

PETITIONER:
GOVERNMENT OF UTTAR PRADESH AND OTHERS

Vs.

RESPONDENT:
RAJA MOHAMMAD AMIR AHMAD KHAN

DATE OF JUDGMENT:
16/02/1961

BENCH:
KAPUR, J.L.
BENCH:
KAPUR, J.L.
HIDAYATULLAH, M.
SHAH, J.C.

CITATION:
1961 AIR 787 1962 SCR (1) 97

ACT:
Stamp Duty Instrument presented to Collector for opinion as to duty chargeable-Collector assessing duty-Impounding and demand of duty Legality of Indian Stamp Act, 1899 (11 of 1899), ss- 31, 32, 33.

HEADNOTE:
The respondent executed an instrument and presented it to the Collector for his opinion under s. 31 Stamp Act as to the duty chargeable. The Collector,, after a reference to the Board of Revenue, determined the duty payable. He then impounded the instrument and ordered that the ditty be deposited within

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fifteen days. Later, a notice was served upon the respondent to deposit the amount of stamp duty and penalty within one month and threatening that in default proceedings would be taken to recover them as arrears of land revenue. The respondent challenged the legality of the impounding of the instrument and demand of stamp duty and penalty.

Held, that after determination of the stamp duty the Collector became functus officio and could not impound the instrument or demand duty and penalty. Under s. 31 the Collector has merely to determine the proper amount of duty. If the person executing the instrument wants to effectuate the instrument or to use it for purposes of evidence he has to make up the duty and under s. 32 the Collector makes the necessary endorsement. Section 33 empowers every person in charge of a public office before whom an instrument chargeable with duty is produced or comes in the performance of his functions to impound the instrument if it is not duly stamped. When an instrument is presented to the Collector under s. 31 for determination of duty it cannot be said that it "is produced or comes in the performance of his functions" as contemplated by S. 33. These words refer firstly to production before judicial or other officers performing judicial functions as evidence of any fact to be proved, and secondly refer to other officers who have to perform any function in regard to those instruments when they come before them, e.g., registration.

In Re Cooke and Kelly, (1932) I.L.R. 59 Cal. 1171, held obiter.
Collector, Ahmednagar v. Rambhau Tukaram Nirhali, A.I.R. 1930 Bom. 392, Paiku v. Gaya, I.L.R. [1948] Nag. 950 and Chunduri Panakala Rao v. Penugonda Kumaraswami, A.I.R. 1937 Mad. 763, referred to.

JUDGMENT:

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 369 of 1957.
Appeal from the judgment and decree dated the January 27, 1956, of the Allahabad High Court (Lucknow Bench) at Lucknow in Civil Misc. Application No. 17 of 1954 (O. J.).

C. B. Agarwala and C. P. Lal, for the appellant.

V. D. Misra, for the respondent.

1961. February 16. The Judgment of the Court was delivered by

KAPUR, J.-This is an appeal against the judgment and order of the High Court of Allahabad on a certificate granted by that court. The respondent filed a

petition under Art. 226 of the Constitution praying that the imposition of stamp duty by the Collector of Sitapur, of Rs. 85,595/7/- and a penalty of Rs 5/- was against law and could not be realized against him and prayed that the order be quashed.,, On September 12, 1948, the respondent executed a wakf by oral recitation of Sigha and then it was written on a stamped paper which was signed by the respondent and attested by, Witness. On September 15, 1948, it was presented to the Collector for his opinion under s. 31 as to the duty chargeable. As the Collector himself was in doubt, he referred the matter to the Board of Revenue which, after a fairly long time, held that the document was liable to duty in accordance with Art. 58 of the Stamp Act. On October 29, 1951, the Collector held that Rs. 85,598/7/- were payable as stamp duty and ordered that it be deposited within fifteen days. Notice to this effect was served on the respondent on November, 10, 1951. Thereupon the respondent filed a petition in the High Court under Art. 226 which was dismissed on November 3, 1952 on the ground that it was premature. On February 2, 1954, a further notice was served upon the respondent to deposit the amount of the stamp duty plus the penalty of Rs. 5/- within a month otherwise proceedings would be taken against him under s. 48 of the Stamp Act. Thereafter on March 1 1944, the respondent filed a petition under Art. 226 of the Constitution in the Allahabad High Court challenging the legality of the, imposition of the stamp duty and the penalty and prayed for a writ of certiorari. A full bench of the High Court quashed the order of the Collector and the State of U.P. has come in appeal to this Court.

The decision of this appeal depends upon the interpretation of ss, 31, 32 and 33 of the Stamp Act. The relevant portion of s. 31 provides:-,

S. 31(1) "When any instrument,, whether executed or not and whether previously stamped or not,, is brought to the Collector and. the person bringing it applies to have the opinion of that officer as to the duty (if any) with which it is chargeable, and pays a fee of such amount (not exceeding five rupees and

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not less than eight annas) as the Collector may in each case direct, the Collector shall

determine the duty (if any) with which, in his judgment, the instrument is chargeable."

It is admitted that the document in dispute was submitted to the Collector for his opinion under a. 31 and the opinion of the Collector was sought as to what the duty should be. Under s. 32 of the Act when such an instrument is brought to the Collector, under a. 31 and he determines that it was already fully stamped or he determines the duty which is payable on such a document and that duty is paid, the Collector shall certify by endorsement on the instrument presented that full duty with which it is chargeable has been paid and upon such endorsement being made, the instrument shall be deemed to be fully stamped or not chargeable to duty as the case may be' Under the proviso to s. 32, the Collector is not authorised to make the endorsement if an instrument is brought to him a month after the date of its execution. Then follows s. 33 which is as follows:

S. 33 "Every person having by law or consent of parties authority to receive evidence, and every person in charge of a public office, except an officer of police, before whom an instrument, chargeable, in his opinion, with duty, is produced or comes in the performance of his functions, shall, if it appears to him that such instrument is not duly stamped impound the same.

(2) For that purpose every such person shall examine every instrument so chargeable and so produced or coming before him in order t

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ascertain whether it is stamped with a stamp of the value and description required by the law in force in British India when such instrument was executed or first executed: Provided that-

(a) nothing herein contained shall be deemed to require any Magistrate or Judge of a Criminal Court to examine or impound, if he does not think fit so to do, any instrument coming before him in the course of any proceeding other than a proceeding

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under Chapter XII or Chapter XXXVI of the Code of Criminal Procedure, 1898;

(b) in the case of a Judge of a High Court, the duty of examining and impounding any instrument under this section may be delegated to such officer as the Court appoints in this behalf.

(3) For the purposes of this section, in case of a doubt,-

(a) the collecting Government may determine what offices shall be deemed to be public offices; and (b) the collecting Government may determine who shall be deemed to be persons in charge of public offices."

The decision of this appeal depends upon the interpretation to be put upon the words "before whom any instrument chargeable..... is produced or comes in the performance of his functions". Dealing with these words the High Court held:-

" With all respect, therefore, we agree that the learned Judges deciding Chuni Lal Burman's (1) case took a correct view of the words " is

produced or comes in the performance of his functions" used in Section 33 of the Act to mean "that production of the instrument concerned in evidence or for the purpose of placing reliance upon it by one party or the other."

The High Court was also of the opinion that the object of paying the whole stamp duty was to get the instrument admitted into evidence or its being acted upon or registered or authenticated as provided in ss. 32(3), 35, 38(1) and 48(1) of the Stamp Act.

Counsel for the State referred to the various sections of the Act; first to the definition section; Section 2(11) which defines what is "duly stamped"; s. 2(14) which defines "instrument" and s. 9(12) which defines "executed". He then referred to s. 3 which lays down what "chargeable" means and then to s. 17 which provides that all instruments chargeable with duty and executed by any person in British India shall be stamped before or at the time of the execution. Certain other sections i.e. ss. 35 and 38(1) were also

(1) A.I.R. 1951 All. 851.

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referred to and so also ss. 40(1)(a), 41, 42 and 48 but in our opinion it is not necessary to refer to these sections. What has to be seen is what is the consequence of a person applying to a Collector for his determination as to the proper duty on an instrument. The submission on behalf of the State (appellant) was that if an instrument whether 'stamped or not is submitted for the opinion of the Collector before it is executed, i.e., it is signed, then the Collector is required to give his determination of the duty chargeable and return the document to the person seeking his opinion but if the document is scribed on a stamped paper or unstamped paper and is executed then different consequences follow. In the latter case it was submitted that under s. 33 the Collector is required to impound the document if he finds that it is not duly stamped. On the other hand it was submitted on behalf of the respondent that on his giving his opinion the Collector becomes functus officio and can take no action under s. 33. It is these two rival contentions of the parties that require to be decided in this case.

After an inordinately long delay, the Collector determined the amount of duty payable and impounded the document. Power to impound is given in s. 33 of the Act. Under that section any Person who is a Judge or is in-charge of a public office before whom an instrument chargeable with duty is produced or comes in the performance of his functions is required to impound the instrument if it appears to him not to be duly stamped. The question is does this power of impounding arise in the present case?. The instrument in dispute was not produced as a piece of evidence nor for its being acted upon e.g. registration, nor for endorsement as under s. 32 of the Stamp Act but was merely brought before the Collector for seeking his advise as to what the proper duty would be. The words "every person..... before whom any instrument..... is produced or comes in the performance of his functions" refer firstly to production before judicial or other officers performing judicial functions as evidence of any fact to be proved and secondly refer to other officers who have to perform any

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function in regard to those instruments when they come before them e.g. registration. They do not extend to the determination of the question as to what the duty payable

is. They do not cover the acts which fall within the scope of s. 31, because that section is complete by itself and it ends by saying that the Collector shall determine the duty with which, in his judgment, the instrument is chargeable, if it is chargeable at all. Section 31 does not postulate anything further to be done by the Collector. It was conceded that if the instrument is unexecuted i.e. not signed, and the opinion of the Collector is sought, he has to give his opinion and return it with his opinion to the person seeking his opinion. The language in regard to executed and unstamped documents is no different and the powers and duties of the Collector in regard to those instruments are the same, that is, when he is asked to give his opinion, he has to determine the duty with which, in his judgment, the instrument is chargeable and there his duties and powers in regard to that matter end. Then follows s. 32. Under that section the Collector has to certify by endorsement on the instrument brought to him under s. 31 that full duty has been paid, if the instrument is duly stamped, or it is unstamped and the duty is made up, or it is not chargeable to duty. Under that section the endorsement can be made only if the instrument is presented within a month of its execution. But what happens when the instrument has been executed more than a month before its being brought before the Collector? Section 31 places no limitation in regard to the time and there is no reason why any time limit should be imposed in regard to seeking of opinion as to the duty payable.

Chapter IV of the Act which deals with instruments not duly stamped and which contains ss. 33 to 48, provides for impounding of documents, how the impounded documents are to be dealt with, Collector's powers to stamp instruments impounded and how the duties and penalties are to be recovered. It would be an extraordinary position if a person seeking the advice of the Collector and not wanting to rely upon

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an instrument as evidence of any fact to be proved nor wanting to do any further act in regard to the instrument so as to effectuate its operation should also be liable to the penalties which unstamped instruments used as above might involve. The scheme of the Act shows that where a person is simply seeking the opinion of the Collector as to the proper duty in regard to an instrument, he approaches him under s. 31. If it is properly stamped and the person executing the document wants to proceed with effectuating the document or using it for the purposes of evidence, he is to make up the duty and under s. 32 the Collector will then make an endorsement and the instrument will be treated as if it was duly stamped from the very beginning. But if he does not want to proceed any further than seeking the determination of the duty payable then no consequence will follow and an executed document is in the same position as an instrument which is unexecuted and unstamped and after the determination of the duty the Collector becomes functus officio and the provisions of s. 33 have no application. The provisions of that section are a subsequent stage when something more than mere asking of the opinion of the Collector is to be done.

Our attention was drawn to the observations of Rankin C. J. in *Be Cooke and Kelly* (1) but those observations are obiter as the High Court held that the reference under s. 57 of the Stamp Act was incompetent. The doctrine of functus officio was applied in several cases: *Collector, Ahmednagar v. Rambhau Tukaram Nirhali* (2). In that case a certificate of

sale had been signed but the certificate was not duly stamped which was pointed out when it was sent to the Sub-Registrar for registration. The Sub-Registrar informed the Judge about it and the Judge got back the certificate from the purchaser and thinking that he had power to impound the document and to impose a penalty asked for the opinion of the high Court and it was held that after he had signed it he was functus officio and could not act any further and could not impound it. The same principle was laid down in (1) (1932) I.L.R. 59 Cal. 1171.

(2) A.I.R. 1930 Bom. 392.

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Paiku v. Gaya (1) and in Chunduri Panakala Rao v. Penugonda Kumaraswami (2) and in our opinion as soon as the Collector determined the duty he became functus officio and he, could not impound the instrument under a. 33 and consequential proceedings could not') therefore, be taken.

The appeal is therefore dismissed with costs.

Appeal dismissed.