curred after the Act, it must be interpreted reasonably that s. 13 also applies to such decrees. Mr. Pathak, learned counsel for the respondent, on the other hand, contends that s. 13-A only applies to pre-Act debts, as s. 7 which declares the scheme of scaling down of debts applies only to pre-Act debts and the only exception to it is s. 13-A. Be that as it may, we cannot construe s. 13 with the aid of s. 13-A which was introduced by the Amending Act 23 of 1948. This appeal does not call for an interpretation of s. 13-A of the Act and we shall not express any opinion thereon.

The legal position may be briefly stated thus. Section 7, 8, 9 and 13 form a group of sections providing the principles of scaling down of debts incurred by agriculturists under different situations. A debt can be scaled down in an appropriate proceeding taken in respect of the same. But in the case of debts that have ripened into decrees, s. 19(1) and (2) prescribe a special procedure for reopening the decree only in respect of debts incurred before the Parent Act. The Parent Act does not provide for the reopening of decrees made in respect of debts incurred after it came into force, and for understandable reasons the relief in respect of such decrees is specifically confined only to a concession in the rate of interest.

For the foregoing reasons, we hold that the order of the High Court is correct. In the result, the appeal fails and is dismissed with costs.

Appeal dismissed

AMRIT BANASPATI CO. LTD. & ANR.

v.

STATE OF UTTAR PRADESH AND ORS.

1964

July, 27

(P. B. GAJENDRAGADKAR, C. J., M. HIDAYATULLAH, K. C. DAS GUPTA, J. C. SHAH AND RAGHUBAR DAYAL, JJ.)

Sales Tax—Sales tax levied at the rate of one anna per rupee—New decimal coinage introduced by Act No. 31 of 1955—Effect on calculation of sales tax—Sales tax to be levied at the rate of one

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

anna or six Naya Paisa—Indian Coinage Act, 1906 *as amended by Act No.* 31 *of* 1955, *s.* 14(3), (2).

For the assessment years 1956-57 and 1957-58, the appellant was assessed to sales tax in respect of Vanaspati and oil under the U.P. Sales Tax Act, 1948. By a notification issued on March 31, 1956 under s. 3-A(2), the rate of tax on Vanaspati was fixed at one anna per rupee at the point of sale by the manufacturer.

The appellant and S. P. Bhasin, a shareholder of the company, filed a writ petition in the High Court challenging the validity of the U.P. Sales Tax Validation Act, 1958 and also prayed for the quashing of the assessment order dated October 15, 1960 and the order dated February 1, 1961, of the Sales Tax Judge (Appeals), Meerut, in connection with the assessment of tax on the sale of Vanaspati and other articles both on the ground that the sale tax was assessed at a higher rate than was permissible under a valid law and that the tax had been assessed at the rate of one anna and not at 6 Naya Paisa per rupee. The writ petition was dismissed by a single Judge of the High Court and the Letters Patent Appeal was also dismissed by High Court. The appellant came to this Court by special leave.

The only point urged before this Court was that the tax should have been calculated at the rate of 6 Naya Paisa per rupee and not at the rate of one anna per rupee as laid down in the relevant provisions of the U.P. Sales Tax Act and the notice issued under its provisions. Dismissing the appeal,

Held (per P. B. Gajendragadkar, C.J., M. Hidayatullah, K. C. Das Gupta and Raghubar Dayal, JJ.): The High Court was right in construing the provisions of sub-s. (3) of s. 14 of Indian Coinage Act to mean that references to values in any enactment, notification, rule or order under any enactment or in any contract, deed or instrument, expressed in old coins should be construed to be references to values expressed in new coins by converting the old values at the rate of 16 annas, 64 pice and 192 pies to 100 Naya Paisa. The values expressed in new coins must be absolutely equivalent to the value of the old coins.

Per Shah, J.—The liability for sales tax after the amendment of the Coinage Act will be at the rate of 6 new coins for every rupee of sale price and not one anna. By the notification issued on March 31, 1956, the liability for payment of sales tax was to be computed at the rate of one anna in a rupee of the turnover. By virtue of s. 14(3), for an anna mentioned in the notification, 6¼ new coins are to be substituted. As the substituted rate involves a fraction, by the process of rounding off at the rate specified in s. 14(2), the fraction of new coins has to be omitted and the nearest new coins, *i.e.*, 6 new coins are to be deemed to be substituted in the statute.

J. K. Jute Mills Co. Ltd. v. *State of Uttar Pradesh,* [1962] 2 S.C.R. 1, *Ram Kishan Sunder Lal* v. *State of Uttar Pradesh,* 13 S.T.C. 923,

M/s. Mangalore Ganesh Beedi Works v. *State of Mysore*, [1963] Supp. 1 S.C.R. 275, referred to.

1964

Amrit Banaspati Co. v. *State of Uttar Pradesh*

CIVIL APPELLATE JURISDICTION: Civil Appeal Nos. 887 and 888 of 1963.

Appeals by special leave from the judgment and order dated October 23, 1961, of the Allahabad High Court in Special Appeals Nos. 483 and 484 of 1961.

S. K. Kapur, B. L. Khanna, S. Murty and *K. K. Jain*, for the appellants.

C. B. Agarwala and *C. P. Lal*, for the respondent.

July 27, 1964. The Judgment of the Court was delivered by :

Raghubar Dayal J.

RAGHUBAR DAYAL, J.—The appellant, Amrit Banaspati Co. Ltd., hereinafter called the company, a joint-stock company, and S. P. Bhasin, a shareholder of the company, filed writ petition no. 1003 of 1961 in the High Court of Judicature at Allahabad, challenging the validity of the U.P. Sales Tax Validation Act, 1958 (Act XV of 1958), hereinafter called the Validation Act, and praying for the quashing of the assessment order dated October 15, 1960 and the order dated February 1, 1961, of the Sales Tax Judge (Appeals), Meerut, in connection with the assessment of tax on the sale of vanaspati and other articles both on the ground that the sales-tax was assessed at a higher rate than was permissible under a valid law and that the tax had been assessed at the rate of 1 anna and not at 6 naye paise per rupee. The learned Single Judge of the High Court dismissed the writ petition as the Validation Act validating the relevant provision of the U. P. Sales Tax Act and the notification enhancing the rate of tax had been held valid by this Court in *J. K. Jute Mills Co. Ltd. v. State of Uttar Pradesh*(1) and as the contention about the calculation of tax to be at the rate of 6 naye paise per rupee and not at the rate of 1 anna had been repelled in earlier decisions of the Allahabad High Court, one such decision being *Ram Kishan Sunder Lal v. State of Uttar Pradesh*(2). A special appeal to a Division Bench of the High Court was dismissed

(1) [1962] 2 S.C.R. 1. (2) 13 S.T.C. 92

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Raghubar Dayal J.

in view of the decision of this Court in the *Jute Mills' Case*(1). It appears that the second question about the alleged error in calculating the tax at the rate of 1 anna instead of 6 naye paise per rupee, was not raised before the Division Bench. Civil Appeal No. 887 of 1963 has been filed by special leave against this order of the High Court.

The other appeal no. 888 of 1963 is filed against the order of the Division Bench confirming the order of the Single Judge dismissing the writ petition by the appellant company against the assessment order for the years 1955-56, 1956-57 and 1957-58. The only point urged for the appellant in this writ petition had been that the Validation Act was invalid. The orders of the two Courts below repelled the contention, in view of the decision of this Court, in the *Jute Mills Case*(1).

We did not allow the apellant to urge the grounds attacking the validity of the Validation Act in view of the decision of this Court in the *Jute Mills' Case*(1). The only point which is urged before us now is that the tax should have been calculated at the rate of 6 naye paise per rupee and not at the rate of 1 anna per rupee, as laid down in the relevant provisions of the U.P. Sales Tax Act and the notification issued under its provisions. The contention is based on the provisions of the Indian Coinage Act, 1906 (Act III of 1906), hereinafter called the Coinage Act, as amended by Act XXXI of 1955. It is urged that in view of the provisions of sub-ss. (2) and (3) of s. 14 of the Coinage Act, as amended reference to 1 anna in the relevant Act and notification issued thereunder should be construed to be reference to 6 naye paise and that the wrong calculation by the Sales Tax Authority has resulted in over-assessment of tax. To appreciate the real contention urged, it is necessary to refer to the relevant provisions of the Coinage Act.

Section 13 provides the extent up to which the tender of the various coins would be considered legal tender. Its relevant portions read:

> "13. (1) The coins issued under the authority of section 6 shall be a legal tender in payment or

(1) [1962] 2 S.C.R. 1.

on account,—

(a) in the case of a rupee coin, for any sum;

(b) in the case of a half-rupee coin, for any sum not exceeding ten rupees;

(c) in the case of any other coin, for any sum not exceeding one rupee:

Porvided that the coin has not been defaced and has not lost weight so as to be less than such weight as may be prescribed in its case.

* * * * *

(3) All nickel, copper and bronze coins which may have been issued under this Act before the 24th day of January, 1942 shall continue as before to be a legal tender in payment or on account for any sum not exceeding one rupee."

Section 14, after the amendment introducing the decimal system of coinage, reads:

"14. (1) The rupee shall be divided into one hundred units and the new coin representing such unit may be designated by the Central Government, by notification in the Official Gazette, under such name as it thinks fit, and the rupee, half-rupee and quarter-rupee shall be respectively equivalent to one hundred, fifty and twenty-five such new coins and shall, subject to the provisions of sub-section (1) and sub-section (2) of section 13 and to the extent specified therein, be a legal tender in payment or on account accordingly.

(2) All coins issued under the authority of this Act in denominations of annas, pice and pies shall, to the extent specified in section 13, be a legal tender in payment or on account at the rate of sixteen annas, sixty-four pice or one hundred and ninety-two pies to one hundred new coins referred to in sub-section (1), calculated in respect of any such single coin or number of such coins, tendered at one transaction, to the

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Raghubar Dayal J.

nearest new coin, or where the new coin above and the new coin below are equally near, to the new coin below.

(3) All references in any enactment or in any notification, rule or order under any enactment or in any contract, deed or other instrument to any value expressed in annas, pice and pies shall be construed as references to that value expressed in new coins referred to in sub-section (1) converted thereto at the rate specified in sub-section (2)."

The various factors determining the application of the provisions of sub-s. (2) for the purposes of calculating the equivalent value of annas, pice and pies tendered at one transaction are several. The first requisite is that the amount taken into consideration is the amount which is tendered at one transaction. The other is that the amount tendered in any of those coins should be within the extent of legal tender mentioned in s. 13. When these two conditions are present, those coins would be legal tender in payment or on account at the rate of 16 annas, 64 pice or 192 pies to 100 naye paise which is the new coin referred to in sub-s. (1) of s. 14. This means that the number of annas, or pice or pies tendered have to be multiplied by 100/, 100/64 and 100/192 respectively, to get the equivalent number of new coins. In such arithmetical calculation there is the possibility that the equivalent number of naye paise be not an exact number and be a mixed number consisting of a whole number and a fraction. There is no coin of the equivalent to a fraction of a naya paisa in value. In such cases, there is not going to be payment of the amount due in full, if for the amount tendered in payment or on account there is no full equivalent of naye paises at the rate specified in sub-s. (2). It is for such contingency of a payment being not a full payment that sub-s. (2) further provides that the coins tendered will be legal payment at the specified rate calculated to the nearest new coin or where the new coin above or new coin below are equally near, to the new coin below. The significance of this specified mode of calculation would be apparent from a concrete example.

7 annas, 6 annas and 5 annas, calculated at the specified rate, would be equal to 43¾, 37½ and 31¼ naye paise. According to the artificial calculation, they will however be deemed to be legal tender for 44, 37 and 31 naye paise respectively, as 44 and 31 naye paise are nearest to the calculated equivalent of 7 annas and 5 annas and 37 naye paise is the next coin below 37½ naye paise which are equally below 38 naye paise and above 37 naye paise and the artificial mode of calculation directs the equivalents to be fixed, in such circumstances, to the new coins below. It is to be noted that each coin of one kind, tendered, is not considered as a unit for the purposes of calculation, but all the coins of the denomination are to be treated as one unit for this purpose. This is to ensure payment of the amounts due as fully as possible. This will again be clear from a concrete example. Seven one-anna pieces are tendered, say, at one payment. If each separate piece be taken to be valid payment for 6 naye paise, the seven one-anna pieces will be good payment for 42 naye paise only, but if taken as a whole, they would be good payment for 44 naye paise. Similarly, five one-pice pieces will be good payment for 8 naye paise only and not for 10 naye paise which would be the case if each one-pice piece was treated as good payment for 2 naye paise, its equivalent, if it be converted singly to naye paise.

It is therefore clear that the provisions of sub-s.(2) provide for the conversion of old coins into new at the time of payment or of accounting, and then too for the conversion of the old coins within the limit of the extent to which they are legal tender, which means that one cannot insist on paying a total sum of several rupees in naye paise calculated in the manner laid down in sub-s. (2) of s. 14 and that two factors affect the determination of the number of naye paise equivalent in value to the value of the old coin of annas, pice or pies tendered, the two factors being the rate specified and the artificial way of calculation. The result of the artificial way of calculation is that sometimes equivalent number of naye paise is less than the actual value of the old coins at the specified rate and sometimes it is higher, the difference being, however, very small.

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Raghubar Dayal J.

Sub-section (3), however, deals with a different matter. It has nothing to do with the actual payment of any amount. It provides a rule for construing values expressed in old coins as values expressed in new coins or naye paise, and to achieve this object, the only factor necessary to specify is the rate at which the value of the old coins is to be converted into the value of the new coins. The object of the provision is to provide a measure for arriving at the equivalent value in terms of new coins and not to provide how any amount due in terms of old coins is to be paid in terms of new coins. Sub-section (3) therefore simply provides that references, in any of the documents referred to in that sub-section, to any value expressed in annas, pice and pies shall be construed as references to that value expressed in new coins converted thereto at the rate specified in sub-s. (2). Sub-s. (2) specifies the rate. The rate specified in sub-s. (2) is 16 annas, 64 pice or 192 pies to 100 new coins or naye paise. It is this rate which is referred to in sub-s. (3). There is nothing in sub-s. (3) which can be taken to refer to that part of sub-s.(2) which relates to the actual calculation for arriving at the number of new coins deemed equivalent in value to a certain number of annas, pice or pies, coins tendered within the limits of legal tender. The provisions of sub-s. (3) of s. 14 provide for the conversion of the value of old coins into that of new coins at the rate specified in sub-s. (2) and do not provide for conversion to be in accordance with the provisions of sub-s. (2). The other expression would have been preferable if the legislature had intended that the references of values expressed in old coins be construed as references to values in new coins according to the mode of artificial calculation mentioned in sub-s.(2). The provisions deal with the method of construction of the expression of the value in documents, be they private documents or be they enactments or notifications, or rules or orders. The object was to determine the equivalent value which may be taken to replace the value as expressed in old coins. If the contention urged for the appellant be accepted, the values expressed in annas, pice or pies will not, on conversion, be precisely equivalent but could be very much divergent and would adversely affect

the interests of the persons to whom money be due or in certain circumstances, the interests of the person from whom it be due. This could not have been contemplated by the legislature. The futility of the appellants' contention that the provisions of sub-s. (3) not only refer to the rate specified in sub-s. (2) but also to the method of calculation mentioned in that sub-section, is apparent from the anomalies which would arise if it be accepted. This can be illustrated from the various facts of these appeals.

It is the appellants' contention in writ petition no. 1003 of 1961 that the sales tax calculated at the rate of 6 naye paise and not at 1 anna per rupee on the whole turnover of Rs. 1,40,18,170.84 would reduce the tax demanded by the Sales Tax Officer by Rs. 34,355. This means that if the tax is calculated at the rate of 1 anna per rupee, as expressed in the relevant provision of law or at 6.25 naye paise per rupee, the amount of tax due from the appellant would be Rs. 34,355 more than the amount of of the same tax on the same turnover calculated at an equivalent value of 6 naye paise per rupee. In the other writ petition, no reference was made by the appellants to the manner of calculating the tax, the manner of calculation adopted by the taxing authority being the same as in the other writ petition, as the appellants' claim for refund, if determined at the values of one anna and nine pies calculated in accordance with sub-section (2) of s. 14, would have been much reduced. It will be sufficient to state that in clause (e) of para 16 of the writ petition, the figures for the years 1956-57 for the amount paid at one anna per rupee and the amount payable at 9 pies per rupee would then vary the amount refundable to the appellant in a way as to make it much less. The figures would stand thus :

	Rs.	a.	p.
Total amount paid at 1 anna per rupee	8,05,726	10	6
Amount payable at 9 pies	6,05,167	5	3
Amount refundable, and therefore which the petitioner company could detain	2,00,559	5	3

If the amount payable be calculated at the rate of five naye paise in place of 9 pies, the amount refundable would be

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Raghubar Dayal J.

much less as shown below :

	Rs.	nP.
Total amount paid at 1 anna per rupee	8,05,726	65
Amount payable at 5 naye paise	6,44,661	32
Amount refundable	1,61,065	33

The appellant stood to lose by calculating the tax payable in terms of naye paise and therefore made up an account at the old coin rates.

The legislature could not have intended, by the provisions of sub-section (3), that a mere provision for working out the value in old coins into values in new coins should provide scope for such huge variations in the actual amounts to be paid or received. The process of conversion is not meant or designed to be a process for gaining more or less than what is rightfully due under a provision of law or under any contractual term. The conversion is a simple process necessitated by the exigency of payment to be in currency different from the one in which the payment was to be.

We are therefore of opinion that what sub-section (2) of s. 14 requires is that references to any value expressed in annas, pice and pies will be construed to such values expressed in new coins which would be absolutely equivalent to the value of the old coins when their value is converted at the rate of 16 annas, 64 pice and 192 pies to 100 naye paise.

Great reliance is placed for the appellants on the decisions of this Court in *M. G. Beedi Works v. State of Mysore*(1). Apparently some observations of this Court in that case support the appellants' contention. But, when they are considered in the context of that case, they do not support the contention as the Court had not to deal in that case with the actual contention now raised before us.

In the *Beedi Works* Case the sales tax was to be levied at the rate of 3 pies for every rupee of turnover. The

(1) [1963] Supp. 1 S.C.R., 275.

amount of tax calculated at 3 pies per rupee worked out to Rs. 91,690 and, calculated at the rate of two naye paise the equivalent value of 3 pies, when calculated in the manner laid down in sub-section (2) of s. 14, worked out to a figure higher by Rs. 25,038. The tax was assessed at two naye paise per rupee in view of the provisions of the Mysore Existing Laws (Construction of References to Values) Act, 1957 (Mysore Act XII of 1957). Section 3 of that Act said :

> "3. Construction of references to certain values in existing laws.—
>
> In every existing law, all references to any value expressed in annas, pice and pies, shall be construed at references to that value expressed in new coins referred to in sub-section (1) of section 14 of the Indian Coinage Act, 1906 (Central Act III of 1906), converted thereto at the rate specified in sub-section (2) of section 14 of the said Act."

The assessee, by his writ petition, questioned the validity of the enactment which led to such a result in the amount of tax assessed. The contention raised was not that the rate of calculation was wrong, but was that the law providing for the assessing of tax at the rate of 2 naye paise instead of 3 pies per rupee was invalid as it amounted to enhancing the tax by an Act which was not enacted in accordance with the procedure laid down in the Constitution. This is clear from what was stated at p. 277, it being—

> "The grievance of the appellant was that according to the Mysore Sales Tax Act he was liable to sales tax at the rate of 3 pies for every rupee on the turnover and calculated on that basis the amount of tax would be Rs. 91,690, but after the amendment of the Indian Coinage Act (Act 3 of 1906) by the Amending Act 31 of 1955 the rate of sales tax which was levied on the appellant's Beedis was ·02 nPs. per rupee

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Raghubar Dayal J.

and thus the appellant was called upon to pay Rs. 25,038, more than he would have paid if he had been charged at the rate of 3 pies per rupee. It was contended on behalf of the appellant in the High Court and before us that this amounted to enhancement of tax which was illegal because the tax had not been increased in the manner provided under the Constitution and thus it was a breach of Article 265 of the Constitution and was therefore void and illegal."

This Court further said, at p. 279:

"Two objections were taken to the validity of the tax: Firstly it was argued that by the substitution of 2 naye paise in place 3 pies there was a change in the tax exigible by the Mysore Sales Tax Act and this could only be done if that enactment had been passed according to the procedure for Money Bills in the manner provided by Articles 198, 199 and 207 of the Constitution and as no such Money Bill was introduced or passed for the enhancement of the tax, the tax was illegal and invalid.".

It is clear that the contention was not that the tax should be calculated at a rate equivalent to 300/192 naye paise *i.e.*, 1-9/16 naye paise and not at 2 naye paise. It was not urged that the assessment could not have been at 2 naye paise in view of the provisions of s. 3 of the Mysore Act of 1957. What was contended was that the assessment at the rate of 2 naye paise per rupee, instead of 3 pies per rupee, amounted to assessment of tax at an enhanced rate and that the Mysore Act, due to procedural defect, was not valid law. This Court dealt with these two objections and simply said with respect to the contention about the provision of law amounting to a provision enhancing the rate to tax (p. 279):

"In our opinion by substitution of new coinage *i.e.*, naye paise in place of annas, pice and pies no enhancement of tax was enacted but it was

> merely a substitution of one coinage by another of equivalent value."

This Court expressed the opinion that a law providing for substitution of new coinage in place of old coinage in the expression of values does not amount to a provision of enhancing the tax. The pith and substance of the Act was substitution in terms of new coinage and not varying the rate of tax.

On p. 278, however, this Court, after referring to the provisions of sub-sections (1) and (2) of s. 14 of the Indian Coinage Act about the division of a rupee into 100 naye paise and the old legal tender in annas, pice and pies remaining legal tender in naye paise and referring to the mode of calculation specified in sub-section (2) of s. 14, said:

> "Sub-section (3) provides that all references under any enactment to annas, pice or pies have to be construed as references to the new coin referred to in sub-section (1). In other words wherever the old legal tender, *i.e.*, annas, pice and pies is mentioned in an enactment it is to be converted into naya paisas and the naya paisas are to be substituted in place of the old legal tender calculated in the manner laid down in sub-section (2)."

Stress is placed on the last sentence but this cannot be taken as the decision of the Court on the question that sub-section (3) of s. 14 made reference not only to the rate of conversion but also to the mode of calculation, as that question had not been considered in any manner. The last sentence was a sort of a paraphrase of what had been said earlier in the quotation with respect to the provisions of sub-section (3). This is clear from the facts that the provisions of sub-section (3) have not been stated in full, and have been referred to upto the stage of references to the new coin referred to in sub-section (1) and that the last portion of the provisions of sub-section (3), *i.e.*, 'converted thereto at the rate specified in sub-section (2)' has not been mentioned. It is thus that the latter part of the observa-

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Raghubar Dayal J.

tions happened to refer to the method of calculation and not to the rate specified in sub-section (2). The Court was, at the time, thinking of the value of 3 pies in terms of naye paise as calculated according to the provisions of sub-section (2), there being no contest before it that the value substituted to the equivalent of 3 pies for assessing the tax was not a correct value for substitution in place of 3 pies. We therefore do not construe the expression relied upon by learned counsel for the appellant to be a decision of the Court on the construction of the provisions of sub-section (3) of s. 14 and are therefore of opinion that the observations in that case cannot be taken to be a decision of this Court on the actual point for determination now before us.

We therefore hold that the High Court is right in construing the provisions of sub-section (3) of s. 14 of the Indian Coinage Act to mean that references to values in any enactment, notification, rule or order under any enactment or in any contract, deed or instrument, expressed in old coins should be construed to be references to values expressed in new coins by converting the old values at the rate of 16 annas, 64 pice and 192 pies to 100 naye paise. We accordingly dismiss the appeals with costs.

Shah J.

SHAH, J.—I am unable to agree with the view expressed by my learned brother Raghubar Dayal, J., about the interpretation of s. 14 which was incorporated by Act 31 of 1955 in the Coinage Act III of 1906.

For the assessment years 1956-57 and 1957-58 the appellant was assessed to sales tax in respect of "Vanaspati" and "oil" under the U.P. Sales Tax Act XV of 1948, as amended by the U.P. Act XXV of 1948. By a notification issued on March 31, 1956 under s. 3-A(2) the rate of tax on "Vanaspati" was fixed at one anna per rupee, at the point of sale by the manufacturer. Validity of that imposition was challenged by the appellant, but the question is not now open to be canvassed in view of the decision of this Court in *J. K. Jute Mills Co. Ltd.* v. *State of Uttar Pradesh*(1). The only question which survives is about the

(1) [1962] 2 S.C.R. 1

quantum of liability of the appellant under the notification, in terms of the new decimal coinage introduced by Act 31 of 1955. The appellant has claimed that its liability computed in the light of s. 14(3) of the Coinage Act would be Rs. 34,385, less than the amount demanded by the Taxing Authorities. Section 13 of the Coinage Act III of 1906 (which was substituted by Act 28 of 1947 for the original sections 13 and 14) in so far as it is material provides:

"(1) The coins issued under the authority of section 6 shall be a legal tender in payment or on account,—

(a) in the case of a rupee coin, for any sum;

(b) in the case of a half-rupee coin, for any sum not exceeding ten rupees;

(c) in the case of any other coin, for any sum not exceeding one rupee:

(2) * * * *".

Section 14 which added by Act 31 of 1955 provides:

"(1) The rupee shall be divided into one hundred units and the new coin representing such unit may be designated by the Central Government, by notification in the Official Gazette, under such name as it thinks fit, and the rupee, half-rupee and quarter-rupee shall be respectively equivalent to one hundred, fifty and twenty-five such new coins and shall, subject to the provisions of sub-section (1) and sub-section (2) of section 13 and to the extent specified therein, be a legal tender in payment or on account accordingly.

(2) All coins issued under the authority of the Act in any denominations of annas, pice and pies shall, to the extent specified in section 13, be

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Shah J.

a legal tender in payment or on account at the rate of sixteen annas, sixty-four pice or one hundred and ninety-two pies to one hundred new coins referred to in sub-section (1) calculated in respect of any such single coin or number of such coins, tendered at one transaction, to the nearest new coin, or where the new coin above and the new coin below are equally near, to the new coin below.

(3) All references in any enactment or in any notification, rule or order under any enactment or in any contract, deed or other instrument to any value expressed in annas, pice and pies shall be construed as references to that value expressed in new coins referred to in sub-section (1) converted thereto at the rate specified in sub-section (2)."

Sub-section (1) of s. 14 declares a rupee as equivalent to a hundred new coins, and a half-rupee and a quarter-rupee as equivalent to fifty new coins and twenty-five new coins respectively. These new coins are made legal tender in payment or on account as provided in s. 13 of the Act. By sub-section (2) all coins issued under the authority of the Act in denominations of annas, pice and pies also remain legal tender in payment or on account at the rate of sixteen annas, sixty-four pice or one hundred and ninety-two pies to one hundred new coins. An anna is therefore made legal tender for 25|4, a pice for 25|16, and a pie for 25|48 new coins. But this involves adjustment of fractions of new coins, and the Legislature has, instead of issuing fractions of new coins—a step which would have involved the issue of coins of insignificant value—provided for rounding off fractions of new coins, when to discharge an ascertained liability in a single transaction payment is made in annas, pice or pies. This table of equivalence prescribed by sub-section (2), however, applies only when payment is made in old coins to discharge liability under a single transaction. Sub-section (3) is an interpretation clause. Where under any law, contract or instrument, reference is made

to annas, pice or pies, liability arising in any transaction governed thereby will be construed in terms of new coins converted at the rate specified in sub-section (2). This conversion involves two steps: substitution of the value in terms of new coins by the application of rates mentioned in sub-section (2), and rounding off the fractions, if any, resulting from such application. When there is in any law, contract or instrument a reference to any value expressed in terms of annas, pice or pies, by sub-section (3) the reference has to be construed as if the value is expressed in terms of new coins at the rates specified in sub-section (2).

Liability to pay an amount in one transaction ascertained in terms of new coins may be discharged under sub-section (2) by tender of annas, pice or pies according to the table of equivalence and the fractions may be rounded off. But in the ascertainment of liability under a transaction, sub-section (2) does not come into play. Liability under a transaction is ascertained under the general law, and sub-section (3) comes in aid as an interpretation clause when the value is expressed in some law, contract or instrument governing a transaction not in terms of new coins, but of annas, pice or pies. Sub-section (3) does not attract the rule of rounding off at the stage of discharge of liability under any concrete transaction: it merely prescribes the value which shall be deemed to be substituted in any law, contract or instrument when the value is specified therein in terms of annas, pice or pies. It is attracted when liability declared in annas, pice or pies is to be ascertained in terms of new coins whereas sub-section (2) operates in considering whether a certain payment in annas, pice or pies discharges an ascertained liability.

There is nothing in the statute which supports the view that what the Legislature intended by enacting sub-section (3) was computation of liability in terms of old coins and then conversion and rounding off of the total liability in terms of new coins. To interpret clause (3) in that manner would be to denude it of its true purpose as an interpretation clause, and to render it practically nugatory. If sub-section (3) is merely intended to serve as determinative of

1964

Amrit Banaspati Co. v. State of Uttar Pradesh

Shah J.

total liability under a transaction, the purpose is amply served by sub-section (2).

The view I have expressed also finds support from a judgment of this Court in *M/s. Mangalore Ganesh Beedi Works* v. *The State of Mysore and another*(1). In that case, sales-tax was imposed under the Mysore Sales Tax Act 6 of 1948 at the rate of three pies for every rupee of the turnover. On the application of s. 14 of the Indian Coinage (Amendment) Act, 1955, sales-tax leviable under the Mysore Sales Tax Act was computed at the rate of two new coins per rupee of the turnover, and a demand for Rs. 1,16,72·44 was made. The tax-payer contended that he was liable to pay Rs. 91,690 only being the amount of total tax liability computed at the rate of 3 pies per rupee of turnover. He challenged the additional demand by a petition in the High Court of Mysore on the plea that the Act which altered the incidence was a taxing measure and could only be enacted after complying with the provisions of Arts. 198, 199 and 207 of the Constitution relating to money bills, and the Mysore Existing Laws (Construction of Reference to Values) Act 12 of 1957 which gave effect to the amendment made by Act 31 of 1955, dealt with "coinage and legal tender", and was not within the competence of the State Legislature. In dealing with these contentions, this Court summarised the scheme of clauses (1), (2) and (3) of s. 14 and observed:

> "Sub-section (3) provides that all references under any enactment to annas, pice or pies have to be construed as reference to the new coin referred to in sub-section (1). In other words, wherever the old legal tender, *i.e.*, annas, pice and pies is mentioned in an enactment it is to be converted into naya Paisas and the naya Paisas are to be substituted in place of the old legal tender calculated in the manner laid down in sub-section (2)."

The Court rejected the claim of the tax-payer that he was liable to pay tax computed at the rate of three pies per

(1) [1963] Supp. 1 S.C.R 275.

rupee only. If sub-section (3) of s. 14 was susceptible of the interpretation submitted on behalf of the State of Uttar Pradesh, it was wholly unnecessary to enter upon the question of the *vires* of the provisions, because between the computation of sales-tax on a total turnover of Rs. 58,36,422.25 nPs at 2 naye Paise, and at the rate of 3 pies per rupee in the manner suggested, there would have resulted no discrepancy at all, and the contention of the tax-payer that he was liable to pay Rs. 91,690 had to be accepted. But this Court upheld the claim of the Sales Tax Department that the computation had to be made by substituting two naye Paise in the section of the Mysore Sales Tax Act, which imposed liability for payment of tax, and the total demand for tax computed on the footing of that substitution was properly made. If the interpretation which is now suggested on behalf of the State be accepted, the assessee in Mangalore *Ganesh Beddi Works' Case*(1) was bound to succeed.

In the present case by the notification issued on March 31, 1956, the liability for payment of sales-tax was to be computed at the rate of one anna in a rupee of the turnover. By virtue of s. 14(3) of the Indian Coinage Act, for an anna mentioned in the notification 6¼ new coins will be substituted. But as the substituted rate involved a fraction by the process of rounding off at the rate specified in sub-section (2), the fraction of new coins will be omitted and the nearest new coins *i.e.*, six new coins will be deemed to be substituted in the statute. Liability for sales-tax after the amendment of the Coinage Act will, therefore, be at the rate of 6 new coins for every rupee of sale price.

ORDER BY COURT

In view of the judgment of the majority, the appeals are dismissed with costs.

(1) [1963] Supp. 1 S.C.R. 275.