

(2007) 11 BOM CK 0053

In the Bombay High Court

Case No : Show Cause Notice No. 236 of 2007 in Contempt Petition No. 38 of 2007 in Writ Petition No. 1174 of 2003

General Instruments Company

APPELLANT

Vs

Union of India (UOI) and Others

RESPONDENT

Date of Decision : 20-11-2007

Acts Referred:

Contempt of Courts Act, 1971 — Section 12
Customs Tariff Act, 1975 — Section 16
Foreign Trade (Regulation) Rules, 1993 — Rule 8

Citation : (2008) 2 BomCR 189 : (2008) 224 ELT 230

Hon'ble Judges : S.C. Dharmadhikari, J

Bench : Single Bench

Advocate : Manohar M. Kulkarni, for the Appellant; Shahnaz V. Bharucha, A.J. Rana, P. Vyas, instructed by . H.P. Chaturvedi, for the Respondent

Final Decision : Dismissed

Judgement

S.C. Dharmadhikari, J.—In this Contempt Petition and the Show Cause Notice, the petitioner prays as under:

- a) That the Contemnor is guilty of contempt of this Honble Court for having wilfully disobeyed the order dated 7th April, 2006, passed by this Honble Court and that the Contemnor is liable to punishment for having committed contempt of this Honble Court.
- b) That the Contemnor be held guilty of civil contempt and be dealt with and/or punished in accordance inter alia the provisions of Section 12 of the Contempt of Courts Act, 1971, with such fine and imprisonment or in such other manner in accordance with law as this Honble High Court may deem fit.
- c) That the Contemnor be directed to issue amendment to Licence in accordance with or as per the draft annexed alongwith letter of the petitioner dated 3rd January, 2007 with or without modification, or amendment, as this Honble Court

may deem fit and proper.

d) Costs of this Contempt Petition be awarded in favour of the Petitioner.

e) For such further and other reliefs as the nature and circumstances of the case may require.

2. The petition proceeds on the following basis:

(i) That Writ Petition No. 1174 of 2003 was filed by the Petitioner challenging the impugned order dated 21st February, 2003 passed by the 2nd and 3rd Respondent rejecting the 2nd Appeal of the petitioner. The Division Bench of this Honble High Court by its order dated 7th April, 2006, disposed off the petition. The operative part of the said order is as follows:

35. In these circumstances, without going into other arguments advanced by the petitioner in the interest of justice we pass the following order:

a) In the light of the impugned order passed in the 2nd Appeal on 21st February, 2003, the licensing authorities shall not enforce the Bond / Bank Guarantee executed by the petitioner on 17th June, 1983 for Rs.12,14,623.00.

b) The JCCI; Bombay shall in exercise of powers conferred under Rule 8 of the Foreign Trade (Regulations) Rules, 1993 shall within six weeks from today amend the Special Imprest Licence No. P/K/2993896 dated 30th May, 1983 into a licence which may entitle the petitioner to seek regularisation of the imports already made under the said licence at concessional rate of duty if permissible under the Customs Act.

c) In view of the above, the request of the petitioner for cash assistance under the Special Imprest Licence would not survive.

(ii) The Advocate for the Contemnor was present at the time when the order dated 7th April, 2006 was passed; therefore, contemnor was having knowledge of the order passed on 7th April, 2006.

4. The petitioner has preferred a SLP against the order dated 7th April, 2006 but only on the issue of rejection of consequential reliefs. The petitioner craves leave to refer to and rely upon the papers and proceedings filed in the Honble Supreme Court when produced. The Contempt Petition is in relation to compliance with operative Clause (b) of the order of this Court.

5. On receipt of the order dated 7th April, 2006, following letters were sent by the petitioners from which only two letters were replied by the Contemnor as shown below:

5.1 Petitioners letter dated 15th April, 2006 with Xerox copy of Import Licence to be amended and Xerox copy of the operative part, namely Page Nos. 26 and 27, of the order dated 7th April, 2006, issued by this Honble High Court.

5.2 Petitioners letter dated 18th April, 2006 to the Contemnor with authenticated

copy of the order dated 7th April, 2006 issued by this Honble High Court along with copy of petitioners letter dated 15th April, 2006 with enclosures mentioned therein.

5.3 Petitioners letter dated 28th April, 2006 to the Contemnor to expedite the matter. This letter was given to courier on 27th April, 2006 for delivery on 28th April, 2006, which was not accepted by the Contemnors office and returned back to the petitioner. Since the same was not accepted or refused, the same is deemed to have been received by the contemnor.

5.4 Contemnors letter dated 1st May, 2006 in reply to petitioners letter dated 15th April, 2006 stating that his office could not find the relevant policy provisions, which extended concessional duty benefits for supplies made to the Rashtriya Chemicals and Fertilisers Limited (for short "RCF"), a project financed by the Govt. of India. Contemnor further stated in his letter that their office has still not received a certified copy of the said order dated 7th April, 2006 and requesting the petitioner to supply copy of relevant policy provisions and corresponding Custom Notification, which extended concessional duty benefits to the RCF, a project financed by the Govt. of India within 10 days so that necessary orders can be issued.

5.5 Petitioners letter dated 4th May, 2006, in reply to the contemnors letter dated 1st May, 2006, informing its inability to give the correct provisions in their policy as required by them and requesting them to consult their Senior Counsel, who had appeared for them in the High Court. Also informed that this order from RCF was under global tendering procedure and requested them to take action in terms of the Honble High Court order dated 7th April, 2006.

5.6 Petitioners letter dated 5th May, 2006 to contemnor enclosing the letter dated 28th April, 2006 with enclosures sent through EMS.

5.7 Contemnors letter dated 11th May, 2006, received by the petitioner on 15th May, 2006, (in reply to petitioners letter dated 5th May, 2006) again asking it to supply the necessary provisions/documents and corresponding Custom Notification showing the relevant policy provisions and also asking to appear before the Contemnor for personal hearing, preferably on 22nd May, 2006 i.e. on 3rd day after the 6 weeks period given by this Honble High Court was over.

5.8 Petitioners letter dated 16th May, 2006 to the contemnor in reply to his letter dated 11th May, 2006 alongwith copy of page Nos. 39 and 40 of the Handbook of Import Export Procedures 1983-84, which mentions the provision for availing concessional rate of import duty.

5.9 Petitioners letter dated 3rd January, 2007 to the contemnor calling upon the contemnor to comply with the order dated 7th April, 2006 passed by the Honble High Court.

3. After the order dated 7th April, 2006 was passed, the petitioner received a letter dated 20th October, 2006 from the contemnor-respondent No. 4, copy of

which is at Exhibit-A to the petition. It is in the following terms:

To, M/s.General Instrument Co., C/o.Capt.M.M.Kulkarni, Parvati Kunj, 32, Bhagat Gally, Mahim, Mumbai - 400 016.

Gentlemen,

Kindly refer to your letter dated 16th May, 2006 enclosing photocopies of page Nos. 39 and 40 of Hand Book of Import Export Procedures 1983-84.

The Honble High Court of Bombay ordered vide its judgement dated 7th April, 2006 stating that "JCCI&E, Mumbai shall exercise of powers conferred under Rule 8 of the Foreign Trade (Regulation) Rules, 1993 shall within 6 weeks from today amend the Special Imprest Licence No. P/K/2993896 dated 30th May, 1983 into a licence which may entitle the petitioner to seek regularisation of the imports already made under the said licence at concessional rate of duty if permissible under the Customs Act.

In pursuance to the Order, the applicant firm was asked to furnish policy provisions under which they were eligible for project import licence. In response to this, they replied vide their letter dated 16th May, 2006 quoting policy provisions "177(1) import licences issued for capital goods and connected raw materials and components required for the initial setting up or for substantial expansion of a project would be endorsed, as admissible on the recommendations of the sponsoring authority concerned for availing concessional rate of duty. Before making recommendations, the sponsoring authority, will satisfy itself that the case is covered under the relevant notification issued by the Ministry of Finance in this regard. The endorsement to be on the basis of licence will be as follows:

Project import for assessment under Heading No. 84.66 of Section XVI of the Customs Tariff Act 1975 (51 of 1975).

(2) It may be noted that the proper authority to decide whether a particular import is eligible to the concessional rate of duty as project import is the custom authority. Such authority may allow the benefit of concessional duty, whether permissible even without the endorsement of the licensing authority to this effect on the relevant import licence, on the basis of the recommendation of the sponsoring authority.

(3) Where import of machineries allowed under OGL, the benefit of concessional rate of duty may be allowed by the custom officer on the recommendation of the sponsoring authority concerned.

However, the record is not readily traceable in the office, therefore, it cannot be ascertained whether the firm has fulfilled the conditions or not.

In view of the directives of the Honble High Court of Bombay, category of the licence is changed from Special Imprest Licence to Project Import Licence, in pursuance to powers conferred under Rule 8 of the Foreign Trade (Regulation)

Rules, 1993.

However, the custom authority is free to check up the eligibility of the applicant firm for allowing import under project import licence category.

Yours faithfully, sd/ (S.R.Motwani) Foreign Trade Development Officer For Zonal Jt. Director General of Foreign Trade

4. The argument of the petitioner is that this letter is dated 20th October, 2006 but the same was posted on 24th January, 2007 and received by the petitioner on 25th January, 2007.

5. Thus, despite specific directions issued by this Court in the order dated 7th April, 2006, the contemnor has failed to comply with the same. It is contended that the petitioner was compelled to address letters to the contemnor-respondent and it was under the threat of contempt that some sort of compliance is made with the order and directions of this Court. He submits that it is apparent that the directions issued to the respondents were to amend the Special Imprest Licence No. P/K/2993896 dated 30th May, 1983 into a Project Import Licence, which may entitle the petitioner to seek regularisation of the imports already made under the said licence at concessional rate of duty, in exercise of powers conferred under Rule 8 of the Foreign Trade (Regulations) Rules, 1993 within a period of six weeks from the date of the order. Attempt to comply with the same was made only in January, 2007. Even then, the intention was not to comply with the order. In any event, the compliance is much beyond the period prescribed in the Courts order. There is no application made seeking extension of time. Therefore, this Court should take action under the Contempt of Courts Act, 1971.

6. After this Court was moved by the petitioner on 25th June, 2007, the following order was passed:

1. Heard the petitioner. Perused the record including the judgement of the Division Bench dated 7th April, 2006. It appears that the respondents have not complied with the directions in paragraph 35(b) of the order of the Division Bench. It prima facie appears that the respondents have wilfully committed breach of the order of the Division Bench. Hence, admit.

2. Issue show cause notice to the respondents to show cause as to why they should not be tried and punished for having committed civil contempt of this Court. A copy of the petition and the copy of this order to accompany with the show cause notice. The show cause notice is made returnable after four weeks from the date of its issuance. Place the petition on Board on the date on which the show cause notice is made returnable.

7. After the Show Cause Notice was served, an affidavit has been filed by the Joint Director of Foreign Trade, Mumbai. It is contended that the order has been fully abided by and complied with. The licence has been amended. In paragraph 4, 5 and 6 of the affidavit in reply, this is what is stated:

4. I repeat, reiterate and confirm that inobedience of the Honble High Courts Order dated 7th April, 2006, my office in exercise of powers conferred under Rule 8 of the Foreign Trade (Regulation) Act, 1993 amended the Special Imprest Licence No. P/K/2993896 dated 30th May, 1983 into Project Import Licence, which entitles petitioner to make regularisation of import already under the said licence at the concessional rate of duty if permissible under Customs Act vide respondents office order dated 20th October, 2006.

5. It is pertinent to note that the petitioner vide its letter dated 3rd January, 2007 has annexed a sample copy for amendment of the licence where he clearly asked to amend the Imprest Licence into Project Import Licence, which the respondent has already done and therefore, there is no question of committing any contempt of the order of the Honble High Court. 6. It is submitted that the alleged contemnor has joined the office of the Zonal Joint Director General of Foreign Trade in the capacity of Joint Director General of Foreign Trade on 30th June, 2004. I am not working in the capacity of Zonal Joint Director General of Foreign Trade as claimed in the contempt petition. The petitioner firm submitted a letter dated 15th April, 2006, enclosing Xerox copy of Special Imprest Licence No. P/K/2993896 dated 30.5.1983 and pages 26 and 27 of the operative part of High Court order dated 7th April, 2006 for amending the Special Imprest Licence, which was followed by letter dated 18.4.2006, annexing a set of Honble High Courts order dated 7th April, 2006. The petitioner firm submitted another letter dated 5th May, 2006 stating that respondent office refused to receive the letter dated 28.4.2006 requesting to expedite the matter which was sent through courier. The allegations are denied. In fact, I have told that the delivery boy of the courier service to submit the papers at the receiving counter and obtain proper computerised receipt. Instead of submitting the papers at the receiving counter of this officer, the delivery boy returned the papers back to the petitioner. Therefore, the question of refusing to accept the papers does not arise. The office of the respondent was very much in the process of following order of the Honble High Court, which is evident from the fact that respondent wrote a letter to the petitioner vide letter dated 1st May, 2006 requesting to supply copy of relevant policy provision and customs notification, which extends concessional duty benefit against the supplies made to R.C.F. Ltd. In reply to the office letter dated 1st May, 2006, petitioner firm replied vide their letter 4th May, 2006 stating that they are unable to provide relevant policy provisions and requested to this office to consult the Senior Counsel, who had appeared in the High Court. The respondent office again requested vide letter dated 11th May, 2006 to forward a copy of relevant policy provision.

8. Insofar as compliance being beyond time, this is what is stated in paragraphs 7 and 9 of the affidavit-in-reply filed by the Joint Director Foreign Trade, Mumbai:

7. In the meantime, the respondent office approached the Law Ministry at Mumbai requesting for opinion for filing SLP before the Honble Supreme Court against the order dated 7.4.2006. After receiving opinion from the Law Ministry,

the respondent office amended the category of Special Imprest Licence No. P/K/2993896 dated 30th May, 1983 into Project Import Licence vide letter dated 20th October, 2006 but unfortunately and inadvertently respondent office could not dispatch in time. The petitioner firm vide letter dated 3rd January, 2007 reminded for issuance of the amendment letter. Alongwith the said letter petitioner firm furnished a draft letter for amendment to be issued, which is annexed as Exhibit-J to the petition. On receipt of the above reminder letter, respondent office realised its mistake for not dispatching the amendment letter dated 20th October, 2006 and subsequently the order was dispatched. Moreover, during this period, I remained on leave for one month. It is also pertinent to note that the petitioner has also filed SLP before the Honble Supreme Court of India challenging the order dated 7th April, 2006 passed by the Honble High Court which is still pending, therefore, the petitioner is precluded from filing the contempt petition.

9. It is respectfully submitted that the office of the respondent could not amend the licence within the time frame given by the Honble High Court because the records being old and were not traceable. This fact has already been brought to the notice of the Honble High Court by an affidavit filed by Shri.K.N.More, the then Dy.DGFT on 7th February, 2001 in W.P.No. 2038 of 1988 of the same petitioner. The delay was not at all intentional but was due to the aforesaid unforeseen circumstances. I therefore, tender my unconditional apology and pray that the delay be condoned.

9. A rejoinder affidavit has been filed in which the petitioner reiterates his contentions and in paragraphs 29 and 30, this is what is stated : "29. At the outset, I state and submit that it is pertinent to note that from the above, you will find that the letter of Law Ministry seeking opinion on filing of a SLP was sent on 23-6-2006. The time limit given by the Honble Bombay High Court was over on 19-5-2006 and they approached Law Ministry vide their dated 23-6-2006 i.e. 35 days after the time limit given by the Honble Bombay High Court was over or 77 days after the date of the Honble Bombay High Court order. The follow-up letter dated 21-7-2006 was sent 63 days after the time limit was over or after 105 days after the Honble Bombay High Court order. I say no more. The above will show that even after receiving the advice of the Ministry of Law vide their letter dated 08-08-2006, the respondents office passed an appropriate order dated 20-10-2006. They took 73 days to prepare an appropriate order dated 20-10-2006. Here what they mean by order is the amendment letter. From the above, it will be observed that the contemnors office feels that the Honble Bombay High Courts order could be ignored on account of somebody's marriage and even after getting a reminder letter dated 3-1-2007 from us, they took 23 days to dispatch it. Our reminder letter dated is 3-1-2007 and not 1-1-2007 as mentioned by them. The statements like unconditional and sincere apology has just no meaning in these circumstances.

30. In the context of all that is stated hereinabove, I state that the contemnor

was required to obey the order within six weeks, i.e. on or before 19-5-2006, whereas the very first letter he has written to the Law Ministry seeking their opinion was on 23-6-2006 after the period was over. I have already stated in the earlier paragraphs that the delay caused for seeking the legal opinion cannot be considered. I state that the contemnor was on leave very much after committing the contempt and, therefore, he was on a long leave, can also be considered as the reason for condoning the delay. The contemnor has not even stated the number of days for which he is seeking delay. At the outset, I state that there is no provision in Law for condoning the delay and all that could have been done by the Contemnor was to apply for the extension of the period within six weeks by giving the reason. But since on 20-5-2006 once the contempt is committed, it is admitted forever and there is no provision in Law to condone the delay.

10. I have perused the Contempt Petition and the annexures thereto so also the affidavits filed in reply and rejoinder. I have considered the rival contentions. The petitioner is a senior citizen. He has during the course of his submissions relied upon several decisions and tendered a compilation of the same.

11. In my view, although, no case is made out of civil contempt as contemplated by the Contempt of Courts Act, 1971, yet, it is clear that the Joint Director and the Authorities have delayed compliance. He has given explanation for the delay and contended that it was not intentional. Ms. Bharucha was at pains to point out that the petitioner was also involved in the process and had been called upon to supply a draft of the necessary document. However, the fact remains that when this Court had directed that the application should be dealt with and considered within a particular time limit, the authorities were obliged to consider the same and if there was any difficulty, they should have approached this Court for extension of time. That is admittedly not done. The amendment to the licence was carried out after the time stipulated in the order passed by this Court had expired.

12. From a perusal of the entire material on record, I am of the view that the manner in which the authorities have treated the petitioners request, is not at all commendable. The Authorities were expected to show minimum courtesy to a senior citizen and due regard and respect to the orders passed by this Court. The Authorities would be well advised to follow the Supreme Courts directives and observations in this regard. In the case of State of Bihar and others Vs. Subhash Singh, , the Honble Supreme Court has observed that:

3. ...The doctrine of "full faith and credit" applied to the acts done by the officers and presumptive evidence of regularity of official acts done or performed, is apposite in faithful discharge of duties to elongate public purpose and to be in accordance with the procedure prescribed. It is now settled legal position that the bureaucracy is also accountable for the acts done in accordance with the rules when judicial review is called to be exercised by the Courts. The hierarchical responsibility for the decision is their in-built discipline. But the Head of the Department/designated officer is ultimately responsible and accountable to

the Court for the result of the action done or decision taken. Despite this, if there is any special circumstance absolving him of the accountability or if someone else is responsible for the action, he needs to bring them to the notice of the Court so that appropriate procedure is adopted and action taken. The controlling officer holds each of them responsible at the pain of disciplinary action. The object thereby is to ensure compliance of the rule of law.

4. The constitutional Courts exercise their power of judicial review with constraint to ensure that the authorities on whom the power is entrusted under the rule of law or confided, is discharged truly, objectively, expeditiously for the purpose for which substantive acts/results are intended. The petitioner being a member of the permanent executive, is enjoined to comply with the orders of the Court passed in exercise of the judicial review. On an earlier occasion, while disposing of the writ petition, the High Court had directed the respondent to consider the case of the writ petitioner and to dispose it of with reasoned order within two months. Obviously, the High Court expected that the authorities would discharge their duties expeditiously as enjoined under the rules and as per the directions. Since they did not discharge the duty, necessarily, they were required to give explanation to the Court as to the circumstances in which they could not comply with the direction issued by the Court or if there was any unavoidable delay, they should have sought further time for compliance. Unfortunately, neither of the steps have been taken by the officer in that regard. Therefore, the High Court was constrained to impose the costs personally against him for non-compliance of the order.

5. It is true and we are alive to the fact that when the officer is to take steps as per the decision, some delay may occasion and generally the Courts would be reluctant to impose costs personally against the officers. But the officers are required to go to the Court, give the appropriate explanation and satisfy the Court that they were prevented by circumstances for non-compliance within the time specified by the Court. It is equally salutary to note that if the High Court feels it necessary to impose costs personally against the officers, the Court is required to enquire after giving notice and reasonable opportunity to the officer who could not be impleaded earlier or was not on record, to explain the reasons for non-compliance of the order or decision taken to file the proceedings.... It is known fact that in transaction of the Government business, none would own personal responsibility and decisions are leisurely taken at various levels. It is not uncommon that delay would be deliberately caused to confer advantage to the opposite litigant more so when stakes involved are high or persons are well connected/influential or due to obvious consideration.

13. In another decision reported in *Bigyan Kumar and Others Vs. Union of India (UOI) and Others*, , the Honble Supreme Court observes thus:

7. We would part with the matter by recording our serious concern and disapproval of the growing conduct of parties and public officers in particular of ignoring the directions of the Courts and the multiplying instances of

confrontation. The Court, including the apex one, is a part of the State and is a built-in mechanism of the Constitution to administer justice in accordance with law. For discharging that duty, the Court has got to adopt an attitude of critical assessment of situations connected with litigation brought before it for adjudication. The manner of functioning of the Court in accord with the Rule of Law has to be dispassionate, objective and analytical. The Judges who preside over these courts do not act with a sense of superiority; nor do they look down upon others in the community. In order that the system may efficiently work and the purpose for which the courts are established is duly served, it is necessary that everyone within the framework of the Rule of Law must accept the system, render due obedience to orders made and in the event of failure of compliance, the rod of justice must descend down to punish. We hope and trust that everyone within the system realises this situation and does not unnecessarily get into a confrontation.

14. In the instant case also, delay has occurred in compliance with the Courts directions.

15. Although, I am accepting the unconditional apology, tendered by the respondents, despite strong reservations expressed by the petitioner, I wish to remind all concerned that irrespective of the difficulties in compliance with the Courts order, the authorities must try their best and in case they cannot adhere to the time limit, then, they must move the Court and seek extension well before the time expires. It is not open for them to urge that the applicant or the petitioner has not approached them within the said time limit. The moment an order of this Court is communicated, necessary steps must be initiated for its compliance within the time granted by the Court. Their first and foremost duty is towards the Court and without insisting upon the applicants or the petitioners co-operation in all cases, they must endeavour to decide the applications or matters referred to them. Whenever they require the assistance or co-operation of parties, they must intimate them well in advance and not at the last moment. In all such cases, the Courts may not accept the explanation and the apology tendered much later. All explanations, after the breach is already committed, cannot be accepted as a matter of course. The bonafides would then have to be tested.

16. In the instant case, it was not proper on the part of the authorities to have insisted on the petitioner approaching them with the draft of the amendment to the licence. Although, it was none of his duty, the petitioner approached them. However, it is unfortunate that they chose to treat the petitioners request in a casual manner.

17. In the result, contempt petition is dismissed but with strong deprecation of the conduct of the Joint Director of Foreign Trade and the other concerned Authorities. It is hoped that they do not repeat their acts in future and take a lesson from this case. Although the contempt petition is dismissed by accepting the explanation and holding that the delay was not intentional, it is directed that

the respondent Nos. 1 to 3 and the contemnor to pay costs to the petitioner, quantified at Rs. 15,000/-. Costs to be paid within a period of three weeks from the date of receipt of this order.

18. The contempt petition is dismissed accordingly.