

National Co. Ltd., Calcutta v. Deputy Director of Tax Credit (Exports), Calcutta & Others

Civil Appeal No. 950 of 1972

[1977] 3 SCR 125 | 1977-03-03

Whether sections 280ZC and 280ZE required the Central Government to preserve tax-credit eligibility for at least some exported goods, making the two 1966 notifications excluding all post-cutoff exports ultra vires.

280ZC | 280ZE

2-judge bench | P.N. Bhagwati, J. | S. Murtaza Fazal Ali, J.

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

Historical tax-credit scheme; material printed-source inconsistencies

This decision concerns the 1965 export tax-credit scheme under historical sections 280ZC and 280ZE of the Income-tax Act, 1961. The preserved report mislabels the Act as 1962/1922, the chapter and some section references; a separately labelled government-hosted 2011 compilation corroborates Chapter XXII-B and records the provisions' later omission. Its scheme narrative protects exports on or before 5 June 1966, despite an isolated concluding phrase saying on or after; the company's exports were all later. Only the single statutory-power ground pressed was decided. Comprehensive later treatment, current law and 2025 mapping remain not_verified.

01 FACTS OF THE CASE

The appellant owned a jute mill at Rajgunj, Railway Station Andul, Howrah, and exported its manufactured jute carpet backing cloth between 13 July and 30 November 1966. Under the original Tax Credit Certificate (Exports) Scheme, 1965, the cloth fell within the Table's item 1, goods made of jute not otherwise specified. Specified exports after 28 February 1965 to listed destinations attracted certificates calculated at scheduled rates (physical page 2/SCR 126 A–D).

Following rupee devaluation, the notification of 6 June 1966 amended paragraph 3 so that no certificate would issue where the relevant sale proceeds, or part, were received in India after 5 June 1966. The notification of 8 August 1966 then protected goods exported on or before 5 June even if proceeds arrived later, but prescribed a nil rate and no certificate for goods exported after 5 June. All the appellant's exports were after that cutoff (physical pages 2–3/SCR 126 D–127 B; repeated at page 5/SCR 129 D–E).

The appellant sought mandamus in the Calcutta High Court to quash both notifications and have its applications considered without them. A single judge accepted the challenge; the Division Bench, on a clause 15 Letters Patent appeal, rejected it. The company appealed by certificate from the Division Bench's 5 July 1971 decision in Appeal No. 130 of 1971. Although several grounds had been pleaded below, only the asserted absence of statutory power to exclude every class of goods was pressed in the Supreme Court (physical pages 1 and 3/SCR 125 H, 127 B–E).

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

02 DISCUSSION BY THE HON'BLE COURT

The appellant conceded that the Government need not select any particular class of goods. It nevertheless argued that the statutory scheme required selection of at least some goods, so a nil rate for every class was beyond the delegated power. That was counsel's contention; the Court rejected it as inconsistent with the provisions read together (physical pages 5–6/SCR 129 F–130 A).

Section 280ZC(1)'s certificate entitlement was expressly subject to the rest of that section. Subsection (2) left both the goods, including destination, and the applicable rates to the scheme. Subsection (3) supplied the guiding factors: manufacturing or production costs and foreign prices, development of foreign markets, earning foreign exchange, and other relevant factors. Thus the entitlement did not attach to every export independently of a government specification (physical pages 3–4 and 6/SCR 127 F–128 C, 130 B–E).

Reading section 280ZE alongside these conditions, the Court found no obligation to maintain a scheme granting certificates for at least some goods regardless of those factors. The Government could conclude, having regard to section 280ZC(3), that no class should receive the incentive for the time being. Section 280ZE(3)'s express power to add to, amend, vary or rescind a scheme reinforced that interpretation (physical pages 4–7/SCR 128 C–129 C, 130 E–131 A).

The decision resolves that limited vires question through independent statutory reasoning. It does not decide other challenges merely because they appeared in the writ petition, nor declare an unqualified power to ignore the statutory factors. No separately cited judicial authority supplies its ratio.

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

03 JUDICIAL DECISION

The Supreme Court upheld the Division Bench's rejection of the sole challenge pressed before it and dismissed the company's appeal with costs. The notifications therefore stood against the company's July–November 1966 exports; no certificate, remand or refund was ordered (physical page 7/SCR 131 A–B).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue / Central Government

Company appeal dismissed with costs

Final reasoned rejection of the asserted duty to maintain export tax-credit eligibility for some category of goods

Only the statutory-power ground pressed in the Supreme Court was decided. Costs were not quantified. No AY, individual certificate amount, refund or further inquiry is specified.

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

05 AKHB REVIEW POINT

Read a statutory incentive's opening entitlement with the provisions that delegate selection of eligible goods, destinations and rates. Here those qualifications, the relevant policy factors and an express rescission power defeated the proposed duty to keep some class eligible at all times. The reasoning is tied to this historical scheme and the single vires ground argued; it is not a general ruling on all withdrawals of export incentives.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, bench, docket and originating Calcutta appeal

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: SCR 125 heading and H; 126 A

Source role: reported metadata and judicial text

2.

Topic: Jute exports, original scheme and first notification

Source url: [Open cited source](#)

Pdf pages: 2

Paragraphs: SCR 126 A–H

Source role: judicial text

3.

Topic: Second notification, exact temporal saving, writ history and sole Supreme Court ground

Source url: [Open cited source](#)

Pdf pages: 3

Paragraphs: SCR 127 A–E

Source role: judicial text

4.

Topic: Historical section 280ZC conditions, goods selection and relevant factors

Source url: [Open cited source](#)

Pdf pages: 3; 4

Paragraphs: SCR 127 F–128 C

Source role: judicial text

5.

Topic: Section 280ZE scheme machinery and express amendment, variation or rescission power

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: SCR 128 C–129 C

Source role: judicial text

6.

Topic: Notification effects and appellant's at-least-some-goods argument

Source url: [Open cited source](#)

Pdf pages: 5; 6

Paragraphs: SCR 129 D–130 A

Source role: judicial text

7.

Topic: Court's independent integrated construction and limits on entitlement

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: SCR 130 B–131 A

Source role: judicial text

8.

Topic: Dismissal with costs

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: SCR 131 B

Source role: judicial text

9.

Topic: Supplemental historical Act identity and later omission entries

Source url: [Open cited source](#)

Pdf pages: 42; 986; 987

Paragraphs: Title/version; Chapter XXII-B history and sections 280ZC/280ZE entries, printed 1.945–1.946

Source role: supplemental statutory compilation not judgment

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

P.N. Bhagwati, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961, historical Chapter XXII-B, sections 280ZC and 280ZE; Tax Credit Certificate (Exports) Scheme, 1965

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

1.

Act: Tax Credit Certificate (Exports) Scheme, 1965

Provisions: Paragraph 3; Table: item 1, goods made of jute not otherwise specified

Role: Scheme under sections 280ZC and 280ZE; amendments notified 6 June 1966 and 8 August 1966 are challenged.

2.

Act: Foreign Exchange Regulation Act, 1947 and rules

Provisions:

Role: Receipt-of-export-proceeds condition reproduced in historical section 280ZC and scheme; no independent FERA issue decided.

3.

Act: Finance Act, 1965

Provisions:

Role: Chapter XXII-B insertion identified in the judgment and separately corroborated by the 2011 compilation; no amending-section number invented.

SUPPLEMENTARY HISTORICAL ACT IDENTIFICATION; NOT A HOLDING BY THE COURT

Status: supplemental primary supported historical scope

Analysis: The preserved report prints Income Tax Act 1962 at SCR 126 B and Indian Income Tax Act 1922/Chapter XXII at SCR 127 E, while repeatedly setting out and construing sections 280ZC and 280ZE. The government-hosted 2011 Income-tax Act, 1961 compilation identifies these sections within Chapter XXII-B and its insertion by Finance Act, 1965 from 1 April 1965, consistent with the scheme and quoted provisions. This corroborates historical 1961 Act identity without silently rewriting the original report. The compilation records omission by Finance Act, 1990 from 1 April 1990; it is not a full amendment-chain or current-law review.

Source

Kind: supplemental statutory scope check

Title: Income-tax Act, 1961, as amended by Finance Act, 2011; Department of Revenue-hosted compilation

Url: [Open cited source](#)

Filename: DOR_IT_Act_English_2011_compilation.pdf

Sha256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

File bytes: 8394755

Pdf pages: 1251

Physical text pages read: 1; 42; 986; 987

Physical image pages read: 1; 42; 986; 987

Reviewed provisions: Cover, statutory title and version; Chapter XXII-B editorial insertion/omission history and sections 280ZC/280ZE omission entries, physical pages 986–987/printed 1.945–1.946. Other text on these physical pages read for context only.

Version label: 2011 compilation: bounded historical Act-identity and later omission check

Limits: Historical compilation corroborates 1961 Act identity and records Chapter XXII-B insertion by Finance Act, 1965 from 1 April 1965 and sections 280ZC/280ZE omission by Finance Act, 1990 from 1 April 1990. The historical notes are compilation editorial material, not text of the amending enactments. No full Gazette amendment chain, current-law certification or 2025 mapping.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 7 PDF pages; SHA-256

b981cb0f1620e245e020571da09f3ed8e87938ae2a0735e06edabc3403a777f5. Original bytes preserved.

Judicial body begins physical page 2/SCR 126 A (Bhagwati, J.) and ends page 7/SCR 131 B with dismissal and costs. Page 1 is reporter heading, headnote and appellate metadata; page 2 begins with respondent appearance. No neighbouring judgment.

Open cited source rendition

The source itself, not merely OCR, prints conflicting Act years (1962 and 1922), Chapter XXII, and occasional 200 ZC/260 ZE labels. Actual historical 1961 Chapter XXII-B identity is corroborated separately; repeated operative sections 280ZC and 280ZE control the analysis.; The scheme narrative twice preserves exports on or before 5 June 1966 and excludes exports after that date, but the last reasons sentence and headnote say on or after 5 June. The appellant exported only in July–November, so that boundary discrepancy does not affect its result; the note does not silently extend denial to exports on 5 June.; Only the statutory-power ground was pressed before the Supreme Court. No opinion on other unpressed writ grounds is inferred.; No assessment year is supplied. Historical tax-credit provisions and the later omission entries are not represented as current law.

No assessment year is stated. This is a challenge to the tax-credit scheme amendments affecting exports made from 13 July to 30 November 1966; those dates are not converted into an inferred AY.

Historical export tax-credit and scheme-making provisions, independently construed in the judicial reasons. Printed errors in the report's Act years, chapter and occasional section labels are separately disclosed and actual 1961 Act identity corroborated by the bounded government-hosted compilation.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025; no present-law certification. Verify applicable statutory text, amendments and later judicial treatment separately.

LATER TREATMENT

Source checked 2026-10-05. not_verified. Bounded exact-title, respondent-title and statutory-identifier searches of the frozen corpus did not establish a later judgment directly treating National Co. Hits concerning MMTC, Sea Pearl and Fibre Boards were only discovery-level statutory parallels, not promoted to later-treatment findings. The separately labelled 2011 statutory-compilation check records historical omission; no comprehensive citator, current-law or 2025 mapping review was undertaken.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 7](#)

SHA-256: b981cb0f1620e245e020571da09f3ed8e87938ae2a0735e06edabc3403a777f5

[supplemental statutory scope check - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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.

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