

Sole Trustee Loka Shikshana Trust v. Commissioner of Income Tax, Mysore

Civil Appeals Nos.2130 and 2131 of 1970

[1976] 1 SCR 461 | 1975-08-28

Whether the trust's newspaper and publishing income for AY 1962-63 qualified under section 11 read with the original section 2(15), either as education or as advancement of another object of general public utility without the prohibited profit activity.

2(15) (original charitable-purpose definition; education and general-public-utility classification; activity-for-profit restriction) | 11 (exemption claim actually decided) | 261 (certified appeal route) | 10(22) (Beg, J.'s comparison with educational institutions; no independent exemption claim decided)

Three-judge bench; two-judge judgment and separate concurrence; unanimous disposition | H.R. Khanna, J. | M.H. Beg, J. | A.C. Gupta, J.

Assessment years: 1962-63

Historical exemption denial; separate concurrence; profit presumption later rejected

The 1975 Court unanimously dismissed both appeals for AY 1962-63 without costs, but Khanna/Gupta's majority and Beg's concurrence use different reasoning. The majority reserved whether the original profit restriction reached the first three charitable categories; Beg reserved trust validity and made no publication-quality finding. Surat Art Silk later rejected the profit-yield/no-express-restraint presumption and endorsed Beg's genuine-purpose approach; this does not establish that all of Loka's education or object propositions were overruled. Sen's contrary Surat opinion was a dissent. AUDA describes material later statutory changes, so neither historical test supplies blanket present exemption or denial. The source contains conflicting asset-schedule years and unreconciled accounts; no corrections are invented. Comprehensive later treatment, current law and 2025 mapping remain not_verified. AUDA's receipts ceiling is taken from paragraph 253(A.2), rather than the inconsistent wording in paragraph 153(b). Its later clarifications were not reviewed.

01 FACTS OF THE CASE

The sole trustee appealed from the Mysore High Court's judgment of 12 February 1970 in I.T.R.C. Nos.5 and 6 of 1968. The reference asked whether the Loka Shikshana Trust's income for AY 1962-63 was exempt under section 11 read with section 2(15). The printed Supreme Court group contains Civil Appeals Nos.2130 and 2131 of 1970 (physical page 5/SCR 465 A-E; page 12/SCR 472 F-H).

The trust originated on 15 July 1935 as the National Literature Publications Trust with Rs.4,308, 10 annas and 9 pies. A deed executed on 19 February 1962 redeclared it. The printing undertaking began at Belgaum and moved to Hubli; its publications included Samyukta Karnatak and a weekly later called Karmaveer. Clause 2 spoke of educating people through institutions, reading rooms, libraries, publishing and journals providing news and public opinion, and assistance to bodies with similar objects. The trustee had broad business, expenditure, remuneration-for-work and transfer powers. Those provisions and the actual newspaper activity, rather than the educational label alone, were central (physical pages 6-9/SCR 466-469; pages 12-16/SCR 472-476).

The Income-tax Officer's communication of 27 April 1963 treated the only current activity, printing, publishing and selling newspapers and journals, as an activity for profit. The trustee replied that it fell under clause 2(c), and in a further communication of 26 June 1964 said the trust was then educating Kannada-speaking people through newspapers and would undertake other educational methods when possible. The Court examined these statements as the trustee's position, not as proof that every listed object had been implemented (physical pages 8-9/SCR 468 D-469 B).

The judgments record receipts of about Rs.22.55 lakh from newspaper and magazine sales, advertisements, job printing and other sources, and regard the business as profitable. Beg, J., prints claimed net income of Rs.30,376.80. The report's expenditure figure does not reconcile with its gross and net figures; the opinions also associate the same asset totals with different schedule years. These report inconsistencies are preserved below, without reconstructing an account or inventing a corrected date (physical pages 10-13/SCR 470 H-473 G).

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

02 DISCUSSION BY THE HON'BLE COURT

Khanna, J., for himself and Gupta, J., held that the activity actually pursued was supplying an organ of educated public opinion. Education in section 2(15) was explained as systematic instruction and training, including formal schooling, rather than every acquisition of knowledge through reading, travel or experience. Applying the Tribune distinction, the newspaper object belonged to the general-public-utility category, not the education category. The opinion expressly declined to decide whether the concluding profit restriction qualified only the fourth category or also the first three: the case fell within the fourth either way (physical pages 6, 9–10/SCR 466 E–F, 469 C–470 G).

For that fourth category, the majority required both a general-public-utility purpose and satisfaction of the newly added restriction against involvement in activity for profit. It relied on the publishing business, growth of assets, commercial receipts and expenditure, broad business powers and absence of restrictions on earning profits. It treated profit motive as ordinarily incident to unrestricted business and considered an inference of prohibited profit activity justified absent contrary indications. It also rejected inserting the word private before profit: the added words changed the old definition and could not be treated as redundant (physical pages 10–12/SCR 470 D–472 F). This profit-inference proposition must be read with the later rejection described below.

Beg, J., separately concurred in dismissing the appeals but framed the test differently. Profit as a mere by-product was not decisive; the genuineness of the charitable purpose and the obligation to devote funds exclusively or essentially to charity mattered. If profits necessarily fed a genuinely charitable purpose under the trust terms, the mere yield of profit would not alter that character. He nevertheless regarded this deed, its discretionary deployment and transfer powers and the commercial history as establishing a predominantly profit-making newspaper undertaking rather than a genuinely educational charity. His formulation must not be collapsed into the majority's presumption or described as a dissent (physical pages 23–26/SCR 483–486).

Beg, J., discussed English charitable classifications as historical background, distinguished the Indian statutory language and used the Finance Minister's explanation and Select Committee material as aids to the mischief of the amendment. Under section 57(4) of the Evidence Act, he distinguished judicial notice that a parliamentary statement was made from proof of a disputable fact asserted in it. He did not permit a speech to displace clear statutory language. Those observations occur in the separate concurrence (physical pages 16–22/SCR 476–482).

His education discussion also had a different emphasis: section 2(15) could be wider than education through the institutions separately addressed by section 10(22), but the incidental and uncontrolled educational effects of this newspaper business did not establish a wholly or predominantly educational purpose. He expressly refrained from deciding the trust's legal validity because it was neither referred nor argued. He also disclaimed any finding about the quality of the publications or the trustee's manner of conducting them, for which there was no evidence (physical pages 25–26/SCR 485 B–486 C).

Later treatment, separately verified: in *Surat Art Silk* (19 November 1979), Bhagwati, J., for three judges, endorsed Beg, J.'s genuine-purpose reasoning but rejected the inference that an activity must be for profit merely because it yields profit and contains no express no-profit restriction. The dominant object of the activity had to be assessed from all the circumstances. Pathak, J., separately concurred in rejecting the need for such an

02 DISCUSSION BY THE HON'BLE COURT

express restriction. Sen, J.'s contrary endorsement of Loka and Indian Chamber was a dissent. The checked passages do not purport to overrule every education or object-classification proposition in Loka, or retry Loka's own assessment (Surat physical pages 30–35/SCR 106–111 and 41–43/SCR 117–119; dissent result on page 64/SCR 140).

AUDA (19 October 2022) expressly locates Loka, Indian Chamber and Surat within the history of section 2(15), and explains that the subsequent statutory changes materially alter the general-public-utility analysis. Its changed-law discussion and conclusions apply the actual-carrying-out connection, applicable quantified receipts limits, cost/nominal-mark-up distinction and section 11(4A) safeguards. The 1975 reasoning, or Surat's response to it, is therefore not a stand-alone present exemption test (AUDA paragraphs 93–103, 126–130, 150–154 and 253(A), physical pages 56–60, 71–73, 84–87 and 141–142).

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

03 JUDICIAL DECISION

Both appeals were dismissed, maintaining the High Court's negative answer to the AY 1962–63 section 11/section 2(15) exemption question. Khanna and Gupta, JJ., ordered dismissal without costs; Beg, J., concurred and stated that the parties would bear their own costs. No remand or trust-validity adjudication was ordered (physical page 12/SCR 472 F and page 26/SCR 486 F).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue in the original appeals

Civil Appeals Nos.2130 and 2131 of 1970 dismissed; no costs

Exemption denied for the income and historical provision in issue; unanimous result, different reasoning in the separate concurrence

The majority reserved whether the original restriction extended to the first three charitable categories. Beg, J., reserved trust validity and made no finding on publication quality. The profit presumption was later rejected; no wholesale overruling of every education proposition or present exemption determination is claimed.

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

05 AKHB REVIEW POINT

Separate three questions: what the deed actually permits, which charitable category the operative purpose falls within, and which statutory version governs the income year. The existence of educational language or an obligation to use profits for stated objects does not itself establish that the objects are legally charitable. Conversely, the presence of a surplus cannot safely be used as the profit presumption advanced in this 1975 majority after the checked Surat treatment.

Read the majority and Beg concurrence side by side. Surat's endorsement of Beg's general genuineness test did not endorse his adverse application in every later case, and its rejection of the profit inference did not convert every newspaper or information service into education. AUDA's later statutory analysis adds further limits. Review the applicable provision, activities, pricing and use of income for the relevant year rather than deriving automatic exemption or automatic denial from this historical decision.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Caption, date and bench

Source url: [Open cited source](#)

Pdf pages: 1

Paragraphs: First reported page heading

Source role: reported metadata

2.

Topic: Complete appeals, authorship and actual AY

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: SCR 465 A–E

Source role: reported metadata and judicial opening

3.

Topic: Education and reserved first-three-categories question

Source url: [Open cited source](#)

Pdf pages: 6; 9; 10

Paragraphs: SCR 466 E–F; 469 C–470 G

Source role: judicial reasoning

4.

Topic: Profit presumption, statutory change and majority disposition

Source url: [Open cited source](#)

Pdf pages: 11; 12

Paragraphs: SCR 471 C–472 F

Source role: judicial reasoning

5.

Topic: Beg concurrence, financial figures and trust powers

Source url: [Open cited source](#)

Pdf pages: 12; 13; 14; 15; 16

Paragraphs: SCR 472 F–476 D

Source role: judicial reasoning

6.

Topic: Beg genuine-purpose test and express reservations

Source url: [Open cited source](#)

Pdf pages: 23; 24; 25; 26

Paragraphs: SCR 483–486

Source role: judicial reasoning

7.

Topic: Beg costs and final disposition

Source url: [Open cited source](#)

Pdf pages: 26

Paragraphs: SCR 486 F

Source role: operative order

8.

Topic: Direct later rejection of Indian Chamber construction

Source url: [Open cited source](#)

Pdf pages: 25; 26; 27; 28

Paragraphs: SCR 101–104

Source role: later majority treatment

9.

Topic: Beg endorsement; rejection of profit presumption

Source url: [Open cited source](#)

Pdf pages: 30; 31; 32; 33; 34

Paragraphs: SCR 106–110

Source role: later majority treatment

10.

Topic: Separate concurrence and dissent boundary

Source url: [Open cited source](#)

Pdf pages: 41; 42; 43; 64

Paragraphs: SCR 117–119; Sen dissent result SCR 140

Source role: later opinion distinction

11.

Topic: Historical treatment and post-amendment bounds

Source url: [Open cited source](#)

Pdf pages: 56; 57; 58; 59; 60; 71; 72; 73; 84; 85; 86; 87

Paragraphs: Paragraphs 93–103, 125–130, 150–154

Source role: later judicial context

12.

Topic: Trade promotion and general conclusions

Source url: [Open cited source](#)

Pdf pages: 114; 115; 116; 141; 142; 143; 144

Paragraphs: Paragraphs 200–205 and 253(A)–(D)

Source role: later judicial context

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

H.R. Khanna, J., for himself and A.C. Gupta, J.; separate concurring opinion by M.H. Beg, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961; original section 2(15) definition and section 11 exemption

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Indian Income-tax Act, 1922, section 4(3) (historical definition and cited-authority comparison); Indian Evidence Act, 1872, section 57(4) (Beg, J.'s discussion of judicial notice of parliamentary proceedings)

SPECIFIED LATER JUDICIAL OR STATUTORY CHECKS AND THEIR LIMITS

1.

Kind: direct later judicial treatment

Status: bounded verified

Source urls: https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=27; https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=32; https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=33; https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=34; https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=41; https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=42; https://indian-supreme-court-judgments.s3.amazonaws.com/data/pdf/year=1980/english/1980_2_77_140_EN.pdf#page=43

Finding: Surat's three-judge Bhagwati majority rejects Indian Chamber's means/activity construction and both earlier cases' profit inference, endorses Beg's genuine-purpose reasoning and applies the dominant-object-of-the-activity test. Pathak separately concurs; Sen dissents. This does not establish wholesale overruling of all Loka education propositions.

Limit: Only registered pages independently read. The 1975 judgments are preserved as historical decisions; no comprehensive treatment review or redecision of their own assessments.

2.

Kind: direct later judicial and statutory context

Status: bounded verified

Source urls:

[https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=56;](https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=56)
[https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=57;](https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=57)
[https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=73;](https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=73)
[https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=85;](https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=85)
[https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=114;](https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=114)
[https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=141;](https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=141)
https://api.sci.gov.in/supremecourt/2017/37657/37657_2017_1_1501_39247_Judgement_19-Oct-2022.pdf#page=144

Finding: AUDA expressly describes the overruling of Indian Chamber's interpretation by Surat and explains materially changed general-public-utility law. It discusses the actual-carrying-out connection, year-specific quantitative limits, cost/nominal-mark-up distinction, trade-promotion services and section 11(4A) safeguards.

Limit: Bounded 2022 primary-source reading only. Neither later clarifications nor subsequent statutory text nor a 2025 crosswalk has been comprehensively checked.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 26 PDF pages; SHA-256

999f82e70863209d9d5fefaff9c21e9b51f687d97df093cbc863a70523483dae. Original bytes preserved.

Khanna, J., for himself and A.C. Gupta, J., begins physical page 5/SCR 465 D and ends physical page 12/SCR 472 F. Beg, J.'s separate concurrence begins on page 12/SCR 472 F and ends on page 26/SCR 486 F. Pages 1–3 contain editorial headnotes; labelled counsel arguments begin on page 3/SCR 463 H and continue through page 4; appellate metadata and appearances occupy the top of page 5. No neighbouring judgment.

Open cited source rendition

The title and decision date are taken from SCR 461: 28 August 1975, although the report is in the 1976 SCR volume. The catalogue's single appeal number is incomplete; SCR 465 gives 2130 and 2131 of 1970.; The headnote says the trustee was unsuccessful throughout; Beg, J.'s judicial text at SCR 476 says the second submission was accepted by the Tribunal but rejected by the High Court. The headnote is not used to replace that judicial account.; Khanna, J., at SCR 470–471 associates the asset schedule/totals with 10 April 1947; Beg, J., at SCR 473 associates them with the redeclared 1962 trust and also prints an isolated 1953 reference inconsistent with the stated 1935 origin. No corrected chronology is invented.; SCR 473 prints gross income Rs.22,55,077.46, expenditure Rs.4,92,246.81 and net income Rs.30,376.80; these do not arithmetically reconcile. The note does not silently substitute figures.; Beg, J.'s observations on trust validity are expressly reserved and his hypothetical discussion of publication content is not a finding of misconduct or poor-quality journalism.; The precise subsequent disapproval concerns the profit inference and restrictive construction; complete education-case treatment has not been checked. Surat's Sen dissent must not be presented as majority law.; AUDA's paragraph 153(b) on physical page 86 prints should be exceed, while paragraph 253(A.2) on page 141 expressly states does not exceed. This note relies on the latter for the quantified ceiling. The 2022 discussion is a bounded later-law comparison, not verification of law at publication.

AY 1962–63 is expressly specified in the question reproduced by both opinions. No additional year is inferred from the two appeal numbers.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or current-law carryover certification. Verify the applicable enactment and statutory version separately.

LATER TREATMENT

Source checked 2026-10-05. not_verified

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 26](#)

SHA-256: 999f82e70863209d9d5fefaff9c21e9b51f687d97df093cbc863a70523483dae

[later judgment bounded check - PDF pages: 64](#)

SHA-256: 0984cbcd2aa431d7cd395dccc1e0d7b7fd51be7b91dc813037289a839c8fdff

[later judgment bounded check - PDF pages: 149](#)

SHA-256: 337506bb14011d607bd09bff7abb821aa77aa618be94632ed8edc1716667f33f

AI DISCLOSURE

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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.