

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO. 2637 OF 2003

INDIAN RARE EARTHS LTD.

... Appellant

VERSUS

STATE OF ORISSA & ORS.

... Respondents

Civil Appeal No. 2633 of 2003

Civil Appeal No. 2638 of 2003

Civil Appeal No. 1956 of 2003

Civil Appeal Nos. 3720-3722 of 2003

O R D E R

In these appeals preferred by the assesseees, a limited challenge is laid to the decision of the High Court insofar as it decides the issue of 'local area'. The definition of local area is contained in Section 2(f) of the Orissa Entry Tax Act. This definition was amended vide Orissa Entry Tax (Amendment) Act, 2000, and the amended definition reads as under:

"local area' means the areas within the limits of any-

- (i) Municipality constituted under the Orissa Municipal Act, 1950 (O.A. 23 of 1950);
 - (ii) Gram Panchayat constituted under the Orissa Grama Panchayats Act, 1964 (O.A. 1 of 1965);
 - (iii) other local authority by whatever name called, constituted or continued in any law for the time being in force,
- and includes the area within an industrial township constituted under section 4 of the Orissa Municipal Act, 1950 (O.A. 23 of 1950."

The contention is that by defining the 'local area' in the aforesaid manner, the entire State is treated as local area which is not permissible. In support of this, reliance is placed on the judgment of this Court in '*Shaktikumar M. Sancheti and Another v. State of Maharashtra and Others*' [1995 (1) SCC 351].

We are not convinced with the aforesaid argument. As is clear from the bare look of the definition, Municipality or Gram Panchayat or local authority is treated as 'local area' and not the entire State. We are of the opinion that the High Court rightly rejected the contention of the appellants herein. Insofar as the aforesaid judgment relied upon by the appellants is concerned, the following observations contained therein rather go against the appellants:

"The expression "local area" has been used in various articles of the Constitution, namely, 3(b), 12, 245(1), 246, 277, 321, 323-A and 371-D. They indicate that the constitutional intention was to understand the "local area" in the sense of any area which is administered by a local body, may be corporation, municipal board, district board etc. The High Court on this aspect held, and in our opinion rightly that the definition does not comprehend entire State as local area as the use of word 'a' before "local area" in the section is significant. The taxable event according to High Court, is not the entry of vehicle in any area of the State but in a local area. The High Court explained it by giving an illustration that if a motor vehicle was brought from Jabalpur (Madhya Pradesh) for being used or sold at Amravati (in Nagpur District of Maharashtra, which was the border area, taxable event was not the entry in Nagpur District but entry in area of Amravati Municipal Corporation. The levy, therefore, in any part of the State but in any local area in the State. It cannot, therefore, be struck down on this ground.

C.A. No. 2637/ 2003 etc.

(See *State of Karnataka v. Hansa Corpn.* [1980 (4) SCC 697]

We, thus, do not find any merit in these appeals which are, accordingly, dismissed.

....., J.
[A.K. SIKRI]

....., J.
[ASHOK BHUSHAN]

New Delhi;
March 29, 2017.

ITEM NO.32, 33,
31, 17, 193

COURT NO.8

SECTION III

S U P R E M E C O U R T O F I N D I A
R E C O R D O F P R O C E E D I N G S

Civil Appeal No. 2637/2003

INDIAN RARE EARTHS LTD.

Appellant(s)

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STATE OF ORISSA & ORS.

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(With office report)

Civil Appeal No. 2633/2003

Civil Appeal No. 2638/2003

Civil Appeal No. 1956/2003

Civil Appeal No. 3720-3722/2003

Date : 29/03/2017 These appeals were called on for hearing today.

CORAM : HON'BLE MR. JUSTICE A.K. SIKRI
HON'BLE MR. JUSTICE ASHOK BHUSHAN

For Parties

Mr Rakesh Dwivedi, Sr. Adv.

Mr. Vinoo Bhagat, Adv.

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Ms. Sunita Sharma, Adv.

Mr. P. K. Manohar, Adv.

Mrs. Kirti Renu Mishra, Adv.

Mr. T. G. N. Nair, Adv.

Mr. J. S. Wad & Co.

UPON hearing the counsel the Court made the following
O R D E R

The appeals are dismissed in terms of the signed order.

(Nidhi Ahuja)
Court Master

(Mala Kumari Sharma)
Court Master

[Signed order is placed on the file.]