

T.M. Kanniyar v. Income-tax Officer, Pondicherry and Another

Writ Petition No. 49 of 1967 / Writ Petition No. 60 of 1967 / Writ Petition No. 61 of 1967 / Writ Petition No. 80 of 1967

[1968] 2 SCR 103 | 1967-10-30

Did Article 240 empower the President to extend the Income-tax Act, 1961 to Pondicherry, notwithstanding objections based on the phrase peace, progress and good government, the meaning of State in Article 246, local legislative competence and income-tax distribution?

Five judges | K.N. Wanchoo, C.J. | R.S. Bachawat, J. | V. Ramaswami, J. | G.K. Mitter, J. | K.S. Hegde, J.

Assessment years: See the source-scope notes; no year inferred.

Historical territorial extension and constitutional context

Kanniyar upholds extension of the 1961 Act by Regulation No. 3 of 1963 under the historical Article 240 framework. Regulation sections 3(2) and 4(1) are not Income-tax Act sections. All four petitions were dismissed with costs and one hearing fee; no individual assessment year, rate or amount was decided. Its contextual Article 246 meaning of State must be read with later special arrangements, as illustrated by GNCTD in 2023. The report inconsistently prints 16 and 19 August 1962; the official historical compilation identifies the appointed day as 16 August. Original PDF unchanged; comprehensive later treatment, current constitutional/territorial tax applicability and 2025 mapping are not verified.

01 FACTS OF THE CASE

The petitioners in the four connected writ petitions carried on business at Pondicherry and were being assessed under the Income-tax Act, 1961. They brought Article 32 petitions seeking a declaration that the Act had not been validly extended there and a direction prohibiting its implementation. They challenged the President's competence to promulgate Regulation No. 3 of 1963, rather than a stated assessment computation or rate (physical 2-3/SCR 104 C-105 E).

The Pondicherry Administration Act, 1962 preserved existing laws and taxes until competent legislative or other authority made a replacement. The petitioners had accordingly continued under existing French income-tax laws. On 30 March 1963 the President promulgated the Taxation Laws (Extension to Union Territories) Regulation under Article 240. Section 3(2), with Schedule Part II modifications, extended the 1961 Act to Pondicherry from 1 April 1963; section 4(1) repealed the corresponding local law from that date (physical 2-3/SCR 104 G-105 E).

The report contains a historical date inconsistency: the judicial introduction says Pondicherry became a Union territory on 16 August 1962, while the headnote and statutory summaries use 19 August. The Government of Puducherry's later official Code reproduces the Administration Act's appointed-day definition as 16 August 1962. This note preserves that source distinction and does not alter the original PDF (physical 1-3/SCR 103-105; Code physical 66-68/printed 54-56).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The Court traced the constitutional changes from the former Part A, B and C States and Part D territories to the post-Seventh Amendment arrangement of States and Union territories. Article 239 provided presidential administration of Union territories. Article 240 conferred regulation-making power for specified territories, and the Fourteenth Amendment added Pondicherry, Article 239A and the relevant proviso to Article 240(1). Those historical texts supplied the setting for the 1963 Regulation (physical 3-5/SCR 105 E-107 D).

The words peace, progress and good government did not confine the President to law-and-order matters. They were a familiar and broad form of legislative grant, concerning the scope rather than the merits of legislation. The authorities discussed by the Court supported a wide legislative discretion, subject to the restrictions of the conferring enactment. Under Article 240(2), a regulation could repeal or amend a parliamentary Act or existing law applicable to the territory and, once promulgated, have the force and effect of a parliamentary Act applying there. The President could therefore legislate on the subjects on which Parliament could legislate for that territory (physical 5-6/SCR 107 E-108 D).

Article 246(4) gave Parliament plenary legislative power for territories not included in a State, including State List matters. Although Article 367 ordinarily attracted the General Clauses Act definition of State, section 3(58)'s inclusion of Union territories was repugnant to the subject and context of Article 246. Applying it there would deprive Parliament of State List power for Union territories and could leave some territories without any competent legislature. The contextual meaning therefore referred to States in the First Schedule, permitting Parliament, and the President through Article 240, to extend the 1961 Act with modifications (physical 6-7/SCR 108 E-109 D).

The Court rejected the suggested institutional clash from overlapping presidential and parliamentary competence, referring to central administration and ministerial responsibility to Parliament. It also rejected the argument that the historical proviso to Article 240(1) restricted presidential subject-matter competence to what a local legislature could enact. Under the proviso then considered, regulation-making for Goa, Daman and Diu or Pondicherry ceased with effect from the date appointed for the first meeting of the legislature created under Article 239A. Until the relevant legislative arrangement came into existence, the proviso did not cut down the President's general subject-matter power. Even assuming the local legislature's power was confined to the State and Concurrent Lists, presidential power remained wider. Section 18 of the Government of Union Territories Act, 1963 did not imply a contrary limitation (physical 7-8/SCR 109 E-110 G).

Finally, the absence of a separate income-tax distribution mechanism for Union territories did not negate taxing competence. Under Article 270 as then discussed, income-tax attributable to Union territories formed part of the Consolidated Fund of India, and no distribution among centrally administered territories was necessary. Nor was a separate express income-tax grant required in addition to Article 240: the Centre-State distribution of legislative fields did not apply in the same way to those territories. Regulation No. 3 of 1963

02 DISCUSSION BY THE HON'BLE COURT

validly extended the 1961 Act (physical 8-9/SCR 110 H-111 C).

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

All four Article 32 petitions, Nos. 49, 60, 61 and 80 of 1967, were dismissed with costs and one hearing fee. The Court upheld presidential competence and the Regulation's extension of the Income-tax Act, 1961 to Pondicherry. The requested declaration and prohibition against implementation were refused. No individual assessment amount, tax rate or additional exemption was decided (physical 2/SCR 104 C-D; physical 9/SCR 111 B-D).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue and Union on constitutional competence and applicability of the 1961 Act

All four petitions dismissed with costs; one hearing fee

Reasoned constitutional and territorial-applicability holding; no assessment computation or rate determination

Concerns the historical Article 240 text, specified territories and Regulation 3 of 1963. It neither supplies a universal definition of State nor resolves later special constitutional arrangements, current territorial boundaries or individual tax liabilities.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Locate the source of legislative authority before assigning a tax section. Kanniyar is a direct 1961 Act applicability decision, but the operative extension and repeal provisions are in a presidential Regulation. Its constitutional holding does not authorize treating every mention of State as excluding Union territories, or treating the 1967 territorial and institutional arrangement as permanent. The historical proviso's first-meeting trigger must also be kept separate from the breadth of the power before that trigger.

In *Government of NCT of Delhi v. Union of India* (11 May 2023), the Court expressly revisited Kanniyar's contextual reading of Article 246 and noted its reiteration in NDMC. At the same time it treated Article 239AA's special language as expanding Delhi's legislative competence to relevant entries using State, subject to the express exclusions. That later discussion demonstrates why Kanniyar cannot be exported as a universal rule about all Union-territory constitutional powers. This is a bounded check of paragraphs 47-64, particularly 59-64, and does not state the present law governing Delhi services or the effect of later legislation (later judgment physical 38-47).

The official Puducherry Code corroborates the Regulation's 1 April 1963 commencement, section 3(2) and Part II extension, and section 4 repeal with savings. Those savings show why repeal is not a blanket erasure of every pre-extension liability. The Code also helps identify the report's 16/19 August date discrepancy. Its 2010 editorial compilation, later place-name adaptations and Gazette-verification disclaimer prevent treating it as an original 1963 Gazette or a comprehensive current-law certificate. No tax rate, present exemption or Income-tax Act, 2025 crosswalk is inferred (Code physical 3, 66-68, 85-86 and 92-94).

Source: See the proposition-specific paragraph and PDF-page references below.

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Writ Petition No. 49 of 1967

Outcome: Dismissed with costs; one hearing fee for the connected petitions

2.

Case number: Writ Petition No. 60 of 1967

Outcome: Dismissed with costs; one hearing fee for the connected petitions

3.

Case number: Writ Petition No. 61 of 1967

Outcome: Dismissed with costs; one hearing fee for the connected petitions

4.

Case number: Writ Petition No. 80 of 1967

Outcome: Dismissed with costs; one hearing fee for the connected petitions

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, all four petitions and relief sought

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: SCR 103 heading; 104 C-105 E

2.

Topic: Regulation 3 of 1963 extension and repeal

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 105 A-E

3.

Topic: Historical constitutional scheme and broad legislative grant

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5; 6

Paragraphs: SCR 105 E-108 D

4.

Topic: Contextual State definition and Article 246(4)

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: SCR 108 E-109 D

5.

Topic: Historical proviso and local legislature distinction

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 109 E-110 G

6.

Topic: Tax distribution, final competence holding and costs

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 110 H-111 D

7.

Topic: Direct later treatment and special Article 239AA setting

Source url: [Open cited source](#)

Pdf pages: 43; 44; 45; 46; 47

Paragraphs: Paragraphs 59-64; related context paragraphs 47-58 on physical 38-43

8.

Topic: Statutory appointed day and continuation

Source url: [Open cited source](#)

Pdf pages: 66; 67; 68

Paragraphs: Printed 54-56, Administration Act sections 1(3), 2(b), 4 and 7

9.

Topic: Historical extension and repeal with savings

Source url: [Open cited source](#)

Pdf pages: 85; 86; 92; 93; 94

Paragraphs: Printed 73-74 and 80-82, Regulation sections 1-4 and Schedule Part II

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

The operative rule concerns the Constitution and Regulation No. 3 of 1963 as the legal means of applying the Income-tax Act, 1961. Sections 3(2) and 4(1) are provisions of that Regulation, not sections of the 1961 Act. No particular 1961 assessment/computation section is adjudicated.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.S. Bachawat, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961: constitutional validity of its extension to Pondicherry through the Taxation Laws (Extension to Union Territories) Regulation, 1963 (Regulation No. 3 of 1963)

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Title: Government of NCT of Delhi v. Union of India, Civil Appeal No. 2357 of 2017, judgment dated 11 May 2023

Decision date: 2023-05-11

Classification: Express contextual reiteration with later constitutional qualification; not overruling

Source url: [Open cited source](#)

Pdf pages: 43; 44; 45; 46; 47

Pinpoint: Paragraphs 59-64

Holding limit: Reiterates Kanniyar's Article 246 context but interprets the special Article 239AA language to avert a blanket exclusion of entries using State. No present Delhi-services conclusion.

Bounded check: verified only within explicit read bounds

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Taxation Laws (Extension to Union Territories) Regulation, 1963, sections 3(2), 4(1) and Schedule Part II; Constitution of India, Articles 240(1)-(2), historical proviso to 240(1), 246(4), 239, 239A, 270, 367, 366(30), 1 and 32; Pondicherry Administration Act, 1962, sections 4(1)-(2) and 7; General Clauses Act, 1897, section 3(58); Constitution (Seventh Amendment) Act, 1956 and Constitution (Fourteenth Amendment) Act, 1962; Government of Union Territories Act, 1963, section 18 (local legislature comparison)

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 9 PDF pages; SHA-256

6878cb11acc3e85e331e2c4f1e0fb6ae7bec77e63053c512da66fdec2be1a445. Original bytes preserved.

Open cited source rendition

full primary text read: True; all primary page images reviewed: True; source integrity verified: True; actual statutory scope verified: True; later treatment comprehensive: not_verified; current law status: not_verified; statutory mapping 2025: not_verified

Heading image confirms 30 October 1967; 1968 is the report year. Catalogue identifier 1967INSC247 is not independently printed or authenticated in this rendition.

Four petitions, not only the catalogue's Petition 49, are disposed of by the one common opinion. No separate petitioner-to-number mapping is invented.; The report's 16 August versus 19 August 1962 inconsistency is visible in the scan. The later official Code defines the appointed day as 16 August; the original report is not silently corrected.; Regulation No. 3 of 1963 is the actual enactment. Its sections 3(2) and 4(1) must not be tagged as Income-tax Act sections.; No individual assessment year is supplied. The Act's territorial extension date is not a finding about an individual petitioner's assessment year.; Article 240 and its proviso are discussed in their historical form. The note does not treat the first-meeting rule, territorial names or later special constitutional arrangements as unchanged present law.; The 2010 Code uses the name Puducherry and expressly calls for verification against Gazettes; it is bounded corroboration, not original Gazette authentication. Its constitutional compilation pages are not relied on as current text.; The later GNCTD source labels the citation Kannian v. CIT but expressly cites [1968] 2 SCR 103. Reliance is on its judicial discussion, not that shortened title.

No individual assessment year, income amount or assessment order date is stated. Extension from 1 April 1963 is a legislative commencement fact, not an inferred assessment year for any petitioner.

Four connected original petitions under Article 32, decided by one opinion. The source names Kannian in the main title but does not map separate party names to all remaining petition numbers; the catalogue lists only Petition 49.

STATUTORY SCOPE

No automatic Income-tax Act, 2025 crosswalk. Complete amendments, commencement, savings and case-specific present applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-05. Bounded primary check of Government of NCT of Delhi, 11 May 2023, paragraphs 47-64, with direct Kannian discussion at paragraphs 59-60. Contextual Article 246 rule reiterated, while later Article 239AA architecture prevents blanket extrapolation. No full review of that 105-page judgment, later services legislation or comprehensive citator; current law and 2025 mapping remain not_verified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 9](#)

SHA-256: 6878cb11acc3e85e331e2c4f1e0fb6ae7bec77e63053c512da66fdec2be1a445

[later supreme court judgment court hosted bounded - PDF pages: 105](#)

SHA-256: 0947858548c251f357fd872d943b305d66fa166543eb87fd91b40ac8b9713381

[official government statutory compilation bounded - PDF pages: 565](#)

SHA-256: f03312ac3475199b552f915672f6c6cb4caf441c9e4e18caa6a62aaa3eee125e

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AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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