

SUPREME COURT OF INDIA

Life Insurance Corporation of India

Vs

State of Rajasthan and Others

(Arijit Pasayat and S. H. Kapadia, JJ)

01.02.2007

C.A.No.413 of 2007

JUDGMENT

Dr.Arijit Pasayat, J.

SLP.(Civil)No.21033 of 2005

1. Leave granted.

2. Challenge in this appeal is to the order dated 23.5.2005 passed by a Division Bench of the Rajasthan High Court, Jaipur Bench.

3. A brief reference to the factual aspect would suffice. The appellant filed the writ petition challenging the order dated 16.9.2004 and notice dated 16.9.2004 issued by the Additional Collector (Stamps) Jaipur. The demand raised by the State of Rajasthan was in respect of alleged revenue loss caused by the appellant to the State Government by its purchasing stamps from other State i.e. Maharashtra. The writ petition was dismissed by learned Single Judge on the ground of availability of alternative remedy. Appellant filed the Special Appeal questioning correctness of the order passed by the learned Single Judge. Along with Special Appeal an application for stay was also filed. The Special Appeal was disposed of with the direction to the respondent- State to constitute a High Power Committee to resolve the dispute. The High Power Committee by its order dated 27.4.2005 held that the appellant is liable to pay to the State of Rajasthan a sum of Rs.576.72 lakhs Appellant filed an application for revival of the Special Appeal and revival of the interim direction passed in the said appeal. Though initially the application was dismissed, subsequently the same was revived. Dealing with the said application it was noted by the High Court by order dated 11.12.2004 that the demand of Rs.1, 19, 75, 000/- made against the appellant does not exceed the loan advanced by the appellant-Corporation to the State of Rajasthan. Liberty was given to the State of Rajasthan to adjust the amount of its demand against the loan advanced by the appellant- Corporation to the State Government.

4. Learned counsel for the appellant submitted that the Rajasthan Stamp Law (Adaptation) Act, 1952 (in short the 'Act') does not in reality authorize the demand as has been made in the present case.

5. Learned counsel for the respondent-State on the other hand submitted that the provisions contained in the aforesaid Act clearly permit the action as taken by the authority.

6. Since the matter is pending consideration of the High Court it would not be proper for us to decide the issues on merits though learned counsel for the parties made a request in that regard. It would be appropriate if the High Court hears the matter expeditiously, considering the importance to the issues involved regarding the permissibility of the levy and the manner adopted. Undisputedly several divisions of the appellant-Corporation in Rajasthan purchase stamps from Maharashtra. Stand of the State Government is that purchase of stamps from outside Rajasthan was against the provisions of the Act and the Rules made thereunder. The view expressed was that officers of the appellant-Corporation would purchase stamps from the Rajasthan treasuries only.

7. In the circumstances, the High Court is requested to take up the Special Appeal for disposal expeditiously. The High Court is also requested to explore the possibility to dispose of the matter by the end of August, 2007. Needless to say the decision of the High Court shall be uninfluenced by the view taken by the High Power Committee. The interim order dated 24.10.2005 passed by this Court shall continue to be operative till disposal of the matter by the High Court. It is made clear that it shall not be construed that we have expressed no opinion on the merits by granting interim protection as afore- noted.

8. The appeal is accordingly disposed of. No costs.