

○ CHAPTER– 15

CASE STUDY: INDIAN EXPRESS NEWSPAPER VS UNION OF INDIA (1985)

Ch.Id:-ASU/GRF/EB/MIVWMSS/2022/Ch-15

DOI: <https://doi.org/10.52458/9789391842758.2022.eb.grf.asu.ch-15>

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Facts of the Case

CG issued a notification on 1st Mar 1981 under Customs Act 1962 through which CG imposed import duty on newsprint under Customs Tariff Act 1975 and auxiliary duty on newsprint (additional duty) under Finance Act 1981. Prior to this notification, no such taxes were there and newsprint had enjoyed exemption from customs duty.

CG through the notification classified newspapers into small, medium and large newspapers. Validity of notification was challenged.

Arguments in the Court

- 1) Petitioner argued that imposition of this duty (Import duty + auxiliary duty) had an adverse effect on costs of newspapers and circulation of newspapers which violated freedom of expression under Article 19(1)(a) and right to practice any trade or occupation under Article 19(1)(g).
- 2) Petitioners argued that classification of newspapers into small, medium and large newspapers violated article 14 of the Constitution (equality before law). It is arbitrary of CG. Petitioners argued that tax is levied for public interest and that time foreign exchange reserve position of India was comfortable at the time.
- 3) Respondent argued that burden of cost which the newspaper are going to bear and the position/status of foreign exchange reserves were irrelevant because tax is collected for public interest, a burden that is borne by all citizens not only newspapers. (Including companies non companies)

Discussion and Overview

Supreme Court observed that the government is empowered to levy taxes for public interest on all citizens and also for publication of newspapers because such publication could be characterized as an industry and newspapers Industry enjoy the benefits of government services like all other industries. So they are also subjected to same levy of taxes. Supreme Court also allowed classification of newspapers into small, medium and large because on economic considerations had linked with the objective of taxation not against article 14.

Judgement of Court

Supreme Court rejected the petition on the grounds that excessive nature of the burden of tax was not proved by petitioners and upheld that notification through which import duty + auxiliaries duty is imposed so justified.