

Raghunath Prasad Poddar Etc. v. Commissioner of Income Tax, Calcutta

Civil Appeals Nos. 1032-1040 of 1970

[1974] 1 SCR 91 | 1973-04-25

Pucca delivery orders: historical remand on speculative losses; reasoning subsequently overruled.

Indian Income-tax Act, 1922: section 24(1), proviso and Explanation 2

2-judge bench | K. S. Hegde, J. | H. R. Khanna, J.

Assessment years: 1957-58, 1958-59 and 1960-61 (representative Civil Appeal 1037/1970 only)

Overruled reasoning - historical reference only

Davenport & Co. Pvt. Ltd. v. CIT, decided 31 July 1975, rejected this approach to Explanation 2 to section 24(1). Poddar must not be presented as current authority allowing the loss. Its original relief was a remand.

[Read Davenport, PDF pages 7-8](#)

01 FACTS OF THE CASE

The connected appeals concerned gunny-bag transactions concluded by transfer of pucca delivery orders. In the representative appeal, the Income-tax Officer treated losses as speculative; the first appellate authority allowed them, but the Tribunal and High Court supported the Revenue. The question was whether transfer of these documents satisfied the historical statutory requirement of actual delivery or transfer.

Source: [SCR pp. 92-94 / PDF pp. 2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court considered that actual delivery to the ultimate holder could perfect earlier transfers in a chain. It relied on commercial and sales-tax authorities concerning delivery orders. However, the authorities had not found the relevant trade practice or whether the ultimate purchasers actually received the goods. This describes the 1973 reasoning only: Davenport subsequently rejected that approach to Explanation 2.

Source: [SCR pp. 94-97 / PDF pp. 4-7; later treatment identified separately](#)

03 JUDICIAL DECISION

The appeals were allowed, the High Court answers vacated, and the cases remanded to the Tribunal for a fresh inquiry. The Tribunal could receive additional documentary and oral evidence after reasonable opportunity to the parties. Costs in the Supreme Court and High Court were to be costs in the cause.

Source: [SCR p. 97 / PDF p. 7](#)

04 OUTCOME / IN WHOSE FAVOUR

The assessees obtained reconsideration, not a final finding that their losses were deductible against ordinary business profits. The factual inquiry remained open. The subsequent overruling must accompany any historical account of the decision.

Source: [SCR p. 97 / PDF p. 7](#)

05 AKHB REVIEW POINT

AKHB analysis: retain this decision as historical litigation context, not as the operative authority for treating delivery-order transactions as non-speculative. Read Davenport and examine the governing statutory definition, applicable year, contract settlement and evidence of actual delivery before advising on a loss claim.

Source: [AKHB analysis](#); [original SCR p. 97 and Davenport SCR pp. 186-187](#); [Later controlling discussion in Davenport](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Seven-page SCR report; judgment body starts on PDF page 2 and ends on page 7. The Court used Civil Appeal 1037/1970 as the representative facts; its assessment years must not be attributed to every connected appeal.

Open cited source rendition

Full source read; page references used because the scan has no numbered judgment paragraphs.

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STATUTORY SCOPE

This case applies the Indian Income-tax Act, 1922. No equivalence with present statutory exceptions or the Income-tax Act, 2025 is asserted.

LATER TREATMENT

Source checked 2026-10-09. Specific adverse treatment verified: Davenport & Co. Pvt. Ltd. v. CIT, [1976] 1 SCR 180, especially pp. 186-187 (PDF pp. 7-8), rejects Poddar on the meaning of actual delivery under Explanation 2. This is a bounded treatment check, not a comprehensive citator search.

IDENTIFIED SOURCE LINKS

[Davenport: later overruling reasoning, SCR pp. 186-187](#)

[Related note: DAVENPORT & CO. PVT. LTD. v. COMMISSIONER OF INCOME-TAX, WEST BENGAL](#)

[Related note: NIRMAL TRADING COMPANY v. COMMISSIONER OF INCOME TAX, CENTRAL \(CALCUTTA\)](#)

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