source of livelihood is wholly dependent on agricultural produce and who cultivates land on one's own accounts,-

(i) by one's own labour; or

(ii) by the labour of either spouse; or

(iii) under the personal supervision of oneself or any member of one's family referred to in sub-clause (ii) above by hired labour or by servants on wages payable in cash or kind but not as crop share, but does not include a trader, commission agent, processor, broker, weighman or hammad of agriculture produce although such trader, commission agent, processor, broker, weighman or hammad may also be engaged in the production of agriculture produce;

(e) 'commission agent' means a person who on behalf of his principal trader and in consideration of a commission or percentage upon the amount involved in such transaction buys agricultural produce and makes payment in cash keeps it in his custody and delivers it to the principal trader in due course or who receives and takes in his custody agricultural produce sent for sale within the market area or from outside the market area, sells the same in the market area and collects payment therefor, from the buyer and remits the sale proceeds to his principal trader.

(By the Amending Act (No. 24 of 1986) in the aforesaid definition, after the word 'principal' the word 'trader' has been inserted.)

(p) 'trader' means a person who in his normal course of business buys or sells any notified agricultural produce, and includes a person engaged in possession of agricultural produce."

3. The appellant issued directions dated 9-12-1986 (Annexure P-7) restraining the agriculturists from selling their produce through the Commission Agents (Adatiyas). It was further directed that action would be taken against the Commission Agents for violating the said instructions. Respondents 1 and 2 who were Commission Agents challenged the instructions (Annexure P-7) on the ground that they were contrary to the provisions of the Act and in any case the agriculturists being traders under the Act the Commission Agents are entitled to sell/purchase the agricultural produce on their behalf in consideration of a commission or percentage. The High Court posed the following questions for its consideration:

"The short question raised in this petition, therefore has been whether the petitioners can be prohibited from acting as Commission Agents on behalf of the seller namely agriculturist and whether the agriculturist, who thus sells his produce is a 'trader'."

On the interpretation of the provisions of the Act reproduced above, the High Court allowed the writ petition and quashed the Government instructions impugned before it on the following reasoning:

"The definition of a 'trader' cannot be interpreted to mean, as urged by the learned counsel for the respondents, that it excludes agriculturist/cultivator. In the definition of 'trader' the words used are 'buys or sells'. Therefore, any person who in his normal course of business either buys or sells any notified agricultural produce and includes a person engaged in processing of agricultural produce is a trader. Therefore, it is

difficult to agree with the submission made by the learned counsel for these respondents that the business of an agriculturist is only to sell his produce and that too once in a year. The agriculturist/cultivator is at liberty to sell his agricultural produce in one, lot or different lots and at intervals according to the market conditions. Therefore, the normal course of business of an agriculturist/cultivator is to sell the notified agricultural produce and at times he may be required also to buy the same in the course of his normal business. Therefore, we are of opinion that the petitioners cannot be prohibited from acting as Commission Agents on behalf of the sellers that is the agriculturist and consequently Annexure P-7 has to be quashed. It, therefore, follows that the agriculturist who sells his produce through a Commission Agent is a trader according to the present definition of 'trader'."

We are of the view that the High Court fell into patent error in holding that the expression "trader" as defined under the Act includes agriculturists. It failed to notice that the Legislature has separately defined the expression ,agriculturist' under Section 2(b) of the Act.

4.The expression 'trader' under Section 2(p) of the Act means a person who "in his normal course of business" "buys or sells" any notified agricultural produce The High Court noticed the words 'buys' or 'sells' but failed to appreciate that the said buying and selling has to be "in his normal course of business". The normal course of business of an agriculturist is neither buying nor selling. Cultivation of land to gain agricultural produce is the normal course of business of an agriculturist. It is no doubt correct that a farmer takes his produce to the market for sale but that by itself would not bring him within the definition of 'trader' under the Act. One of the avowed object of agricultural produce marketing legislation is to save the farmers from middlemen. The farmer can directly sell his produce to the consumers/purchasing agencies in the markets/mandis constituted and established under the Act. Accepting the interpretation given by the High Court would defeat the very object of the Act.

5.In any case the traders and the commission agents have been specifically excluded from the definition of 'agriculturist' under Section 2(b) of the Act. It seems that Section 2(b) was not brought to the notice of the High Court otherwise, for ought, the result may have been different.

6.We, therefore, allow the appeal, set aside the impugned judgment of the High Court and dismiss the writ petition filed by Respondents 1 and 2 before the High Court. The appellant shall be entitled to costs of these proceedings which we quantify as Rs 20,000 to be paid by Respondents 1 and 2.