Supreme Court of India
Utkal Contractors & Joinery ... vs State Of Orissa & Ors on 7 May, 1987
Equivalent citations: 1987 AIR 1454, 1987 SCR (3) 317
Author: O C Reddy
Bench: Reddy, O. Chinnappa (J)

PETITIONER:
UTKAL CONTRACTORS & JOINERY PRIVATE LIMITED &ORS. ETC.

Vs.

RESPONDENT:
STATE OF ORISSA & ORS.

DATE OF JUDGMENT07/05/1987

BENCH:
REDDY, O. CHINNAPPA (J)
BENCH:
REDDY, O. CHINNAPPA (J)
KHALID, V. (J)

CITATION:
1987 AIR 1454 1987 SCR (3) 317
1987 SCC (3) 279 JT 1987 (2) 466
1987 SCALE (1)1162
CITATOR INFO :
RF 1987 SC2310 (2)
RF 1991 SC1806 (7)

ACT:
Orissa Forest Produce (Control of Trade) Act, 1981: ss. 5(1)(a) and 5(1)(b)--Whether applicable to forest produce grown in Government lands--Existing contracts for collection, purchase and sale of sal seeds in respect of Government forests--Whether rescinded.

Statutory interpretation: Wide words not to be given literal meaning--To be construed contextually restricting scope of provision in consonance with the object, reasons and scheme of the Act.

HEADNOTE:
Sub-section (1) of s. 5 of the Orissa Forest Produce (Control of Trade) Act, 1981 provides that on the issue of a notification under sub-s. (3) of s. 1 in respect of an area (a) all contracts for the purchase, sale, gathering or collection of specified forest produce shall stand rescinded, and (b) no person other than the State Government or its officers or agents shall purchase or transport any specified forest produce in the said area. Explanation II thereto

provides that purchase of specified forest produce from the State Government or its officers or agents is not to be deemed to be a purchase in contravention of the provisions of the Act.

The appellant-company was granted a licence for collection, sale and purchase of sal seeds from Government forests on the stipulation that it would establish solvent extraction units in backward areas. The appellant-company was to supply sal seeds to these extraction plants. The agreement was renewed for a further period of ten years from October 1, 1979. The State Government by a notification dated December 9, 1982 issued under sub-s. (3) of s. 1 brought the Act into force immediately in the whole of the State in relation to sal seeds. Thereafter it refused to accept royalty from the appellant on the ground that the notification had the effect of rescinding the contract between the company and the Government.

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A writ petition filed by the company for a declaration that the abovesaid notification did not have the effect of rescinding their contract with the State Government, was dismissed by the High Court.

In the appeals to this Court it was contended for the appellants that the Act had no application to the produce grown in Government forests, that the Act was aimed at creating a monopoly in forest produce in the Government by vesting in it the exclusive right to purchase forest produce grown in private holdings, and that even otherwise Explanation II to s. 5(1) saved such contracts for the purchase of specified forest produce from Government lands also. On behalf of the respondents it was contended that the very wide language of s. 5(1)(a) made it applicable to all forest produce whether grown in private holdings or Government forests, and that the contract being for collection and not for purchase of forest produce it was not saved by the Explanation II to s. 5(1).

Allowing the appeals, the Court,

HELD: 1. The Orissa Forest Produce (Control of Trade) Act, 1981 and the notification issued under it do not apply to the forest produce grown in Government forests. It was not, therefore, open to the Government to treat the contracts with the appellants as rescinded. [333C]

2. The scheme of the Act is fully in tune with the object set out in the Statement of Objects and Reasons and in the Preamble, namely, that of creating a monopoly in forest produce by making the Government the exclusive purchaser of forest produce grown in private holdings. Sections 4, 5(1)(b), 5(3), 7, 8 and 9 deal with purchase of forest produce by the State Government. This can only be of forest produce grown in private holdings and not in Government forests since there can be no question of or providing for the purchase by the Government of forest produce grown on Government lands. The only provision in the Act which ex-

pressly deals with sale of forest produce by the State Government is s. 12, and that again is confined to the sale of specified forest produce purchased by the State Government. The Act, therefore, cannot to said to have any application to produce grown in Government forests. [331H-332A, 331FG, EF, CD, F, 323E]

3.1 The safest guide to the interpretation of a statute is the reason for it, which can he discovered through external and internal aids. The external aids are Statement of Objects and Reasons when the Bill is
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presented to Parliament, the reports of Committees which preceded the Bill and the reports of Parliamentary Committees. Occasional excursions into the debates of Parliament are permitted. Internal aids are the Preamble, the scheme and the provisions of the Act. [328EF[

3.2. No provision in the statute and no word of the statute may be construed in isolation. Every provision and every word must be looked at generally before any provision or word is attempted to be construed. The setting and pattern are important. Parliament does not waste its breath unnecessarily. It is neither expected to use unnecessary expressions, 'nor to express itself unnecessarily. While the words of an enactment are important, the context is no less important. The fact that general words are used in a statute is not in itself a conclusive reason why every case failing literally within them should be governed by that statute. The context of an Act may well indicate that wide or general words should be given a restrictive meaning. [328F-329B]

Attorney General v. H.R.H. Prince Augustus, [1957] 1 All ER 49; Chertsey, U.D.C.v. Mixnam's Properties, [1964] 2 All ER 627, Empress Mills v. Municipal Committee, Wardha, AIR 1958 SC 341 and Maunsell v. Olins, [1975] 1 All ER 16, referred to.

4.1 It is not permissible to the Court to construe the wide and general words of s. 5(1)(a) in their literal sense as that would not be in consonance with the scheme of the Act. The proper way to construe that provision is to give a restricted meaning to the wide language there used so as to fit into the general scheme of the Act. [332B-D]

4.2 Section 5(1)(a) and 5(1)(b) are connected by the conjunction 'and', and having regard to the circumstances leading to the enactment and the policy and design of the Act, cls.(a) and (b) must be construed in such a way as to reflect each other. Viewing s. 5(1)(a) and 5(1)(b) together and in the light of the Preamble and the Statement of Objects and Reasons and against the decor of the remaining provisions of the Act, it is apparent that s. 5(1), like the rest of the provisions, applied to forest produce grown in private holdings and not to forest produce grown in Government lands. [332D, F-G]

5. The contracts relating to specified forest produce which, therefore, stood rescinded were contracts in relation

to forest produce grown in private holdings only. Since the very object to the Act was to create a monopoly in forest produce in the Government so as to enable the Government, among other things, to enter into contracts and since
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s. 5(1) does not bar any future contracts by the Government in respect of the forest produce, there was no justification in rescinding contracts solemnly entered into by the Government for the avowed purpose of encouraging the setting up of certain industries in the State. [332E, 334A]

6. The object of the Act was to prevent smuggling of those varieties of forest produce as were grown both in Government forests and private lands. It was expressly mentioned in the Statement of Objects and Reasons that such varieties of forest produce were unlike sal seeds which were grown only in Government forests. Even so the only notification ever issued under the Act was in respect of sal seeds and no other forest produce. The mere inclusion of 'sal seeds' in the definition of 'forest produce' cannot in the teeth of the several provisions of the Act lead to the inference that forest produce grown in Government lands was also meant to be dealt with by the Act. Several species of forest produce were included in the definition of forest produce and among them 'sal seeds' were also included so as to eliminate even the remote possibility of the existence of some stray private holdings in which sal seeds may have been grown. [324G-325A, 333AB]

7. The circumstance that 'grower of forest produce' is defined so as to include the Government is of no consequence in determining whether the Act is applicable to forest produce grown on Government lands. The expression 'grower of forest produce' is not found in any other provision except s. 5(2)(a) and s. 10. Section 5(2)(a) provides for the transport of forest produce by the grower from a place within one unit to another place within the unit. Section 10 requires every grower of specified forest produce to get himself registered in the prescribed manner. Neither s. 5(2)(a) nor s. 10 has, therefore, any application to the Government lands. [331B, A]

8. It is not necessary to consider the submission that Explanation II to s. 5(1) saves the present contract or that Explanation I1 is an explanation only to s. 5(1)(a) and not to s. 5(1)(b). [333B]

[It is not permissible for the Court to extend the period of lease of the appellants by way of relief for the business lost. The parties to work out their rights in the light of the various interim orders and the declaration granted by the Court.] [333E]

JUDGMENT:

CIVIL APPELLATE JURISDICTION: Civil Appeal Nos. 6230 and 6231 of 1983.

From the Judgment and Order dated 20.6.1983 of the Orissa High Court in O.J.C. Nos. 237 and 46 of 1983. F.S. Nariman, A.K. Ganguli, S.N. Kacker, R.F. Nariman, A. Patnaik and M.M. Kshatriya for the Appellants. G. Ramaswamy, Additional Solicitor General and R.K. Mehta for the Respondents.

The Judgment of the Court was delivered by CHINNAPPA REDDY, J. On December 12, 1967, the State of Orissa granted 'a license for collection of Sal Seeds' from eleven Forest Divisions to M/s. Utkal Contractors and Join- ery Private Limited. The agreement provided for the sale and purchase of Sal Seeds failing on the ground naturally in the forests. There was a stipulation that the company should establish solvent extraction units in the backward areas of Mayurbhanj and Sambalpur. There was also an option for renewal of the lease for a further period of ten years. It was later agreed that the period from October 1, 1967 to September 30, 1969 should be treated as experimental period and the lease should be deemed to have commenced from Octo- ber 1, 1969 and to last for a period of ten years. The Orissa Oil Industries Limited, a public limited company, was floated by the Utkal Contractors and Joinery Private Limited and it was agreed that the State Government should also contribute to the share capital of the company. It was agreed that the Utkal Contractors and Joinery Private Limit- ed should supply Sal Seeds to the two solvent extraction plants of the Orissa Oil Industries Limited, one set up at Bairangpur in Mayurbhanj District with a capacity to crush 21,000 M.T. Sal Seeds and the other at Sasan in Sambalpur District with a capacity to crush 21,000 M.T. sal seeds. Thereafter on May 25, 1979, agreements renewing the leases for the purchase and removal of sal seeds from the eleven Forest Divisions for a further period of ten years from October 1, 1979 to September 30, 1989 were entered into by the Utkal Contractors and Joincry Private Limited and the Government of Orissa. This was followed up by an agreement between the Utkal Contractors and Joinery Private Limited and the Orissa Oil Industries Limited for the supply of the entire collection of sal seeds from the eleven Forest Divi- sions by the Utkal Contractors to the Orissa Oil Industries. While so the Orissa Forest Produce (Control of Trade) Bill 1981 was introduced in the Legislative Assembly of Orissa State. The Statement of Objects and Reasons was as follows:-

> "Smuggling of various forest pro- duces is increasing day by day. The present provisions of the Orissa Forest Act, 1972 for checking, hoarding and transport of forest produce are not adequate to bring the culprits to book. The said Act is not adequate for imposition of any restrictions of control on trade in forest produce by framing rules thereunder. Barring few items like sal seeds. most of the important items of minor forest produce such as Mahua flower, Tamarind, Charmaji, Karanja and the like are grown in private holdings as well as in the forest areas owned by Government. Unscrupulous trad- ers take advantage of this situation and evade the law under the cover that the produce relates to private land and not to forests under the control of Government. Instances of smuggling in such cases are too many and the smugglers are escaping with impunity because of absence of any legislation providing for State monopoly in forest produce. Enactment of a separate legislation for the purpose is, therefore, absolutely necessary. The Bill seeks to achieve the above purpose."

It appears from a perusal of the Statement of Objects and Reasons that the object of the proposed Act was to prevent smuggling of forest produce like Mahua flowers, Tamarind, Charmaji, Karanja, etc. which were grown both in private holdings and Government forests. The object of the legislation was to prevent smuggling in such forest produce and to provide for State monopoly therein. It is seen that the Statement of Objects and Reasons expressly mentions sal seeds as a forest produce which is grown in Government Forests and not in private holdings.

The Orissa Forest Produce (Control of Trade) Act, 1981 received the assent of the President of India on August 21, 1981. Under s. 1(3) of the Act, the State Government is empowered from time to time to issue a notification specify- ing the area or areas, the forest produce in relation to which and the date with effect from which the Act shall come into force. Purporting to act under this provision, a noti- fication was issued by the Government of Orissa on December 9, 1982 directing that the Act shall come into force at once in the whole of the State of Orissa in relation to sal seeds. We are told that this is the only notification issued so far under s. 1(3) of the Act, despite the fact that in the very Statement of Objects and Reasons it was expressly recited that sal seeds was not a forest produce grown in Government forests. In fact, we find that even after the commencement of the Act and before the issue of the Notifi- cation, there were negotiations between the Utkal Contrac- tors and Joinery Private Limited and the State Government for long term agreements for purchase _and sale of sal seeds in Athagarh and Puri Forest Divisions. Such agreements were in fact entered into in relation to Parlakhemundi Forest Division between the State of Orissa and Indo East Extrac- tion Limited. On December 24, 1982, the Government refused to accept royalty from Utkal Contractors and Joinery Private Limited in respect of Dhenkanal and Sambalpur Forest Divi- sion on the ground that the Notification dated December 9, 1982 had the effect of rescinding the contract between the company and the Government. Thereupon Utkal Contractors and Joinery Private Limited and Orissa Oil Industries Limited filed a writ petition in the Orissa High Court for a decla- ration that the Notification dated December 9, 1982 did not have the effect of rescinding the contracts which they had with the State Government. The Writ Petition was dismissed by the Orissa High Court. The Utkal Contractors and Joinery Private Limited and Orissa Oil Industries Limited have filed Civil Appeal No. 6230 of 1983. In another case, on similar facts the Orissa Minor Oil Private Limited have filed Civil Appeal No. 6231 of 1983.

On behalf of the appellants, it was submitted by Shri F.S. Nafiman in Civil Appeal No. 6230 of 1983 and Shri S.N. Kacker in Civil Appeal No. 6231 of 1983 that the Orissa Forest Produce (Control of Trade) Act, 1981 had no applica- tion to forest produce grown in Government forests. The Act was aimed at creating a monopoly in forest produce in the Government. Since the Government was already the owner of forest produce in Government forests all that was necessary to create a monopoly in all forest produce in the Government was to vest in the Government the exclusive right to pur- chase forest produce grown in private holdings. That was precisely what was done by the Orissa Forest Produce (Con- trol of Trade) Act, 1981 according to the learned counsel. It was further argued that even otherwise Explanation II to s. 5(1) saved such contracts for the purchase of specified forest produce from Government forests also. It was also brought to our notice that such contracts were entered into in pursuance of the avowed Industrial Policy of the Govern- ment of Orissa. Shri G. Ramaswamy, learned Additional Solic- itor General argued that Orissa Forest Produce (Control of Trade) Act, 1981 was a comprehensive Act intended to control and regulate

trade in forest produce whether grown in Gov- ernment forest or land held by private owners. He urged that the language of s. 5(1)(a) was so wide as to be incapa- ble of any construction other than to say that all contracts relating to trade in forest produce shall stand rescinded irrespective of whether the contract related to forest produce grown in Government forests or forest produce grown on private lands. He urged that Explanation II, properly viewed, was an explanation to s. 5(1)(b) only and not to s. 5(1)(a) He argued that in any event the contract was for the collection and not for the purchase of forest produce and therefore, not saved by the explanation. He further urged that the agents contemplated by s. 4 of the Act were not agents to act on behalf of the Government. They were "public agents", named as such, to carry on the activity of purchas- ing and trading in specified forest produce. They could purchase from and sell to the Government. We may straight- away say that it was never the case of the Government in the High Court that the character of the agents was as suggested by the learned Additional Solicitor General. We do not, therefore, propose to consider the submission of learned Additional Solicitor General whatever justification there may be for the submission on the-language of section 4. The learned Additional Solicitor General further submitted that even if the agreement which Utkal Contractors and Joinery Private Limited had with the Government was saved by Expla- nation II, the further agreement by which the Utkal Contrac- tors and Joinery Private Limited was required to supply sal seeds to Orissa Oil Industries Limited and the latter was required to purchase from the former was not saved by Expla- nation II and therefore, no relief could be granted to the appellants. This submission again is a new point raised for the first time in this Court. We do not think we will be justified in permitting the Additional Solicitor General to raise the question at this stage. Such a question was not raised in the High Court probably because the contract between Utkal Contractors and Joinery Private Limited and Orissa Oil Industries Limited appears to have been entered into at the behest of the Government. The questions for consideration, therefore, are whether purchase of sal seeds grown in Government forests is outside the purview of the Orissa Forest Produce (Control of Trade) Act, 1981 and whether, in any event, a contract such as the one with which we are concerned is saved by Explanation II to s. 5(1). We have already referred to the Statement of Objects and Reasons of the Orissa Forest Produce (Control of Trade) Act. We have noticed that' the object was to prevent smuggling of those varieties of forest produce as were grown both in Government forests and private lands. We also notice that it was expressly mentioned in the Statement of Objects and Reasons that such varieties of forest produce were unlike sal seeds which were grown only in Government forests. Even so we notice that the only notifi- cation ever issued under the Act was in respect of sal seeds and no other forest produce. We can only comment that curi- ous indeed are the ways of the powers that be. Section 1(3) of the Act declares that the Act shall come into force in such area or areas and in relation to such forest produce and on such date or dates as the State Gov- ernment may, from time to time, by notification, specify in that behalf. Section 2(c) defines 'forest produce' and enumerates various items of forest produce. One of them is sal seeds. Section 2(d) defines "growers of forest produce" to mean "(i) in respect of forest produce grown on land owned by any person, the owner of such land, and (ii) in all other cases the State Government." Section 2(h) and 2(i) define 'specified area' and 'specified forest produce' in the following terms:

> "(h) "specified area" in relation to a specified forest produce means the area speci- fied in the notification under sub-section (3) of section 1 for such specified forest produce ;"

"(i) "specified forest produce" in relation to a specified area means the forest produce specified in the notification issued under sub-section (3) of section 1 for such specified area."

Section 4 authorises the Government to appoint one or more agents for the purchase of and trade in specified forest produce in respect of one or more subdivisions of a speci- fied area. It is also provided that any person including a Gram Panchayat, a Cooperative Society or the State Tribal Development Corporation may be appointed as an agent. Sec- tion 5 is important and we are particularly concerned with subsections (1) and (3) of section 5 which may be fully extracted here. They are as follows:-

"5. Restriction on purchase and transport and rescission of subsisting contracts---(1) On the issue of a notification under sub-section (3) of section 1 in respect of any area--

(a) all contracts for the purchase, sale, gathering or collection of specified forest produce grown or found in the said area shah stand rescinded, and

(b) no person other than--

(i) the State Government,

(ii) an officer of the State Government autho- rised in writing in that behalf, or

(iii) an agent in respect of the unit in which the specified forest produce is grown or found.

shall purchase or transport any specified forest produce in the said area. Explanation 1--"purchase" shall include pur- chase by barter.

Explanation II--Purchase of specified forest produce from the State Government or the aforesaid Government Officer or agent or a licensed vendor shall not be deemed to be a purchase in contravention of the provisions of this Act.

Explanation III--A person having no interest in the holding who has acquired the right to collect the specified forest produce grown or found on such holding shall be deemed to have purchased such produce in contravention of the provisions of this Act.

(2) ..... (3) Any person desiring to sell any specified forest produce may sell them to the aforesaid Government Officer or agent at any depot situated within the unit wherein such produce was grown or found:

Provided that State Government, the Government Officer or the agent shall not be bound to repurchase specified forest produce once sold.

(4).....

We notice that though s. 5(1)(a) is in general terms and declares that all contracts for the purchase and sale of forest produce shall stand rescinded and clause (b) bans purchase and transport of forest produce by any person other than the State Government or its officers or agents. Explanation II is clear that purchase of specified forest produce from the State Government or its officers or agents is not to be deemed to be a purchase in contravention of the provisions of the Act. Explanation III, we see, declares that a person having no interest in the holding but acquires the right to collect the specified forest produce grown or found on such holding shall be deemed to have purchased such produce in contravention of the provisions of the Act. It is obvious that the reference to holding here is to land held by a person other than the Government and not to land owned by the Government. We are primarily concerned in this case with the effect of s. 5(1)(a) and (b) in the light of Explanation II. Sub-section (3) of section 5 also, we further notice, refers to sale to the officers, or agents of the Government by individuals and not sale by the Government or its offi- cers or agents to individuals.

Section 5(2), which we have not extracted, is an excep- tion to the ban imposed by s. 5(1)(b) on transport of speci- fied forest produce. Section 5(2)(b) provides that notwith- standing anything contained in sub-s. (1), any person may transport any specified forest produce within the prescribed limits from the place of purchase of any such produce to the place where such produce is required for bona fide use or for consumption. It is further provided that any specified forest produce purchased from the State Government or any Officer or agent or any person for manufacture of goods within the State in which such specified forest produce is used as raw material or by any person for sale outside the State may be transported in accordance with the terms and conditions of a permit issued by the prescribed authority. Section 6 provides for the constitution of an Advisory Committee in respect of each specified forest produce for each Revenue Division. The object of the Committee is to advise the Government "in the matter of fixation of fair and reasonable price of each specified forest produce at which such produce may be purchased by the State Government or its authorised officers or agents when they are offered for sale in such division in accordance with the provisions of this Act." Section 7 enables the State Government, after consul- tation with the Advisory Committee to fix the price at which specified forest produce may be purchased by it or by its officers or agents. Again we see that the price to be fixed is in regard to authorised produce that may be purchased by the State Government and not forest produce that may be sold by the State Government. Section 8. enables the State Government to open depots for the convenience of the growers of specified forest produce and s. 9 obliges the State Government to purchase at the price fixed under s. 7 any specified forest produce offered for sale at the depot. Section 10 enables growers of forest produce to get themselves registered. Section 11 enables every manufacturer who uses any specified forest produce as a raw-material and every trader or consum- er to get himself registered. Section 12 enables the State Government to dispose of specified forest produce purchased by the State Government or its officers or agents by sale or otherwise as the State Government may direct. Section 13 bans any person from engaging himself in retail sale of any specified forest produce

except under a licence granted under this section. Section 15 provides for searches and seizures. Section 16 provides for penalties. Section 22(1) rovides "Nothing contained in the Orissa Forest Act, 14 of 1972 shall apply to specified forest produce in respect of matters for which provisions are made under this Act."

In considering the rival submissions of the learned counsel and in defining and construing the area and the content of the Act and its provisions, it is necessary to make certain general observations regarding the interpreta- tion of statutes. A statute is best understood if we know the reason for it. The reason for a statute is the safest guide to its interpretation. The words of a statute take their colour from the reason for it. How do we discover the reason for a statute? There are external and internal aids. The external aids are Statement of Objects and Reasons when the Bill is presented to Parliament, the reports of Commit- tees which preceded the Bill and the reports of Parliamen- tary Committees. Occasional excursions into the debates of Parliament are permitted. Internal aids are the preamble, the scheme and the provisions of the Act. Having discovered the reason for the statute and so having set the sail to the wind, the interpreter may proceed ahead. No provision in the statute and no word of the statute may be construed in isolation. Every provision and every word must be looked at generally before any provision or word is attempted to be construed. The setting and the pattern are important. It is again important to remember that Parliament does not waste its breath unnecessarily. Just as Parliament is not expected to use unnecessary expressions, Parliament is also not expected to express itself unnecessarily. Even as Parliament does not use any word without meaning something, Parliament does not legislate where no legislation is called for. Parliament cannot be assumed to legislate for the sake of legislation, nor can it be assumed to make pointless legis- lation. Parliament does not indulge in legislation merely to state what it is unnecessary to state or to do what is already validly done. Parliament may not be assumed to legislate unnecessarily. Again, while the words of an enact- ment are important, the context is no less important. For instance, "the fact that general words are used in a statute is not in itself a conclusive reason why every case falling literally within them should be governed by that statute, and the context of an Act may well indicate that wide or general words should be given a restrictive meaning" (see Halsbury, 4th edn. Vol. 44 para 874).

In Attorney General v.H.R.H. Prince Augustus, [1957] 1 All ER 49, Viscount Simonds said, "My Lords, the contention of the Attorney-General was, in the first place, met by the bald, general proposition that, where the enacting part of a statute is clear and unambiguous, it cannot be cut down by the preamble, and a large part of the time which the hearing of this case occupied was spent in discussing authorities which were said to support that proposition. I wish, at the outset, to express my dissent from it, if it means that I cannot obtain assistance from the preamble in ascertaining the meaning of the relevant enacting part. For words, and partic- ularly general words, cannot be read in isola- tion; their colour and content are derived from their context. So it is that I conceive it to be my right and duty to examine every word of a statute in its context, and I use context in its widest sense which I have already indicated as including not only other enacting provisions of the same statute, but its preamble, the existing state of the law, other statutes in pari materia, and the mis- chief which I can, by those and other legiti- mate means, discern that the statute was intended to remedy."

In Chertsey, U.D.C.v. Mixnam's Properties, [1964] 2 All ER 627, Lord Reid said that the general effect of the au- thorities was properly stated in Maxwell's Interpretation of Statutes as follows:-

> "General words and phrases ,therefore, however wide and comprehensive they may be in their literal sense, must usually be construed as being limited to the actual objects of the Act."

Though no reference was made to Maxwell this Court in Em- press Mills v. Municipal Committee, Wardha, AIR 1958 SC 341 stated the same proposition:

"It is also a recognised principle of construction that general words and phrases however wide and comprehensive they may be in their literal sense, must usually be con- strued as being limited to the actual objects of the Act."

In Maunsell v. Olins, [1975] 1 All ER 16, Lord Wilber- force observed, " ..... I am not, myself, able to solve the problem by a simple resort to plain meaning. Most language, and partic- ularly all languages used in rent legislation, is opaque: all general words are open to inspection, many general words demand inspection, to see whether they really bear their widest possible meaning."

But we think that when we rely upon rules of construc- tion we must always bear in mind' Lord Reid's admonition in Maunsell v. Olins (supra) to the following effect:

> "Then rules of construction are relied on. They are not rules in the ordinary sense of having some binding force. They are our serv- ants not our masters. They are aids to con- structions, presumptions or pointers. Not infrequently one 'rule' points in one direc- tion, another in a different direction. In each case we must look at all relevant circum- stances and decide as a matter of judgment what weight to attach to any particular 'rule'."

Bearing these broad rules in mind, we may now examine the Act and the argument. The reason for the Act is not far to seek. Earlier we have set out the Statement of Objects and Reasons. The Statement of Objects and Reasons is explic- it that the Act was proposed to be enacted to prevent smug- gling of forest produce grown in Government lands under the guise of produce grown on private lands. This was sought to be achieved, as stated in the preamble by the creation of a State monopoly. Since the State was already the owner of the forest produce grown in Government land, what was necessary and sufficient to be done by-the proposed legislation was to vest in the Government the exclusive right to purchase forest produce grown on private land. We may now proceed to examine the scheme and the provisions of the Act to find out whether this was not precisely what was done. At the outset, we notice that 'grower of forest produce' is defined to include the State Government but on an examina- tion of the remaining provisions of the Act we find that the expression 'grower of forest produce' is not found in any other provision except sec. 5(2)(a) and s. 10. Section 5(2)(a) provides for the transport of produce by the grower of forest produce from a place within one unit to another place within the unit. Section 10 requires every grower of specified forest produce to get himself registered in the prescribed manner. Obviously neither s. 5(2)(a) nor s.

10 has any application to the Government. Therefore, the cir- cumstance that grower of forest produce is defined so as to include the Government appears to us to be of no consequence in determining whether the Act is applicable to forest produce grown on Government lands. On the other hand, from the extracts and summary of the other provisions of the Act that we have given earlier, we find that section after section deals with purchase of forest produce which, in the circumstances, can only refer to purchase of forest produce grown on private holdings since there can be no question of or providing for the purchase by the Government of forest produce grown on Government lands. Section 4 enables the appointment by the State Government of agents for the pur- chase of and trade is specified forest produce. Section 5(1)(b) refers to purchase or transport of specified forest produce by the State Government, its officers and agents. Section 5(3) refers to sale of forest produce to the Govern- ment, its officers or agents. Section 7 refers to the fixa- tion of price at which the Government, its officers or agents may purchase forest produce. Section 8 enables the opening of depots for the purchase of forest produce by the Government, its officers and agents. Section 9 deals with the obligation of the State Government, its agents and officers to purchase specified forest produce. All these provisions, we see, deal with purchase of forest produce by the State Government. As stated by us earlier, this can only be of forest produce grown in private holdings and not in Government forests. The only provision which deals with sale of forest produce by the State Government is section 12 and that again is confined to the sale of specified forest produce purchased by the State Government, its officers or agents. Thus, s. 4, s. 5(1)(b), s. 5(3), s. 7, s. 8, s. 9, s. 10 and s. 12, all deal with the forest produce grown in private holdings and all these provisions except sections 10 and 12 deal with purchase of forest produce by the Govern- ment, its officers or agents. Section 10, as we have already seen, deals with registration of growers of forest produce and section 12 with sale of forest produce purchased by the Government. Thus none of these provisions deals with forest produce grown in Government lands nor is there any other provision in the Act which expressly deals with forest produce grown in Government lands. The scheme of the Act is, therefore, fully in tune with the object set out in the Statement of Objects and Reasons and in the Preamble, namely, that of creating a monopoly in forest produce by making the Government the exclusive purchaser of forest produce grown in private holdings. It was argued by the learned Additional Solicitor General that s. 5(1)(a) was totally out of tune with the rest of the provisions and, while the rest of the provisions dealt with forest produce grown in private holdings, the very wide language of s. 5(1)(a) made it applicable to all forest produce whether grown in private holdings or Government forests. We do not think that it is permissible for us to construe s. 5(1) (a) in the very wide terms in which we are asked to construe it by the learned Additional Solicitor General because of its wide language, as that would merely introduce needless confusion into the scheme of the Act. Having scanned the object and the scheme of the Act, having examined each of the provisions of the Act textually and contextually, we do not think that it is proper for us to construe the words of s. 5(1)(a) in their literal sense; we think that the proper way to construe s. 5(1)(a) is to give a restricted meaning to the wide and general words there used so as to fit into the general scheme of the Act. Section 5(1)(a) and 5(1)(b) are connected by the conjunction 'and', and having regard to the circumstances leading to the enactment and the policy and design of the Act, we think that clauses (a) and (b) must be construed in such a way as to reflect each other. We have no doubt that the contracts relating to specified forest produce which stand rescinded are contracts in rela- tion to forest produce grown in private holdings only. If the very object of the Act is to create a monopoly in forest produce in the Government so as to enable the Government, among other

things, to enter into contracts, there was no point in rescinding contracts already validly entered into by the Government. Again s. 5(1) does not bar any future contracts by the Government in respect of forest produce; if so, what is the justification for construing s. 5(1)(a) in such a way as to put an end to contracts already entered into by the Government. Viewing s. 5(1)(a) and 5(1)(b) together and in the light of the preamble and the Statement of Objects and Reasons and against the decor of the remain- ing provisions of the Act, we have no doubt that s. 5(1), like the rest of the provisions, applies to forest produce grown in private holdings and not to forest produce grown in Government lands.

One of the submissions of the learned Additional Solici- tor General was that despite noticing in the Statement of Objects and Reasons that 'sal seeds' were grown in Govern- ment lands only yet 'sal seeds' were included in the defini- tion of forest produce and this was a clear indication that forest produce grown in Government lands was also meant to be dealt with by the Act. We do not think that the mere inclusion of 'sal seeds' in the definition of forest produce can lead to such consequences in the teeth of the several provisions of the Act. Several species of forest produce were included in the definition of forest produce and among them 'sal seeds' were also included so as to eliminate even the remote possibility of the existence of some stray private holdings in which sal seeds may have been grown.

In the view that we have taken it is unnecessary for us to consider the further submission that Explanation II to s. 5(1) saves the present contract or t, hat Explanation II is an explanation only to s. 5(1)(a) and not to s. 5(1)(b). We declare that the Act and the notification issued under the Act do not apply to forest produce grown in Government forests and that it was not therefore, open to the Govern- ment to treat the contract dated May 25, 1979 as rescinded. As a result of the attitude of the Government in treating the contract as rescinded from the date of the notification the appellants were not able to collect and purchase the sal seeds from the Government forests which they have taken on lease for a period of about four years. The question arises whether any further relief in addition to declaration may be granted by us. It was suggested on behalf of the appellants that their lease should be extended by another period of four years. We do not think that it is permissible for us to extend the lease for a further period of four years in that fashion. We can only leave it open to the parties to work out their rights in the light of the declaration granted by us. We find that various interim orders were made from time to time. The rights of the parties will naturally have to be worked out after taking into account the interim orders. Civil Appeal No. 6231 is an appeal by other persons similarly placed as the appellants in Civil Appeal No. 6230 of 1983 in respect of a different contract. Both the appeals are allowed with costs in the manner indicated above. We mentioned at the outset that although several species of forest produce were included in the definition of forest produce under the Act, the only notification issued under the Act in respect of any specie of forest produce was in respect of sal seeds, an item in respect of which no notifi- cation whatsoever was necessary if what was stated in the Statement of Objects and Reasons was correct. We are not a little surprised that the only occasion for using the ma- chinery of Orissa Forest Produce (Control of Trade) Act, 1981 was to issue a notification in respect of sal seeds and not in respect of other forest produce, leaving an uneasy feeling with us that the notification was issued only with the object of putting an end to these contracts solemnly entered into by the Orissa Govern- ment for the avowed purpose of encouraging the setting up of certain industries in the State of Orissa. The allegation of

the appellants is that this has been done with a view to help certain industrialists outside the State. We desire to express no opinion on this allegation.

P.S.S. Appeals allowed.