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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO. 2283 OF 2013

Darshan Singh Parmar,
Aged about 64 years,
Indian Inhabitant, Residing at Old
Barrack T50, Room No.216,
Chembur Camp, Mumbai- 400076 ... **Petitioner**

Versus

1. **The Union of India**
Aayakar Bhavan, Churchgate,
Mumbai - 400032
2. **The State of Maharashtra**
through Government Pleader,
High Court (O.S.) Mumbai.
3. **The Commissioner of Sales Tax**
504, Vikrikar Bhavan, Mazgaon,
Mumbai 400010
4. **The Director of Central Bureau of
Investigation Department,**
Economic Offences Wing,
Kitab Mahal, 3rd floor, D.N. Road,
Mumbai-400001
5. **The Director of Income Tax
(Vigilance)**
Kitab Mahal, D.N. Road, Mumbai
400001. ... **Respondents**

WITH
INTERIM APPLICATION (L) NO.13522 OF 2024
IN
WRIT PETITION NO. 2283 OF 2013

Darshan Singh Parmar, Applicant
... (Org.Petitioner)

In the matter between:

Darshan Singh Parmar, ... Petitioner

Versus

The Union of India & ors. ... Respondents.

Mr D. S. Sakhalkar with Mr. Himanshu Thakur i/b Suresh Patil, *for Petitioner.*

Ms Neeta V. Masurkar, for Respondent Nos. 1 and 4.

Mr Himanshu Takke, AGP, for the Respondent Nos. 2 and 3.

CORAM : M.S. Sonak &
Jitendra Jain, JJ.

RESERVED ON : 10 June 2025
PRONOUNCED ON : 24 June 2025

JUDGMENT: *(Per M. S. Sonak, J.)*

1. Heard learned counsel for the parties.
2. The rule was issued in this Petition on 13 October 2015. Accordingly, with the consent of and at the request of learned counsel for the parties, this Petition was heard for final disposal.

3. The Petitioner, who was 64 years old at the time of institution of this Petition in 2013, seeks an appropriate writ to direct the Respondents to reward the Petitioner for valuable information provided by the Petitioner to the State Government and its Sales Tax Department from 1992 onwards, based upon which, the sale tax recoveries were made from the tax evaders. This reward is claimed by relying upon the circular/resolution dated 01 January 1976 (Exhibit A at pages 14 to 19 of the paper book).

4. The record bears out that the Petitioner, since 1992, has been submitting information to the Sales Tax Department regarding tax evasion and evaders. In 1996 (see letter dated August 15, 1996), the Petitioner revealed the connection between Public Sector Oil Companies and certain Fisherman Co-operative Societies, exposing the modus operandi employed, which resulted in widespread tax evasion. Despite the Petitioner providing information that at least prima facie indicated tax evasion or even tax fraud, no action was taken. As a result, the Petitioner filed Public Interest Litigation No.139 of 2006, requesting action on his complaints.

5. By order dated 21 November 2007, this PIL was disposed of after taking cognizance of the Affidavit filed by the Superintendent of Police, C.B.I. EOW, Mumbai and the Affidavit on behalf of the Finance Department, Government of Maharashtra. These Affidavits provided details of the action taken, including arrest and filing of a charge sheet. This order

granted liberty to the Petitioner to pursue his remedy of seeking rewards because it was the Petitioner's case that the tax evaders were booked and the taxes may have been recovered from them based upon the Petitioner's complaints.

6. The Petitioner, therefore, pursued the matter with the Respondents. However, this pursuit did not meet with much success, mainly because the Respondents were not disclosing full details about the action initiated and the recoveries made based on the Petitioner's complaints. The Petitioner was always given vague and nonspecific replies. The Petitioner was informed that the issue of recoveries is the subject matter of appeals, and the Department was pursuing the matter. The Petitioner was given the impression that once the appeals are disposed of, necessary recoveries would be made and the Petitioner's claim for reward considered. However, no proper information was being supplied to the Petitioner.

7. The Petitioner then applied for information under the Right to Information Act. The Petitioner claims that, based on the information provided, substantial tax recoveries were made following the Petitioner's complaints. Nonetheless, for no apparent reason, the rewards were not being paid to the Petitioner.

8. Aggrieved by the non-payment of reward even though the circular dated 01 January 1976 required such payment, the Petitioner has instituted the present Petition seeking the following substantive reliefs: -

“(a) This Hon’ble court under article 226 of the Constitution of India be pleased issue writ of certiorari, mandamus or any other appropriate writ directing Respondents to pay reward money to the Petitioner in accordance with the circular annexed at Ex “A” to the Petition.

“(b) This Hon’ble Court be pleased to direct Respondent No.2 & 3 to furnish the particulars of the appeals preferred by the assesses before the various authorities and copies thereof.”

9. Several affidavits have been filed by the Respondents in this Petition. An Affidavit was also filed by Swati S Palkar, Under Secretary, Finance Department, Government of Maharashtra, in PIL Writ Petition No.153 of 2006.

10. Mr. Kishore Raje Nimbalkar, Joint Commissioner of Sales Tax, Investigation “B”, filed an Affidavit in this Petition on 21 September 2015. In the Affidavit, a reference is made to the Affidavit in Reply dated 26 March 2014, in which the Petitioner’s contention that an amount of Rs. 361 crores was recovered due to the information supplied by the Petitioner was denied. That Affidavit, however, stated that the correct figure in respect of the concerned assesses, including tax and interest, was shown as Rs. 55.98 crores as total dues. However, actual recovery was pending, and at various stages of appeals, part payments were fixed by the Appellate Authority, as well as several payments made by the assesses under protest. In short, the contention was that recoveries could not be considered finalised until the disposal of the Appeals and other proceedings concerning such recoveries.

11. The Affidavit dated 21 September 2015 also states that the Government Circular/Resolution dated 1 January 1976, relied upon by the Petitioner, is superseded by the Government Resolution dated 5 June 2007. However, it is acknowledged that, as stated in paragraph 2.3 of the Resolution dated 5 June 2007, the same shall apply to all pending applications for a reward. Furthermore, a reference is made to paragraph 2.1 of the Resolution dated 05 June 2007, in which it is provided that the reward would be payable only when the revenue is realized irrevocably.

12. Para-8 of the Joint Commissioner's Affidavit dated 21 September 2015 is relevant and the same is therefore transcribed below for the convenience of reference:-

*"8. I say that at this stage part of the recovery is pending due to pendency of first or second appeals as also where recovery is complete in case of disposal of second appeals, reference is pending before this Honourable Court. If reference is allowed in favour of the assessee in final hearing the consequential order of the Tribunal may result in refund of recovery already enforced or complied. In other words the amount recovered, due to pendency of appeals and reference cannot be said to be irrevocably recovered. Hence amount recoverable irrespective of actual recovery is determined by this Department and provisional amount of entitlement in the event of recovery reaching finality by conclusion of all proceedings is determined as per communication dt. 07-09-2015 by the Commissioner of Sales Tax, Maharashtra State to the Additional Chief Secretary (Finance) Maharashtra State, Mantralaya Mumbai. A copy of communication dt. 07-09-2015 by the Commissioner of Sales Tax, Maharashtra State to the Additional Chief Secretary Maharashtra State is annexed hereto and marked **Exhibit II**. I say that as on the day of finalization of this Affidavit, the matter is pending approval of State*

Government since reward above Rs. 5 lacs requires sanction of the State Government.”

13. According to the Affidavit dated 21 September 2015, the Respondents appear to have presented three primary defenses. The first defense contests the Petitioner’s claim of recovering Rs . 361 crores, stating the actual amount was approximately Rs . 55.98 crore. The second defense argues that the Government Circular/Resolution dated 01 January 1976 has been superseded by the more recent Government Resolution dated 05 June 2007, although it was clarified that this newer resolution applies only to pending reward applications. The third and primary defence asserts that the reward is due only after the revenue is permanently realised, implying that no reward should be paid while any appeals or recovery proceedings are ongoing. Aside from these three points, no other defenses concerning procedural compliance or similar issues were raised.

14. Para-8 of the Affidavit dated 21 September 2015, which we have transcribed above, indicates that by communication dated 07 September 2015, a certain amount payable to the Petitioner as a reward was determined. However, since the said amount exceeded Rs. 5 lakhs, the sanction of the State Government was required for its payment.

15. On 26 August 2014, this Court (Coram: S.C. Dharmadhikari and A.K.Menon, JJ), after perusing Affidavits filed until then, required the learned AGP to obtain

instructions from the Respondents about the requisite steps to recover the outstanding dues so that the quantum of reward to the Petitioner would be determined and paid. This is because, on the one hand, the Respondents were not paying the reward amount on the grounds that the revenue had not been recovered, and on the other hand, the authorities were taking no steps to recover the revenue from the evaders.

16. On 28 October 2014, this Court (Coram: S.C. Dharmadhikari and A.A.Sayed, JJ) made another order requiring the Respondents to refrain from not just tendering charts across the Bar but filing Affidavits to support and substantiate such figures. The Commissioner of Sales Tax or the Joint Commissioner was directed to file an Affidavit regarding the steps to recover the dues to the Government. The Court noted that if the dues to the Government were to the tune of crores of rupees, then the Affidavit should explain why no steps were taken for the recoveries. The Affidavit was also directed to disclose the steps the State proposes to take against erring officials in the Department.

17. The Affidavit filed by Mr. Tukaram Mundhe, the Joint Commissioner of Sales Tax, was taken on record by the order dated 11 November 2014. In the context of this Affidavit, this Court (Coram: S.C. Dharmadhikari and A.A.Sayed, JJ) made a detailed order on 18 November 2014. In this order, this Court noted the statement of the Joint Commissioner of Sales Tax that the Department will endeavour to recover the entire

amount on or before 31 March 2015 or even earlier. This assurance was accepted as an undertaking to this Court.

18. On 20 January 2015, this Court (Coram: S.C.Dharmadhikari and S.P.Deshmukh, JJ) made the following order :-

“1. To enable the petitioner's Advocate to peruse the affidavit tendered today which has been served in Court itself, stand over to 4th February, 2015.

2. If the Revenue does not consider this as adversarial litigation but is seeking assistance of the petitioner in unearthing the fraud perpetrated on it by not paying the legitimate taxes and on time, then, the least that we would expect from them till this Court passes further orders is that if the petitioner is eligible to seek a reward or at least a partial remuneration for his efforts undertaken earlier and now the same be released.

3. Copy of this order be provided to Mr. Sonpal.”

19. On 04 February 2015, this Court (Coram: S.C.Dharmadhikari and N.W.Sambre, JJ) passed the following order :-

“Mr Sonpal assures the Court after taking instructions from the Commissioner that the file containing the request of the petitioner for a reward will be processed and a decision will be taken thereon as expeditiously as possible and on or before 6th April, 2015. List on 17th April, 2015.”

20. Despite all the above orders, this Court found that the Respondents were neither serious about recovering the dues from the tax evaders nor informing the Court or determining the reward amount payable to the Petitioner in terms of the Government Circular/Resolution.

21. Therefore, on 28 April 2015, this Court [Coram: B.R.Gavai , as his lordship then was, and A.S.Gadkari, JJ) made the following order:-

“ The petitioner has approached this Court praying for a Writ directing the Respondent to pay the reward money to the petitioner in accordance with the Circular, which is annexed to the petition.

2. It is the contention of the petitioner that the petitioner is a vigilant citizen and as such had brought to the notice of the Respondent-Authority, the huge tax evasion by various Public Sector oil companies. It is the contention of the petitioner that, in accordance with the Scheme framed by the State Government, that the petitioner was entitled to an amount of Rs.9,02,50,000/- as a reward on the basis of the huge recovery of taxes made by the Government on the basis of the information given by the petitioner.

3. It appears that various orders have been passed by this Court from time to time. Shri Sonpal, learned counsel appearing on behalf of the Revenue has placed an order dated 10th April, 2015 by which the State Government has sanctioned to pay an amount of Rs.75,000/- to the petitioner as an interim measure.

*4. A Division Bench of this Court at Nagpur Bench (to which one of us i.e. B.R.Gavai, J. is a party) recently had an occasion to consider similar issue in **Public Interest Litigation No. 99 of 2014 (Lalan Kishor Singh vs. State of Maharashtra & Anr)** decided on 9.3.2015. We have categorically observed that if the Department initially gives an impression to the citizens that upon receipt of the information from them, tax recovery is made, then in that event, a part of that recovery would be paid to such citizen as a reward and subsequently does not abide by the representation and pay the amount of reward, such a conduct would be against the interest of Revenue itself.*

5. We had categorically observed that if the citizens who acting on the representation made by the Government, give some valuable information and upon receipt of such information the tax

recoveries are made and subsequently, the citizens are made to run from pillar to post for getting such reward, citizens would lose faith in the system and would not come forward to give the information. We have further observed that this would result in a loss to the Public Exchequer.

6. Though in the present case, Mr. Sonpal submits that entire recovery is not on account of the information given by the petitioner, but has fairly admitted that part of the recovery is on the basis of the information given by the petitioner.

7. If that be so, the Respondent-Authorities can very well determine as to what percentage of the total recovery is attributable to the information received from the petitioner. If that determination is made, a determination as to how much amount the petitioner is entitled to in accordance with the Scheme framed by the Government can be easily made.

8. We, therefore, direct the Respondent-Authorities to do the determination as directed hereinabove and place the same on affidavit before this Court by the next date.

Stand over to 21st July, 2015.”

22. The rule was issued in this Petition on 13 October 2015. This Court clarified that if any ad-hoc or provisional determination has been made or any amount fixed by the Respondent, the same would be paid over to the Petitioner, who shall accept it under protest and without prejudice to his rights and contentions in the Petition. In the meantime, the Petitioner filed Contempt Petition No. 28 of 2018, alleging non-compliance with the orders issued by this Court from time to time in this Petition. Ms. Shaila A, Joint Commissioner of State Tax (INV-B), filed a very vague Affidavit on 21 September 2018 claiming compliance.

23. Despite all the above orders, no payment was made to the Petitioner. This Petition was dismissed for non-prosecution on 12 July 2024, but it was later duly restored.

24. On 20 December 2024, after taking cognisance of the communication dated 04 October 2024, which Mr. Takke produced, the learned AGP, this Bench made the following order:-

- “1. Heard learned Counsel for the parties.*
- 2. Mr Takke, learned AGP places on record the communication dated 4 October 2024 which suggests that the Petitioner is held eligible and admissible to reward amount of Rs 19,44,802/-. He points out that since the reward amount exceeds Rs 5 Lakhs, the competent authority for sanction is the government. He states that within a reasonable time, the government will decide the issue.*
- 3. Learned Counsel for the Petitioner points out that this reward amount concerns only one of the oil companies. He also points out the additional reward is due to the Petitioner.*
- 4. At this stage, we are not deciding or disposing of the matter finally. All such issues can therefore be raised on the next date.*
- 5. For the present, we are interested in ensuring that at least the admitted amounts are paid to the Petitioner at the earliest.*
- 6. Therefore, we list this matter on 7 February 2025 for directions. We expect that by end of January at least, necessary orders and payments are made to the Petitioner.*

25. In the context of this Court's order dated 20 December 2024 and the communication dated 04 October 2024, Mr. Shanmugarajan S., Joint Commissioner of State Tax (Investigation-B), Mumbai, has filed an Affidavit on 21 March

2025. After all these years, the defence now taken is that the Petitioner, while furnishing information about tax evaders, had not submitted a statement in Form-A. On this ground, it was suggested that no reward would be payable to the Petitioner, even though, the quantum of such reward was reflected in the communication dated 04 October 2024.

26. From the various Affidavits filed in this Petition, we are more than satisfied that the Respondents do not wish to comply with their own Circular/Resolution regarding the payment of reward to the Petitioner. Even after accepting the Respondents' contentions that the revenue must be irrevocably realised, some reward is still due and payable to the Petitioner. The Respondents are aware of this, and therefore, considerable time was wasted by not precisely informing the Court of the number of recoveries made irrevocably. In the communications dated 7 September 2015 and 4 October 2024, a determination was made, as a result of which, the Joint Commissioner of Sales Tax decided that an amount of Rs. 19,44,802/- was payable as a reward to the Petitioner. However, this communication, issued with the appropriate approval of the Commissioner of Sales Tax, Maharashtra, stated that since the reward amount exceeds Rs. 5 lakhs, Government sanction was required. As no decision was taken on the Government sanction, we were compelled to issue the order dated 20 December 2024.

27. The communication dated 04 October 2024 reads as follows:

*Office of the
Joint Commissioner of State Tax,
Investigation Branch-B Mumbai.
3rd Floor, 'C' Wing, Old Bldg.,
GST Bhavan, Mazgaon,
Mumbai – 400 010.*

*To,
The Additional Chief Secretary,
Finance Department,
Mantralay, Mumbai.*

*No. JC/Inv-B/2024-25/Shri. Parmar/Reward/B-50,
Mumbai. Date 04/10/2024.*

Subject : Reward calculation of Mr. Darshan Singh Parmar

*Reference : Bombay High Court Order dated 28.04.2015 in
case of Writ Petition 2283 of 2013.*

Sir,

*In the Writ Petition filed by Mr. Darshan Singh Parmar
for reward due to the information of tax evasion supplied by
him, Hon'ble High Court has directed to determine as to
how much amount the petitioner is entitled to in accordance
with the Scheme framed by the Government.*

*The Department of Sales Tax had acted on the
information given by the petitioner and on the basis of the
assessment orders passed by the Department additional
revenue attributed to information given by him is to the tune
of Rs. 22,86,14,128/-. Calculation of the tax recovery is
based on the information given by Mr. Darshan Singh Parmar
in his complaint about the transactions between M/s Indian
Oil Corporation and some Machhimar societies named in the
complaint. The recovery of pending dues has been done as
per Amnesty scheme 2019, and dues of Rs. 12,93,07,064/-
have been recovered irrevocably. The reward is calculated as
directed by the Court and can be awarded now as the dues
have been recovered irrevocably.*

*Calculation of the reward is done as per GR No.STA-
2004/CR-103/ Taxation-2 Date 05.06.2007. The relevant
paras of the GR dated 05.06.2007 for reward read as below:*

| Sr. No | Amount of additional tax realised | Maximum Quantum of reward to the informant |
|---------------|--|---|
| 1 | Upto Rs. 20 lakh | 10% of the additional tax recovered |
| 2 | Exceeds Rs. 20 lakh upto Rs.1 crore | Rs. 2 lakh + 5% of additional tax realised above Rs. 20 lakh. |
| 3 | Exceeds Rs. 1 crore upto Rs.10 crore | Rs. 6 lakh + 2% of additional tax recovered over Rs. 1 crore |
| 4 | Exceeds Rs. 10 crore | Rs. 24 lakhs + 1% of additional tax recovered over Rs. 10 crore, subject to a maximum of Rs. 50 lakh. |

| Sr. No | Accuracy of information | Percentages of total computed reward admissible to the informant |
|---------------|--|---|
| 1 | Very accurate and comprehensive | 100% |
| 2 | Largely correct and fairly comprehensive | 75% |
| 3 | Generally correct but not so comprehensive | 50% |

Based on the tax recovery computation of quantum of reward eligible and admissible to the informant is as below :

(In Rs.)

| | |
|---|----------------|
| Tax demand raised attributable to the information given by the petitioner | 25,86,14,128 |
| Tax recovery under Amnesty Scheme-2019 | 12,93,07,064/- |
| Slab Upto Rs. 10 Cr. | 24,00,000/- |
| Additional tax exceeding Rs. 10Cr. is 2,93,07,064/- @ 1% | 2,93,070/- |
| Total admissible reward | 26,93,070/- |
| 75% of total computed reward admissible to the informant. | 20,19,802/- |

| | |
|---|--------------------|
| <i>(-) Interim Reward already granted on 07.05.2015</i> | 75,000/- |
| <i>Balance amount of reward admissible</i> | 19,44,802/- |

As the amount of the reward exceeds Rs. 5 lakh, the competent authority to sanction the reward is the Government. Therefore the quantification of the award be approved so that the same can be granted to the informer.

(With prior approval of Hon. Commissioner of State Tax, Maharashtra)

Regards,

*(Vanmathi C.)
Joint Commissioner of State Tax,
Investigation Branch-B, Mumbai.*

28. The Petitioner claims that a much larger amount is payable to him towards a reward. At this stage, based on the scant material placed on record by the parties, it would not be possible for us to determine this amount in this Petition. However, we cannot appreciate the difficulties the Respondents are imposing on the Petitioner in paying the amounts that they have themselves determined to be due and payable to the Petitioner. Once the Government formulates a reward scheme, it should be operated fairly and squarely. The informers, based on whose information, tax evaders are brought to book and taxes recovered, should not be made to run from pillar to post or otherwise suffer frustration.

29. At least after the determination reflected in the communication dated 4 October 2024 and the numerous

orders made in this Petition, we expected immediate sanction for the release of the determined amount to the Petitioner. Instead of granting sanction, the Government's Affidavit points out that the Petitioner had not provided information in the prescribed Form-A and therefore, no reward amount was payable. Factually, the information was provided in Form-A, and this form is also appended to the Petition. Mr. Shanmugarajan S., Joint Commissioner of State Tax, without bothering to read the Petition or take cognisance of its annexures, had filed an Affidavit only to unfairly deny the petitioner's reward amount of Rs. 19,44,802/-, as determined by the officials based on the records.

30. Apart from the above glaring error, we note that from 2013 onwards, the defence that information was not supplied in the prescribed Form-A was never raised. The only defences, as noted above, were that no reward is payable unless the revenue is irrevocably realised. It was pointed out that the recoveries were subject matters of appeals etc, and until all these were disposed of, no reward could be paid. After these issues were sorted out and even the reward amount was determined, this latest defence has been raised without verifying the records or factual position.

31. According to the Petitioner, the reward amount, as determined by the Respondents, is too low, and a significantly higher sum is owed and payable. Currently, we are unable to establish the exact amount of the reward due to the Petitioner.

The Respondents have consistently been uncooperative in providing the necessary details, solely to delay the payment indefinitely. In any case, the officers of the Respondents, of the rank of Joint Commissioner and with the approval of the Commissioner of Sales Tax, Maharashtra, have decided that Rs.19,44,802/- is presently payable to the Petitioner as a reward. This amount should have been paid to the Petitioner immediately. There is no basis for the Respondents to now retract and refuse payment of even this amount, which has been determined by them. This sum accounts for some modest amounts already paid to the Petitioner.

32. Therefore, we direct the Respondents to pay Rs. 19,44,802/- to the Petitioner within six weeks from the date this order is uploaded. If the payment is not made within this period, it will accrue interest at 8% per annum. The Respondents must pay this interest, but it should be recovered from the officers responsible for the delay. The Finance Secretary, after paying the interest, if necessary, must conduct an inquiry to identify the officers responsible and recover the interest from them. This is to ensure that taxpayers are not burdened with the delay caused by officers' lethargy in complying with the Court's orders.

33. The Sales Tax Commissioner and the Finance Secretary, State of Maharashtra, must, within six months from today, determine the precise amount of rewards payable to the Petitioner and, upon such determination, pay the reward

amount to the Petitioner within two months. The Sales Tax Commissioner and the Finance Secretary must supply the Petitioner with full particulars of the recoveries made, the status of pending appeals, etc., and hear the Petitioner, and consider all the documents produced by him. The Sales Tax Commissioner and the Finance Secretary must also examine all records, as we have noted that full particulars are not being supplied to either the Petitioner or this Court, but rather to delay the payment of the reward to the Petitioner. If the Government has formulated a reward scheme, it must be implemented fairly and transparently. Informers who take risks and invest time must not be made to run from pillar to post to secure what may be due and payable. There must be no unreasonable delay in paying the determined reward amounts, and the practice of raising frivolous and belated objections only to avoid legitimate payments must also be eschewed.

34. The Petitioner, as clarified in our previous orders, may accept the amount of Rs. 19,44,802/- or such further amounts as may be determined and paid by the Respondents to him under protest, without prejudice to his contentions. For the balance, the Petitioner can file appropriate proceedings under the law.

35. The rule in this Petition is made partly absolute and disposed of in the above terms without any cost orders.

Interim Application (L) No.13522 of 2024 does not survive and the same is accordingly disposed of.

36. All concerned must act upon the authenticated copy of this order.

(Jitendra Jain, J)

(M.S. Sonak, J)