

CASE LAW ANALYSIS

NAME OF THE CASE: District Mining Officer and Ors V. Tata Iron and Steel Co and Anr.

PARTIES INVOLVED:

- DISTRICT MINING OFFICER AND ORS - PETITIONER
- TATA IRON & STEEL CO. & ANR - RESPONDENT.

DATE OF JUDGEMENT: 31/07/2001

CITATION: (2001) 7 SCC 358

BENCH: G.B. Pattanaik, S.N. Phukan, B.N. Agrawal

BRIEF DESCRIPTION OF THE CASE:

This is one of the landmark judgments through which the Supreme Court ensured a proper interpretation of the statute. In this case, the validity of the Cess and Other Taxes on Minerals (Validation) Act, 1992 was challenged. This Validation Act authorises state Governments to levy taxes and realise the same which were due up to the date of validation, that is, 04/04/1991. The legality with regards to the demands raised by the mining authorities for payment of Cess in respect of such dues leviable till 4th of April was challenged.

FACTS OF THE CASE - The Validation Act was enacted by the parliament, after several Cess related Acts were struck down by the Parliament, on the ground that there is a lack of legislative competence to the same. It was to ensure that if the levies collected by the states are not required to be refunded, this would have a serious impact on the revenue of the state. The Validation Act authorised the State Governments to levy taxes and realise the same until 04/04/1991. The constitutional validity of this Act was challenged in the earlier case [P. KANNADASAN AND ORS. VS. STATE OF TAMIL NADU](#). But the court in this case law held that the Act is valid. It upheld the validity of the Act. After the same, several courts have upheld the validity of the Act. The Counsels for the Assesses, contended that, the court in the Kannadasan case, empowering states to levy and collect taxes on minerals until 04/04/1991, would run contrary to the provisions of the [Article 265 of the Constitution of India](#) and would traverse the validity of the Validation Act. The Act sought to have provided provisions which said that different states have different rates at which they had to collect. They were also stressing that the language used in Section 2(1) is unclear and the expression 'Imposition and Collection' would mean imposition already made or collection already made under certain state laws.

ISSUES OF THE CASE: Whether the Validation Act is violative of Article 14? Whether the Act says that what is already collected is only being validated? Is it violative of Article 265 of the Constitution?

REASONS OF THE COURT FOR ARRIVING AT THE SAID

CONCLUSION: The court while going through various judgments relating to the levy of taxes found out that -

- The question as to whether the Act is discriminatory and is in violation of [Article 14](#) is to be answered. The levy of taxes at different rates in different states is not discriminatory, since the parliament enacted the law in question within its undoubted power and validated the levy all that flows from it.
- Section 2 of the Act is a proper reproduction of the Section 2 of the Validation Act of 1969. This Act further adds that (section 2(1)) the provisions shall be deemed to have remained in force upto 4th day of April 1991. The preamble of the Act clearly shows that the provisions of the Act are to validate imposition and collection of cesses and collection of taxes on minerals. Moreover, the provisions of the Act create levy, also validate the recovery already made. The word ‘collection’ does not mean, that which is already collected, but also that which is to be collected in the future. Therefore, it is clear that the Act does not say that what has already been collected is not alone validated. Here there is no saving clause and the Validation Act invalidates all the prior state laws.
- The court also found out that no provision in the above said Act is said to be running contrary to the principles of the Constitution.
- Article 265 says that no tax shall be levied except under the authority of law. It is clear that, not only the levy but the collection of the tax must also be done under some authority of the law. The authority of law here means a valid authority. Thus, it must be a validly enacted law. When the case in hand is considered, several tax legislations in the schedule to the Validation Act have been declared ultra vires by the courts.

DECISION OF THE COURT

The Supreme Court upheld the need for application of the principle of *pari materia*. This principle is applied to avoid conflict between the statutes. It is to interpret the words of the later statute in the light of the earlier statutes in the same manner. The court held that *pari materia* can be applied as an external aid of interpretation. The court held that - “It is also a cardinal principle of construction that external aids are brought in by widening the concept of context as including not only other enacting provisions of the same statute, but its preamble, the existing state of law, other statutes in *pari materia* and the mischief which the statute was intended to remedy.” It was held by the Supreme Court that the Validation Act invalidated the other State Acts and there was no saving clause to that effect. Also, the court held that [Section 6 of the General Clauses Act](#) had no application to the expiry of a temporary statute.

CONCLUSION AND ANALYSIS

The interpretation done to the statutes is a wide area and it has got umpty number of cases. The aforesaid case is a landmark judgement in which the Supreme Court applied the principle of *pari materia*. The principle of *pari materia* refers to the interpretation of statutes. Statutes

relating to the same subject are to be construed together to harmonize the same. If two or more statutes have the same purpose or deal with the same persons or things and one enactment is doubtful, the same can be interpreted by the application of this principle.

In [Cape Brandy Syndicate v. Inland Revenue Commissioner](#), it was held that subsequent legislation can be put up on an earlier Act in order to have a proper construction of the earlier Act. Moreover, the Supreme Court in this case has brought up the concept of external aid to widen the aspects of interpretation.

It is to be noted that, there will be situations in which the judges will have no choice while deciding a case with regards to interpretation of a statute. When it comes to a statute having no clear provisions and the doubtful objective, it is always best to consult the earlier laws to derive the main objective of the statute or a provision to it. Hence, this particular judgement can be viewed as a fuel to the fire with regards to the application of various principles of interpreting a statute.

REFERENCE

1. [District Mining Officer and Others V Tata Iron and Steel Co. and Anr](#)
2. (2001) 7 SCC 358
3. 1996(5) S.C.C. 670
4. 1921 2 KB 403 - Cape Brandy Syndicate V. Inland Revenue Commissioner

This case law analysis was submitted by Sidhida Varma S, B. A. LL.B, Government Law College, Thiruvananthapuram.

JudicateMe