

STATE OF BIHAR & ANR.

v.

ARVIND KUMAR & ANR.

(Criminal Appeal Nos. 1075-76 of 2012)

JULY 23, 2012

[DR. B.S. CHAUHAN AND SWATANTER KUMAR, JJ.]

Essential Commodities Act, 1955 - ss. 3, 6-A, 7 and 10 - Seizure of wheat - From the premises of respondent - No one came forward to claim the seized material - FIR u/ss. 7 and 10 of the Act and u/ss. 421/424 IPC - Writ petition seeking quashing of FIR and in the alternative order for release of wheat - High Court directing release of wheat - Respondents' application for release of wheat dismissed by CJM on the ground that they failed to prove their ownership over the seized material - Respondents' Petition against the order of CJM allowed by High Court - On appeal, held: The question of ownership over the seized goods being a question of fact could not have been gone into by High Court in its revisional or extra-ordinary jurisdiction - High Court dealt with the matter in complete disregard of the legislation - A court cannot issue a direction contrary to law nor can it direct an authority to act in contravention of the statutory provisions - Penal Code, 1860 - ss. 421/424 IPC - Public Distribution System (Control) Order, 2001 - Clause 6(a) - Jurisdiction.

Upon receiving secret information, officials raided the flour mill of the respondents and found wheat being off-loaded from a truck. Appellants seized 5923 bags of wheat. The seized material made it apparent that there had been diversion of grains of Food Corporation of India, for the purpose of black marketing. No one came forward to claim the seized material. FIR was lodged u/ss. 7 and 10 of Essential Commodities Act, 1955 and u/ss. 421/424 IPC against the respondents.

A Respondents filed a writ petition for quashing of FIR and in the alternative for release of the confiscated goods. High Court allowed the petition directing release of the confiscated goods observing that continuing seizure of the confiscated articles like wheat for a long time might not be justified. When the respondents made B an application before Chief Judicial Magistrate for release of the wheat, the same was dismissed on the ground that they failed to produce any document to show their ownership over the seized material. Respondents then C again approached the High Court filing an application against the order of CJM, and the same was allowed. Therefore the instant appeal was filed against both the orders of the High Court.

D Allowing the appeals, the Court

HELD: 1. The Essential Commodities Act was enacted to safeguard public interest, considering it necessary in the interests of the general public to control the production, supply and distribution of, trade and E commerce in, certain commodities through the legislation. It was in light of the aforesaid public policy that Section 3 of the Act empowers the Government to issue notifications and once a notification is issued, it further enables the competent authority to confiscate the F goods under Section 6-A and prosecution leading to the punishment provided u/s. 7 of the Act. The Collector has been empowered u/s. 6-A, if it is so found to be expedient, to sell the seized commodity which is subject to natural decay, at a controlled price or by public auction or to G dispose off them through the Public Distribution System to avoid artificial shortages, maintain price line and secure equitable distribution thereof through fair price shops as it is in the interest of the general public. [Para 6] [124-A-E]

H 2. The High Court has not even taken a *prima facie*

view that the State Government has not issued any order/ notification u/s. 3 of the Act though the FIR made a reference to clause 6(a) of the Public Distribution System (Control) Order, 2001 issued u/s. 3. Respondent also referred to the said Control Order 2001 in the writ petition filed by them. More so, the question of ownership of the goods seized is a question of fact which ought not to have been gone into by the High Court in its revisional or extra-ordinary jurisdiction. Further, there is nothing on record on the basis of which the issue of ownership was decided by the High Court. There was no cogent material on record before the High Court on the basis of which direction to release the goods so seized could be issued. The High Court has dealt with the issue in the most casual and cavalier manner, without any application of mind showing complete disregard of the legislature enacting the said provisions for general welfare. [Paras 7 and 8] [124-E-H; 125-A]

Shambhu Dayal Agarwala v. State of West Bengal and Anr. (1990) 3 SCC 549; 1990 (2) SCR 987; Oma Ram v. State of Rajasthan and Ors. (2008) 5 SCC 502; 2008 (6) SCR 747 - relied on.

3. The petition was filed before the High Court for quashing of the FIR and alternatively for releasing the seized items and the High Court without giving any reason whatsoever disposed of the petition observing that continuing seizure of the seized items for a long time may not be justified as the seized good was wheat. This was the only reason given by the High Court without any consideration of the averments made on behalf of the parties and further, without considering the requirement of the statutory provisions. [Para 10] [126-B-D]

4. In the subsequent order dealing with the ownership of the wheat, the High Court has only taken note of the fact that as the respondents herein were

A prepared to furnish adequate/sufficient security to the satisfaction of the court below, for release of the wheat in question, the wheat could have been released by the CJM. There was no justification for the High Court to issue directions for release of such material merely
 B because applicant could furnish the security. Any stranger or third party may give sufficient security and get the seized goods released in his favour. Such a course is not permissible even while deciding an application u/s. 451/457 Cr.P.C. A person having no title/
 C ownership over the seized material may get the same released on furnishing security and then sell it in black market and earn profits several times greater than the amount of security furnished by him. The order of release which defeats the very purpose for which the Act was enacted, should not have been passed. [Para 11] [126-E-H; 127-A-B]

5. The High Court has totally ignored the fact that any order passed u/s. 6-A is appealable u/s. 6-C of the Act. Therefore, to consider such an application for release of
 E the said goods was totally unwarranted at least at that stage. [Para 12] [127-C]

6. Generally, no court has the competence to issue a direction contrary to law and nor can the court direct
 F an authority to act in contravention of statutory provisions. The courts are meant to enforce the rule of law and not to pass the orders or directions which are contrary to what has been injected by law. [Para 13] [127-D-E]

G *Manish Goel v. Rohini Goel* AIR 2010 SC 1099: 2010 (2) SCR 414; *Vice Chancellor, University of Allahabad and Ors. v. Dr. Anand Prakash Mishra and Ors.* (1997) 10 SCC 264:1996 (10) Suppl. SCR 175; *Karnataka State Road Transport Corporation v. Ashrafulla Khan and Ors.* AIR 2002
 H SC 629: 2002 (1) SCR 194 - relied on.

7. The impugned orders passed by High Court are set aside and the case is remanded back to the High Court to consider afresh after examining all the factual and legal issues involved in the said case. [Para 14] [127-F-G] A

Case Law Reference: B

1990 (2) SCR 987	Relied on	Para 9	
2008 (6) SCR 747	Relied on	Para 9	
2010 (2) SCR 414	Relied on	Para 13	C
1996 (10) Suppl. SCR 175	Relied on	Para 13	
2002 (1) SCR 194	Relied on	Para 13	

CRIMINAL APPELLATE JURISDICTION : Criminal Appeal Nos. 1075-1076 of 2012. D

From the Judgment & Order dated 15.03.2011 of the High Court of Patna in Cr. WJC No. 215 of 2011 and final Judgment & Order dated 29.04.2011 in Cr. Misc. No. 14629 of 2011. E

Gopal Singh, Manish Kumar for the Appellants.

Nagendra Rai, Gaurav Agrawal, Shankar Narayanan for the Respondents.

The Judgment of the Court was delivered by F

DR. B.S. CHAUHAN, J.

Leave granted.

1. These appeals have been preferred against the impugned judgments and orders dated 15.3.2011 in Cr.WJC No. 215 of 2011 and dated 29.4.2011 in CrI. Misc. No. 14629 of 2011 of the Patna High Court, by which a huge quantity of wheat seized by the appellant from the premises of the respondents under the provisions of Essential Commodities H

A Act, 1955 (hereinafter referred to as 'EC Act') has been released.

2. Facts and circumstances giving rise to these appeals are that:

B A. On 15.2.2011, a secret information was received by the department of the appellants in respect of illegal storage of subsidized food grains of Public Distribution Scheme by the respondents which led to the raid upon the premises of M/s Harsh Tejas Nutrition Pvt. Ltd., (Flour Mill of the respondents) C situate at Patna, New Bypass Road near Petrol Pump. The Sub-Divisional Officer, Patna City and other officers from the local police raided the premises of the said flour mill and found off loading of wheat from Truck bearing registration No. BHI 1899. The driver and other workers fled away. It was found that D the grains bags had the seal of Food Corporation of India, (hereinafter called 'FCI'), U.P. Government Food Department, Food and Supply Department, Haryana; and Government of Punjab. The seized material made it apparent that there had been diversion of FCI grains for the purpose of black marketing. E Appellants seized 5923 bags filled with more than 2991 quintals wheat.

F B. None from the company where the raid was conducted came forward to claim the seized material or to justify the storage of same. Thus, the FIR bearing case No. 15/2011 dated 18.2.2011 was lodged under Sections 7 and 10 of the EC Act in addition to the appropriate Sections 421/424 of the Indian Penal Code, 1860 (hereinafter called 'IPC') in respect of the said seizure.

G C. The respondents herein preferred Criminal Writ Petition No. 215/2011 for quashing confiscation proceedings and/or release of the confiscated goods.

H D. The High Court allowed the said writ petition within a very short span vide order dated 15.3.2011 and subject to

STATE OF BIHAR & ANR. v. ARVIND KUMAR & ANR. 123
[DR. B.S. CHAUHAN, J.]

certain procedural compliances observed that continuing seizure of the seized articles for a long time may not be justified and therefore the High Court issued direction for release of the said wheat.

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E. The respondent approached the Chief Judicial Magistrate, Patna, for releasing the wheat in pursuance of the order passed by the High Court on 15.3.2011 by moving an application. The learned CJM dismissed the application of the respondent on 7.4.2011 on the ground that he could not produce any document which may show their ownership to the said seized material.

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F. The respondent again approached the High Court by filing Criminal Miscellaneous No. 14692/2011 which had been allowed vide order dated 29.4.2011.

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Hence, these appeals.

3. Mr. Gopal Singh, learned counsel appearing for the State of Bihar has submitted that the orders had been passed by the High Court in a mechanical manner in utter disregard of the statutory provisions of the EC Act, particularly, the provisions of Sections 6-A and 6-E. Therefore, the impugned judgments and orders dated 15.3.2011 and 29.4.2011 are liable to be set aside.

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4. On the contrary, Mr. Nagendra Rai, learned senior counsel appearing for the respondents has vehemently opposed the appeals contending that Sections 6-A and 6-E apply only where the goods are seized in pursuance of an order issued under Section 3 of the EC Act. In the instant case, no order had ever been issued under Section 3, therefore, the said provisions are not attracted. Respondents were able to show their ownership in respect of the seized materials. The High Court in the impugned judgments made it clear that release of the wheat was only an interim measure subject to the final decision in the case. Therefore, no interference is warranted

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A by the court, the appeals are liable to be dismissed.

5. We have considered the rival submissions made by learned counsel for the parties and perused the record.

B 6. The EC Act was enacted to safeguard the public interest
 C considering it necessary in the interests of the general public
 D to control the production, supply and distribution of, trade and
 commerce in, certain commodities through the legislation. It
 was in the light of the aforesaid public policy that Section 3 of
 the EC Act empowered the Government to issue notifications
 and once a notification is issued, it enables the competent
 authority to confiscate the goods under Section 6-A and
 prosecution leading to punishment provided under Section 7
 of the EC Act. The Collector has been empowered under
 Section 6-A, if it is found to be expedient to sell the seized
 commodity which is subject to natural decay, at a controlled
 price or by public auction or dispose of through Public
 Distribution System to avoid artificial shortages, maintain the
 price line and secure equitable distribution thereof through fair
 price shops as it is in the interest of the general public.

E 7. Admittedly, the High Court has not even taken a prima
 facie view that the State Government had not issued twice any
 order/notification under Section 3 of EC Act though the FIR
 made reference to clause 6(a) of the Public Distribution System
 (Control) Order, 2001 issued under Section 3 of the EC Act.
 F Respondent also referred to the said Control Order 2001 in
 Para 3 of the CrI.W.J.C. No. 215 of 2011 filed by them. More
 so, the question of ownership of the goods seized is a question
 of fact which ought not to have been gone into by the High Court
 in its revisional or extra-ordinary jurisdiction. Further, there is
 G nothing on record on the basis of which the issue of ownership
 has been decided by the High Court. There was no cogent
 material on record before the High Court on the basis of which
 direction to release the goods so seized could be issued.

H 8. We are at pains to observe that the High Court has dealt

STATE OF BIHAR & ANR. v. ARVIND KUMAR & ANR. 125
[DR. B.S. CHAUHAN, J.]

with the issue in most casual and cavalier manner without any application of mind showing complete disregard of the legislature enacting the provisions for general welfare.

9. This Court while dealing with a similar issue in *Shambhu Dayal Agarwala v. State of West Bengal & Anr.*, (1990) 3 SCC 549, held that whenever any essential commodity is seized, pending confiscation under Section 6-A, the Collector has no power to order release of the commodity in favour of the owner. Having regard to the scheme of the Act, the object and purpose of the statute and the mischief it seeks to guard, it was further held that the word "release" in Section 6-E is used in the limited sense of release for sale etc. so that the same becomes available to the consumer public. The court held as under:

"... No unqualified and unrestricted power has been conferred on the Collector of releasing the commodity in the sense of returning it to the owner or person from whom it was seized even before the proceeding for confiscation stood completed and before the termination of the prosecution in the acquittal of the offender. Such a view would render Clause (b) of Section 7(1) totally nugatory and would completely defeat the purpose and object of the Act. The view that the Act itself contemplates a situation which would render Section 7(1)(b) otiose where the essential commodity is disposed of by the Collector under Section 6-A(2) is misconceived. Section 6-A does not empower the Collector to give an option to pay, in lieu of confiscation of essential commodity, a fine not exceeding the market value of the commodity on the date of seizure, as in the case of any animal, vehicle, vessel or other conveyance seized along with the essential commodity. Only a limited power of sale of the commodity in the manner prescribed by Section 6-A(2) is granted. The power conferred by Section 6-A(2) to sell the essential commodity has to be exercised in public interest for

A maintaining the supplies and for securing the equitable distribution of the essential commodity."

The said judgment was followed and approved by this Court after explaining the scope of the statutory provisions in *Oma Ram v. State of Rajasthan & Ors.*, (2008) 5 SCC 502.

10. What we found shocking in the instant case is that the petition was filed before the High Court for quashing of the FIR and alternatively for releasing the seized items and the High Court without giving any reason whatsoever disposed of the petition observing as under:

"Considering the submissions of the parties, in the opinion of the court, continuing the seizure of the seized items for a long time may not be justified at least the seizure of the wheat."

This is the only reason given by the High Court without even considering what were the averments on behalf of the parties and without considering the requirement of the statutory provisions.

11. In the subsequent order dealing with the ownership of the wheat the High Court has only taken note of the fact that as the respondents herein were prepared to furnish adequate/sufficient security to the satisfaction of the court below for release of the wheat in question, the wheat could have been released by the CJM. In case the learned CJM came to the conclusion after appreciating the evidence on record that the respondents/applicants were not in a position to show any document which may show their ownership to the wheat, there was no justification for the High Court to issue directions for release of such material merely because applicant could furnish the security.

If it is so, any stranger or third party may give sufficient security and get the seized goods release in his favour. Such a course is not permissible even while deciding the application

STATE OF BIHAR & ANR. v. ARVIND KUMAR & ANR. 127
[DR. B.S. CHAUHAN, J.]

under Section 451/457 of the Code of Criminal Procedure, 1973. A person having no title/ownership over the seized material may get the same released on furnishing security and sell it in black market and earn profit several times more than the amount of security furnished by him. We fail to understand as how such an order of release which defeat the very purpose for which the EC Act was enacted, could be passed.

12. The High Court has totally ignored the fact that any order passed under Section 6-A is appealable under Section 6-C of the EC Act. Therefore, to consider such an application for release of the goods was totally unwarranted at least at that stage.

13. In *Manish Goel v. Rohini Goel*, AIR 2010 SC 1099, this Court has held that generally, no Court has competence to issue a direction contrary to law nor the Court can direct an authority to act in contravention of the statutory provisions. The courts are meant to enforce the rule of law and not to pass the orders or directions which are contrary to what has been injected by law. (See also: *Vice Chancellor, University of Allahabad & Ors. v. Dr. Anand Prakash Mishra & Ors.*, (1997) 10 SCC 264; and *Karnataka State Road Transport Corporation v. Ashrafulla Khan & Ors.*, AIR 2002 SC 629).

14. Learned counsel for the parties are not in a position to reveal the status of the criminal proceedings initiated against the respondents. In such a fact-situation, as has been suggested by learned counsel for the parties we set aside the aforesaid judgments and orders dated 15.3.2011 and 29.4.2011 and remand the case back to the High Court to consider afresh after examining all factual and legal issues involved in the case. Till the disposal of the case afresh, interim order passed by this Court on 31.10.2011 shall remain operative.

The appeals stand disposed of accordingly.

K.K.T.

Appeals allowed.