

Hukumchand Mills Ltd. v. State of Madhya Bharat and Another

Civil Appeal No. 316 of 1962

[1964] 6 SCR 857 | 1964-02-20

Historical Indore industrial income tax: amendments made under an available statutory power remained valid despite citing the wrong source, the amended appeal provision removed factual second appeals by necessary implication, and Parliament validly cured assessments made by the former officers.

Indore Industrial Tax Rules: rules 13, 17, 18 and 19 | Madhya Bharat Act I of 1948: sections 4 and 5 | Finance Act, 1950: section 13(1), first proviso | Madhya Bharat Taxes on Income (Validation) Act, 1954: sections 3 and 4 | Constitution of India: Article 14

5-judge bench | P. B. Gajendragadkar, C.J. | K. N. Wanchoo, J. | K. C. Das Gupta, J. | J. C. Shah, J. | N. Rajagopala Ayyangar, J.

Assessment years: 1940-48 (source description)

Distinct Hukumchand Mills judgment

This 1964 decision concerns former Indore industrial-tax assessments and is different from the published 1967 Hukumchand Mills income-tax Tribunal-powers judgment and other later citations.

Right of appeal is statute-specific

The Court accepted removal of the factual second appeal by necessary implication from the substituted rule. It did not hold that vested appellate rights may be removed without sufficiently clear legislation in every setting.

Source inconsistencies

The report variously prints the Industrial Tax Rules as 1927 and 1947 even though its narrative says the levy was imposed in 1927. One headnote line mentions amendments on 28 December 1948, while the judicial text consistently identifies the notification as 28 December 1949. The note does not silently reconstruct those printed discrepancies.

01 FACTS OF THE CASE

Hukumchand Mills, a cotton mill in the former Holkar State, was assessed on profits, gains and income under the Indore Industrial Tax Rules for years described collectively as 1940–48. After Holkar merged into Madhya Bharat, the State Government issued a 28 December 1949 notification changing the assessing authority and appeal structure. The Finance Act, 1950 then displaced the former tax law after the relevant transition period and required older assessments to be handled by corresponding authorities under the 1922 Act. Former officers nevertheless made the disputed assessments, prompting Parliament's Madhya Bharat Taxes on Income (Validation) Act, 1954. The mill challenged the amendments, loss of a factual second appeal, the validating law under Article 14 and its application to these assessments; the High Court rejected all grounds (SCR pp.859–863; PDF pp.3–7).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Although the notification cited rules 17 and 18, the Government possessed amendment power under section 5 of Madhya Bharat Act I of 1948. Publication in the Gazette and Government authorship satisfied that provision, and citing the wrong source of power did not invalidate action supportable under the actual power (SCR pp.863–865; PDF pp.8–9). The substituted rule preserved a second appeal but confined it to law. That necessary implication validly removed the former factual second appeal, even assuming an accrued appellate right (SCR pp.865–866; PDF pp.9–10). Parliament could rationally validate only proceedings that had actually been taken by former officers. The historical assessments formed a distinct transitional class, and sections 3 and 4 expressly covered these pre-31 March 1949 periods; the validating law therefore neither offended Article 14 nor missed the impugned assessments (SCR pp.866–867; PDF pp.10–11).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court rejected all three challenges and dismissed the mill's appeal with costs. The amendments, restricted second appeal and validation of the 1940–48 assessments were upheld (SCR p.867; PDF p.11).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the State/respondents. The former officers' assessments remained validated, and the appellant obtained no relief against the amended procedure (SCR p.867; PDF p.11).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: for a transitional assessment, map the governing territory, assessment period, repeal or extension provision, designated officer and appellate forum at every relevant date. If a notification cites the wrong enabling provision, test whether another valid power actually authorised the same action and whether its mandatory procedure was followed. Analyse any validating statute by the exact defect cured and class covered; do not generalise this historical result to current assessments (based on SCR pp.860-867; PDF pp.4-11).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 11-page SCR report read and checked. The editorial headnote was distinguished from the judgment text and operative order.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 11-page count match catalogue asset 1964_6_857_867; the full extracted report and operative pages were reviewed.

The source verifies Civil Appeal No. 316 of 1962, the stated bench, issues, reasoning and operative result.

No published AKHB note or archived reviewed record with this source hash, case identity and operative decision was found.

STATUTORY SCOPE

The decision concerns former Indore and Madhya Bharat tax legislation, transitional provisions following accession and merger, and a 1954 validating enactment. It is not current-law clearance for assessment jurisdiction, appellate rights or retrospective validation under later income-tax legislation.

LATER TREATMENT

Source checked 2026-10-10. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

PROFESSIONAL DISCLAIMER

AI-assisted legal research note for general information and professional research. It is not legal or tax advice. Verify the original judgment, applicable statutory version and subsequent judicial treatment before relying on it. The AKHB Review Point is editorial analysis, not part of the Court's judgment.