
CASE COMMENT: RAMAVATAR BUDHAIPRASAD ETC. V. ASSISTANT SALES TAX OFFICER, AKOLA¹

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INTRODUCTION

The Ramavatar case was a landmark ruling by the supreme court that shaped the understanding of a very common yet most disputed term 'Vegetable'. It all started with a question that whether betel leaves were to be considered as a vegetable for the purpose of tax under the statute of C.P and Berar Sales Tax Act, 1947. This question was considered as troublesome for a very long time for the Indian Tax Authorities and business therefore a clarification was needed on this aspect whether to read the word fruits and vegetables in a broad dictionary sense or in the narrower sense of ordinary speech. In other words does the interpreter interprets as a botanist or a customer in the market.

In this judgement the court finally adopted the 'common parlance' or 'popular sense' test² This meant tax terms are to be understood in a way a common man understands and not in a way an expert would. Thus, a dispute about just betel leaves turned out to be landmark because of three broad reason-

1. It fixed the understanding of tax exemptions.
2. It laid down the interpretative methodology.
3. It established court's own writ jurisdictions over tax matters.

FACTS

The petitioners in the Budhaiprasad case were a group of small traders belonging to a small village in Madhya Pradesh. They were engaged in buying and selling of betel leaves (also known as paan ka patta). These leaves are not used in everyday cooking as a kitchen staple but are chewed after the meal.

¹ AIR 1961 SC 1325; (1962) 1 SCR 279

² Dr Avtar Singh & Prof (Dr) Harpreet Kaur, *Introduction to the Interpretation of Statutes*, 5th ed (2020)

Under the Central Provinces and Berar Sales Tax Act, 1947 sales tax was levied only on those goods that were mentioned in the list given by the Sales Tax Authorities in Schedule II, the schedule incorporated two entries one having item no. 6 – vegetable that were exempted from tax until sold in a sealed container and the other entry having betel leaves under item no. 36 which were also excluded initially from the tax. The traders were continuing to buy and sell the betel leaves without paying any sales tax as these were considered as an exemption.

In 1948, an amendment was made in the previously mentioned schedule where the separate entry for betel leaves were deleted but the entry for vegetables remained unchanged. The traders continued to trade in betel leaves without giving any sales tax on the presumption that even though the entry has been removed it still continues to be exempted as they considered betel leaves a part of vegetable. While on the contrary the Tax Authorities considered this deletion as a removal from exemption. Between 1953 and 1955 the Assistant Sales Tax officer issued a number of assessments and demanded sales tax from those traders. The amount was so high that it created a tension between the traders and they directly approached the supreme court with the allegations that their fundamental right under article 19(1)(g)³ was violated. Their petition therefore two substantive questions- whether betel leaves fall within the ambit of vegetables and whether the taxpayers bypass the prescribed procedure of appeal and directly approach supreme court.

ISSUES RAISED

1. Whether the word ‘vegetable’ should also include betel leaves and be exempted from the tax liability?
2. Whether the deletion of specific betel leaves entry depict their intention to tax the traders?
3. What is the proper way to interpret the tax statute to avoid confusion in future?

ARGUMENTS ADVANCED

PETITIONER’S SUBMISSIONS

The petitioners represented by R. Ganapathy Iyer and K.L. Hathi, contented that betel leaves

³ The Constitution of India, art. 19(1)(g)

should be kept in the same footing as vegetables under item no. 6 as they are one of its part and thus retain their exemption even after the amendment in 1948. They drew attention towards the dictionary meaning of vegetables which included those derived from or consisting of plants or their parts – betel leaves falls perfectly under this meaning of vegetable as they are also a mere leaves of a plant that are edible too. The petitioner used also used a small bylaw that nowhere in the statute the term vegetable was defined and thus it can be interpreted as an ordinary meaning and thus due to its wide scope betel leaves should be included. They also approached the court seeking relief as their right to trade under article 19(1)(g)⁴ was infringed.

RESPONDENT'S SUBMISSION

The respondent represented by the Solicitor General of India C.K. Daphtary with B.R.L. Iyengar and P.M. Sen argued that the intention of making two separate entries clearly indicated that they are two distinct categories and thus one should not be inferred with the other. The removal of betel leaves in item no 36 signalled towards its exclusion from the exemption. They also contented tat one should not always look upto to the dictionary meaning but sometimes it should be understood as per the test of common parlance i.e how the term is understood by common people. Betel leaves though being a part of a plant is not consumed as a regular food stuff like all other vegetables it is not cooked or served with meals, but instead as a refreshment or just as a stimulation thus not falling within the ambit of vegetables therefore liable to be taxed. The respondent also mentioned that no right was infringed as they were assessed properly as mentioned in the schedule.

JUDGEMENT AND REASONING

Justice K. Subba Rao delivered the judgement for interpretation first even though both procedural and substantive issues were in question. The court recognised the common parlance or popular sense test for interpreting the word vegetable. This test tries to decipher a word or interpret a word as a common man would and not how an expert would interpret or in any botanical sense. Prior to this test the court used common meaning test to interpret fiscal statutes. The judgement given in this case was that the term if interpreted via dictionary meaning would be very vast and confusing, one must keep the rule of interpretation as simple as possible⁵ thus betel leaves even though should be considered as a vegetable as per botanical meaning but was

⁴ The Constitution of India, art. 19(1)(g)

⁵ B.N. Mani Tripathi, *Jurisprudence: Legal Theory*, 17th ed. (Allahabad Law Agency, Faridabad 2006)

denied by court by giving a reasoning that betel leaves are not used in our everyday meal it is not cooked, it is just used as a refreshment. Therefore, betel leaves were considered not fit for the term vegetable and thus was excluded from exemptions of vegetables.

The court also drew attention on deletion of the entry, court said that this deletion cannot be equated as a mere drafting error but was done intentionally to remove them from exemption. If the authorities considered both vegetable and betel leaves under the same umbrella then there would not have been any need for a separate entry.

Now coming to the procedural point, the court reaffirmed that following the process is necessary but this case involved a question of law that was in public interest therefore the court allowed this petition under article 32⁶.

CRITICAL APPRAISAL

Even though the judgement given by the learned judges in this case is very simple with a straightforward principle for a simple question and a simple answer. There are certain concerns left behind and are being questioned still. Let us look at weaknesses of this case

1. The interpretation of the word vegetable-

The court in this case adopted a very narrower version for the interpretation of vegetables. Even though betel leaves are not being cooked as any other vegetable, they are still a part of the plant and are being consumed on a daily basis in certain parts of India. If a broader interpretation was taken into consideration the result would have been very different.

2. Empathy towards the traders

Even though vegetables did not include betel leaves as per the court, some consideration towards the arguments presented by the traders should be given certain weightage. This decision was considered very rigid and also very harsh towards the small traders. Certain relaxation on the non payment of taxes should have been given since no clarification from the side of the authorities was provided to the traders.

⁶ The Constitution of India, art. 32

3. Ignorance of the procedure established

As we know there is a perfectly given procedure for appeal , which was not followed in this case and still the court entertained the case and then denied relief which created an ambiguous precedent. This case was then cited by for both accepting and rejecting any writ petition.

CONCLUSION

Now if one looks or reads this case it would just seem to be an ordinary case where there was ambiguity and that needed to be clarified but there is more to it, it shows the journey from Akola to Supreme Court and demonstrates how a minor interpretation became such an important issue and affect the public at large

This case enlightened us with the method of how a tax statute should be interpreted so that there is no confusion in future. It states that one must look for the ordinary presumption and not the one that experts or technicians give for interpretation⁷. Interpreting a tax statute should be kept as simple as possible so that even a laymen person understands it. This common parlance test has been used for six decades and is still a tool used for GST classifications.

This case also highlights how a judiciary infers legislative amendments. In this case deletion of betel leaves was not considered absurd by the supreme court. It clarifies that the taxpayers should not assume until clearly stated. Even though this is harsh towards those who relied on past exemptions.

Critically, this case also exposes the limits of bright-line rules. It adopted a narrower view of vegetable and ignored the cultural and economical reality of the betel leaves. This demonstrates the difficulty in applying uniform language and that future courts must look upon both common parlance and purposive consideration to achieve better results.

At last, Ramavatar case is more about just a curiosity about betel leaves. It became a guiding precedent for any case related to interpretation of tax statute in future also legislative intent and procedural discipline.

⁷ Oriental Insurance Ltd Co. v. Sardar Sadhu Singh, AIR 1994