

MANU/BH/0079/1933

Equivalent Citation: AIR1934Pat204

**IN THE HIGH COURT OF PATNA
FULL BENCH**

Decided On: 21.12.1933

Appellants: **Urehan Kuer**
Vs.
Respondent: **Kabutri**

Hon'ble Judges/Coram:

Courtney Terrell, C.J., Kulwant Sahay and James, JJ.

JUDGMENT

Courtney Terrell, C.J.

1. The facts of this case are as follows: The plaintiff is the widow of one Ramprit Sahu. The defendant was originally one Ram Khelawan, but he died during the pendency of the suit and his widow was substituted in his place. The plaintiff alleges that the late Ramprit had a gola business, that is to say, a warehouse to which merchants brought their goods for sale (paying the proprietor a commission on transactions) to which business the plaintiff succeeded on his death. The plaintiff finding that she could not manage the business by herself took into partnership the late Ram Khelawan. A deed dated 20th January 1923 was executed between the parties who became partners in losses and gains sharing equally.

2. Furthermore each advanced a sum of Rs. 5,000 in addition to the capital already invested in the business. The sole custody of the business was left to Ram Khelawan and it was provided that in each year he would render accounts to the plaintiff. After many fruitless requests Ram Khelawan ultimately on 25th March 1929, rendered his first and only statement of account a copy of which was filed with the plaintiff and since 16th April 1929, he repudiated partnership and began to assert an exclusive title to the business. The accounts rendered are said by the plaintiff to be incorrect and she started criminal proceedings against Ram Khelawan which were however unsuccessful. The plaintiff sued for dissolution of partnership and asked that the business might be wound up and that the defendant should be ordered to deliver accounts from 20th January 1923 to date. The plaintiff for the purpose of jurisdiction valued her suit under Section 7(iv), Court fees Act, at Rs. 1,000, paying a court-fee of Rs. 97-8-0 on that value. The material part of the defence with which we are concerned is contained in the first two paragraphs of the written statement which are as follows:

1. The suit is not maintainable in the manner in which the plaintiff has instituted it.

2. The suit is not fit to be heard by this Court (moqadama haza qabil samayel Adalathaza ke nahin hai) and the suit is bad for not impleading Sham Lal Sahu and Chandan Ram Sahu (persons whom the defendant alleged to be existing partners in the defendant's business.)

The suit came on for trial before the Munsif who held that Ram Khelawan was liable

to account. Further he held that the defendant's widow was liable to render accounts as the legal representative of Ram Khelawan, but that her liability would be limited to the assets of the deceased in her hands.

4. At this stage it may be pointed out that the only liability of the widow is that she must disclose all books and documents in her possession or power and that she is liable on the taking of the account for the amount of money, if any, wrongfully withheld from the plaintiff to the extent of the assets of the deceased in her hands. The plea by the defendant that the suit was bad because of the failure to join the plaintiff's two sons was overruled and it is not insisted upon before us. The Munsif concluded his judgment by stating that an objection to the valuation of the suit had been taken at the time of the trial. It was said that according to the statement in the plaint the suit should have been valued at more than Rs. 1,000, and hence that the Court had no jurisdiction to try the suit.

5. The Munsif overruled this plea and stated that there was nothing in the plaint to shew that this amount had been arbitrarily or inadequately fixed or that the amount ultimately found to be due would exceed Rs. 1,000. It has been argued before us that this plea was taken in para. 2, of the written statement. In my opinion, this paragraph will not bear the construction urged by the defendant. The pleading is of a vague character, but the reference to the failure to implead the two alleged partners is of its essence. The Munsif was right in stating that the objection to valuation was taken at the time of the trial. In my opinion it was not taken at any earlier date.

6. The defendant appealed to the Subordinate Judge. Before the appeal was argued the defendant who had paid into Court Rs. 1,000 as security offered this sum in full satisfaction of the respondent's dues and argued that as the jurisdiction of the Munsif was limited to Rs. 1,000, that was the maximum for which a decree could be passed even if when the accounts came to be taken it should be found that more than Rs. 1,000, was due to the plaintiff. This argument has been pressed before us and it has been urged that the Munsif has no jurisdiction to pass a decree for a sum exceeding his pecuniary jurisdiction. It is further urged that on the plaint itself it is clear that the plaintiff's dues if she became successful must be more than Rs. 5,000.

7. This is founded upon the fact that the plaintiff relying upon the allegation that each party had contributed Rs. 5,000 to the capital of the firm that sum was claimable by the plaintiff. Upon the true construction of the claim I am unable to see that any such claim was made. Moreover it would be balanced by the claim of the defendant to recover his own contribution of Rs. 5,000. It is a mere statement of the history of the partnership and of the matters which must be considered in taking the account. It is not a claim to the sum of Rs. 5,000. Furthermore it is alleged in the plaint as an act of repudiation of the partnership by the defendant that he began to take away bags of grain the property of customers from the gola and alleging that the value of such grain must amount to over Rs. 5,000; that that sum being claimed from the defendant was an additional reason for making the value of the suit as stated in the claim more than Rs. 1,000. These two latter arguments of the defendant were accepted by the Subordinate Judge.

8. In my opinion, both are erroneous and the two allegations by the plaintiff are not the basis of the claim nor do they constitute claims to the specific amounts. The defendant however persists before us in the argument that having paid into Court Rs. 1,000 and the jurisdiction of the Munsif being limited to that sum the Munsif had no power to pass a decree for any sum in excess of that amount and that he should not

have proceeded to try it; nor should he have ordered the taking of accounts, for if when the accounts come to be taken, the amount found due is more than Rs. 1,000 it will not be possible to pass a decree for the excess Now jurisdiction is governed by Sections 18 and 19, Civil Courts Act, 1887, which are as follows:

18. Save as otherwise provided by any enactment for the time being in force, the jurisdiction of a District Judge or Subordinate Judge extends, subject So the provisions of Section 15, Civil P.C., to all original suits for the time being cognizable by civil Courts.

19(1). Save as aforesaid, and subject to the provisions of Sub Section (2) the jurisdiction of a Munsif extends to all like suits of which the value does not exceed one thousand rupees.

9. By Section 15, Civil P.C., every suit shall be instituted in the Court of the lowest grade competent to try it. Valuation of a suit for the purpose of jurisdiction is regulated by the Suits Valuation Act, 1887. Section 8 of this Act inter alia provides that the value of the subject matter of a suit for partnership accounts for the purposes of jurisdiction is the same as that determinates for the computation of court-fees and the amount of the court-fees is governed by the Court-fees Act of 1870. By Section 7 of that Act suits for accounts are to be valued according to the amount at which the relief sought is valued in the plaint or memorandum of appeal.

10. Under Order 7, Rule 2, Civil P.C., where the plaintiff sues for mesne profits or for an amount which will be found due to him on taking unsettled accounts between him and the defendant the plaint shall state approximately the amount sued for. Under Section 11, Court-fees Act, in a suit for an account if the amount decreed on taking the account is in excess of the amount at which the plaintiff valued the relief sought the decree is not to be executed until the difference between the fee actually paid and the fee which would have been payable if the whole amount so decreed had been stated shall have been paid.

11. It is therefore contemplated that notwithstanding the valuation of the suit obligatory upon the plaintiff for the purposes of jurisdiction the fee payable may be increased to correspond to the amount ultimately found to be due. Now, if the amount ultimately found to be due should exceed the pecuniary jurisdiction of the Court it was argued but without much force that the jurisdiction of the Munsif was entirely removed. I cannot think that it was the intention of the legislature that a suit should at one time be considered within the jurisdiction of the Court and subsequently after the trial of the suit on its merits that the Court should be held to have had no jurisdiction. In my opinion, this argument does not merit serious consideration.

12. Now there are certain cases where the Munsif is expressly given jurisdiction by the Civil Procedure Code to take accounts and some of these are dealt with in Order 20. By Order 20, Rule 15 the Court has power in a partnership action to pass a preliminary decree and to direct accounts to be taken and provided that the conditions of the Suits Valuation Act and the Court-fees Act are properly complied with the Munsif clearly had jurisdiction to entertain the partnership action, to pass the preliminary decree and to direct the taking of accounts. Another case is provided by Order 20, Rule 12 where the suit is for the recovery of possession and mesne profits and here the Court is given jurisdiction not only to estimate the amount of the mesne profits up to the institution of the suit, but subsequent to the suit until delivery of

possession. In such cases it is only reasonable to suppose that the Court should have power to direct payment of such amount as may ultimately be found due notwithstanding that this may exceed the pecuniary jurisdiction of the Munsif.

13. In a case where the inquiry had been conducted under Order 20, Rule 12 the power of the Munsif to grant a decree for a sum larger than his pecuniary jurisdiction was affirmed by this Court in *Dinanath Sahai v. Mt. Mayawati Kuer* AIR 1921 Pat 118, where the following expression of opinion was enunciated at p. 58 (of 6 P.L.J.).

The argument that the Munsif is incompetent to investigate a claim which exceeds his pecuniary jurisdiction overlooks the saving clause in Section 19 (Civil Courts Act) which preserves his jurisdiction to act under the Civil Procedure Code as one of the enactments for the time being in force. Section 19, it is true, does not empower the Munsif to entertain an application to investigate a claim which exceeds his pecuniary jurisdiction; but also it does not prohibit him. The word 'deliberately' used by the legislature in Section 19 is 'suit' and though the word 'suit' must include proceedings in the suit, the proceedings must be such as, irrespective of any statute, could properly be had in the suit.

14. It was then pointed out by the Court that by the express provisions of Order 20, Rule 12 the Court is competent to pass a decree for mesne profits pendente lite and further that Order 29, Rule 12 cannot be read as subject to the provisions of Section 19, Civil Courts Act. Similarly in directing an inquiry under Order 20, Rule 15 the Court must obviously have power to pass a preliminary decree and after the account has been taken to pass a final decree for such amount as may be found due. This view of the law has been consistently followed in the High Courts of Allahabad and Madras. The case of *Sudarshan Das Shastri v. Ram Prasad* (1911) 33 All 97 may be taken as an example. This was a suit to redeem an usufructuary mortgage. The sum secured was Rs. 100. The plaintiffs stated that the mortgage had been satisfied out of the profits of the property and that probably about another Rs. 100 would be found due to them on taking an account.

15. The suit was brought in the Munsif's Court and he gave the plaintiffs a decree for over Rs. 4,000, The High Court held that the pecuniary jurisdiction of the Civil Court is ordinarily speaking governed by the value stated by the plaintiff in his plaint and if a suit having regard to the valuation in the plaint is within the jurisdiction such jurisdiction is not ousted by the Court finding that a decree for a sum exceeding the limits of its pecuniary jurisdiction should be given to the plaintiff and the Court disagreed with the decision of the Calcutta High Court in *Golap Singh v. Indra Koomar Hazra* (1909) 1 IC 86. This latter is the only authority on the other side of the argument and it has been apparently followed by the Calcutta High Court, but I agree with the reasoning of the Allahabad High Court which was followed in the case of *Khudaijatul Kubra v. Amina Khatun* MANU/UP/0225/1923 : AIR 1924 All 388. The latest expression of opinion of the Bombay High Court is contained in *Ambadas Harirao v. Vishnu Govind* MANU/MH/0349/1926 : AIR 1927 Bom 83 , where at p. 842 (of 50 Bom.), the learned Judges said:

We are unable to agree with the learned Subordinate Judge that the mere fact that the decree was for an amount of Rs. 5,700 and was passed by the Second Class Subordinate Judge (whose jurisdiction was limited to Rs. 5,000) was ipso facto proof that it was beyond jurisdiction and a nullity. For instance, if a suit has commenced within the jurisdiction and by the addition

of mesne profits after the date of institution the amount is increased to an amount beyond the jurisdiction, a decree for the full amount is nevertheless perfectly valid and with jurisdiction. The jurisdiction in the first instance is determined under the Bombay Civil Courts Act by the valuation in the plaint and not by the result of the decree, whatever it might turn out to be. It is true that deliberate and mala fide under-valuation or over-valuation might cause the decree to be a nullity.

16. With these observations I respectfully agree. It was contended before us that the cases in which under Order 20, Rule 12 special jurisdiction was given to the Munsif to deal with accounts of mesne profits pendente lite differ in principle from this in which the duty of the Munsif is to inquire into the accounts up to the institution of the suit. The reasoning however of the Courts, and particularly of the Court which decided the case of Dinanath Sahai v. Mt. Mayawati Kuer AIR 1921 Pat 118, proceeds upon no such basis. In my opinion the Munsif has jurisdiction to pass a decree for a sum, if any, in excess of Rs. 1,000 and the device of the defendant in paying into Court the sum of Rs. 1,000 has been entirely ineffective and will not prevent the account from proceeding. If however it should be ascertained on taking the account that the sum recoverable does not exceed Rs. 1,000 the Munsif will be able in his discretion to award the costs of taking the account to the defendant. Whether or not he will exercise this discretion will depend upon factors which we need not now take into consideration.

17. It remains to notice a further point against the defendant's contention of want of jurisdiction. I have referred to Order 7, Rule 2 which imposes upon the plaintiff the duty of approximately and in a bona fide manner, putting a value upon his suit. It was impossible for the plaintiff to estimate precisely the amount which would ultimately be found due. Indeed this is the case in many partnership suits where the active partner is requested by the sleeping partner to deliver accounts of the business transactions of which he has been in charge.

18. It is however always open to the defendant to object at the earliest possible moment that the suit has been under or over-valued for the purpose of giving the plaintiff recourse to a Court which would otherwise have been incompetent to try the cause. The defendant might for example demonstrate that if he were, contrary to his contention, held liable to account that he would have to account for a very large sum in excess of the jurisdiction. The tribunal should be given an opportunity of dealing with this matter of jurisdiction at the earliest moment in order that it might not waste time by going into the merits, and the enactment shows that this is the policy of the legislature.

19. Section 11, Suits Valuation Act, enacts that an objection by reason of over or under-valuation shall not be entertained by an appellate Court unless the objection is taken in the Court of first instance at or before the hearing at which issues were first framed and recorded or in the lower appellate Court in the memorandum of appeal to that Court or the appellate Court is satisfied for reasons to be recorded by it in writing that the suit or appeal was over-valued or under-valued, or that the over-valuation or under-valuation thereof has prejudicially affected the disposal of the suit or appeal on its merits. As was stated in the case of Khudaijatul Kubra v. Amina Khatun MANU/UP/0225/1923, at p. 253 (of 46 All.):

It is clearly contemplated there (i. e. in the statute) that any objection which is to be raised on the ground of pecuniary jurisdiction must be taken in the

trial Court at the earliest possible opportunity, and where the objection is not taken it is not to be entertainable thereafter unless the appellate Court is satisfied that there has been some miscarriage of justice on the merits.

20. Now the pleading in para. 2 of the written statement, which I have quoted above, does not raise the point of pecuniary jurisdiction. It is either a vague objection or if on an alternate construction it is not vague, it refers to the defect in not impleading the two alleged partners. That this was the meaning placed by both the parties and by the trial Court upon the pleading is demonstrated by the issues which the Court framed: (1). Is the suit bad for non joinder of Shyam Lal and Chandan Ram? (1911) 33 All 97 Is the plaintiff entitled to a decree for rendition of accounts by the defendant and for winding up the business? (3) To what further relief, if any, is the plaintiff entitled?

21. Had the Court considered that there was a matter of jurisdiction to be considered it would have framed a specific issue and would have decided it as a preliminary point without proceeding as it did to hear the evidence and consider the case on its merits. Moreover, after deciding the issues, the Munsif expressly states that the objection to the valuation was taken at the time of the trial. Further, the lower appellate Court has not recorded any reasons in writing to show that the over-valuation or under-valuation had prejudicially affected the disposal of the suit on its merits. The jurisdiction to consider the right of the plaintiff to an account was conferred by the valuation of the plaint in the first instance and the ultimate decision on the inquiry into the accounts could have no bearing upon the conduct of the trial upon its merits. In my opinion the objection to valuation was not taken at the earliest possible moment as prescribed by Section 11, and it should fail in any case.

22. The suit should now go back to the trial Court with a direction to the Munsif to inquire into the accounts to be rendered by the widow defendant on the principles enunciated in the earlier part of this judgment. She should make a proper affidavit of all documents in her possession or power, and the Commissioner should arrive at his estimate of the amount due to the plaintiff from an examination of the materials so disclosed together with such assistance as he can obtain from the parties; but the widow defendant cannot be compelled to furnish an account in the way; such an account could have been ordered from her deceased husband had he been alive, the obligation to render an account being of a personal nature only.

23. The appeal must be allowed with costs throughout. The costs of taking the account will be determined by the Munsif in accordance with the ordinary principles in such cases.

Kulwant Sahay, J.

24. I agree.

James, J.

25. I agree.

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