

Abdul Razab Vs Basiruddin Ahmed and Others

Court: Calcutta High Court

Date of Decision: March 23, 1910

Acts Referred: Civil Procedure Code, 1908 (CPC) â€” Section 151
Provincial Insolvency Act, 1920 â€” Section 2(1)(g), 46, 47(2)

Citation: 6 Ind. Cas. 95

Hon'ble Judges: Teunon, J; Mookerjee, J

Bench: Division Bench

Judgement

1. The substantial question of law, which has been argued upon this Rule, relates to the power of this Court to make an ad interim order for

protection of an insolvent, and for appointment of a Receiver of the assets, during the pendency of an appeal preferred tinder the provisions of the

Provincial Insolvency Act". The petitioner before us, on the 5th April 1909, made an application to the Court below to be declared an insolvent.

This application was dismissed on the 9th August 1909. He then preferred an appeal to this Court, u/s 46 of the Provincial Insolvency Act". During

the pendency of the appeal, some of the creditors have taken out execution of their decrees, and one of them has applied for the issue of a warrant

of arrest. The petitioner has, therefore, applied for ad interim protection, and at the hearing of the Rule, one of the creditors has applied for the

appointment of a receiver, should such ad interim order be made. A question, however, has been raised as to the power of this Court to make any

order of this description, and it has been argued that inasmuch as the ""Provincial Insolvency Act"" makes no express provision for an ad interim

order during the pendency of an appeal, it is not competent to the Court to make any such order. In our opinion, there is no foundation for this

contention.

2. Section 47 provides that, subject to the provisions of the Act. the Court, in regard to proceedings under the Act, shall have the same powers

and shall follow the same procedure as it has, and follows in the exercise of Original Civil Jurisdiction. As the term Court is defined in Section 2,

Sub-section (1), Clause (g), to mean the Court exercising jurisdiction under the Act, this makes ample provision for the Court of first instance. The

second sub-section of Section 47, then, provides, that subject as aforesaid, High Courts and District Courts, in regard to proceedings under this

Act in Courts Subordinate to them, shall have the same powers, and shall follow the same procedure as they respectively have and follow in regard

to Civil suits. This provision is of a very comprehensive character, and authorizes this Court as a Court of appeal to exercise all the powers, which

it may exercise in the case of a Civil suit pending in appeal before it. This provision read with Section 151 of the CPC of 1908, which saves the

inherent powers of Courts of Justice, does, in our opinion, adequately meet the present case. The principles, which ought to regulate the exercise

of the inherent power of a Court in the matter of stay of proceedings during the pendency of an appeal, were examined and explained in the cases

of Panchanan Singha Roy v. Dwarka Nath Roy 3 C.L.J. 29 and Hukum Chand Baid v. Kamala Nand Singh 3 C.L.J. 67 : 33 C. 927. It was

pointed out in these cases that in the exercise of such inherent power the Court must be careful to see that it does not act arbitrarily, but that its

decision is based on sound general principles, and is not in conflict with them or with the intentions of the Legislature. Two tests which, however,

need not be regarded as exhaustive by any means, were applied in these cases, to determine whether, and in what manner, this inherent power

should be exercised for the purpose of stay of proceedings namely, first, the power to stay proceedings is ancillary to the power of the Court as

the appellate authority to reverse the order of the inferior Court, in other words, proceedings may be stayed so as to enable the ultimate successful

party to reap the fruits of litigation, and not to obtain a merely barren success. Secondly, as the effect of the appeal is to give the seisin of the

proceedings to the Court of appeal, during its pendency, the Court may make any order for stay of proceedings such as might have been made by

the original Court when the proceedings were before it. To put the matter in another way, an ad interim order, made by a Court of appeal, is

merely the exercise by it, for a limited time and purpose, of its wider power to make an order of the same description in reversal or modification of

the order of the Court of first instance. Now, in the case before us, if the appeal is ultimately successful, this Court will make the order of

adjudication which should have been made by the Court of first instance, u/s 16 of the Act, and the effect of that order will be, that the whole of

the property of the insolvent will become vested in the Court or in a Receiver, the insolvent, if imprisoned, will be released, and no creditor, to

whom the insolvent is indebted in respect of any debt provable under the Act, will have any separate remedy against his property or person. It is

manifest, therefore, that this Court may, on the principle just explained, make an ad interim order affording the petitioner protection against

proceedings by any creditor, taken for the enforcement of any debt provable under the Act; in other words, the Court in passing such ad interim

order makes by anticipation as it were, for a limited time and purpose, the order which it is competent to make at the final hearing of the appeal u/s

45, read with Section 16, by Clause 6 of which section it will relate back to, and take effect from, the date of the presentation of the petition of

insolvency. On the same principle also, it is competent to the Court to appoint an ad interim receiver. In fact, the position here is still stronger, as

u/s 13 the original Court itself might have appointed an ad interim receiver of the property of the debtor. We are of opinion, therefore, that although

there is no express provision on the subject, it is competent to this Court in the exercise of its inherent powers, as a Court of appeal, to make an ad

interim order for protection of the appellant and for the appointment of a receiver of his assets during the pendency of the appeal.

3. As regards the merits of the case, we have no desire to prejudge the appeal; but it is fairly clear that there are substantial points in controversy,

which required consideration, and it is consequently desirable to stay proceedings during the pendency of the appeal.

4. The result, therefore, is, that this Rule is made absolute. The parties, upon whom this Rule has been served, will be restrained from proceeding

with execution against the person and property of the petitioner, and the whole of his assets will be placed in charge of the Nazir of the Court of

the District Judge of 21-Pergannahs as Receiver. The Receiver will act under the control and direction of the District Judge. The costs of this Rule

will be costs in the appeal. We assess the hearing fee at two gold mohurs.