

Mineral and Metal Trading Corporation v. R. C. Mishra and Others

Civil Appeal No. 372 of 1979

[1993] 3 SCR 12 | 1993-04-07

Who was the exporter entitled to a tax credit certificate under former section 280ZC in a private-barter export routed through MMTC

Income-tax Act, 1961: former section 280ZC | Tax Credit Certificate (Exports) Scheme, 1965: paragraph 9

Two-judge bench; judgment delivered by B. P. Jeevan Reddy, J. | B. P. Jeevan Reddy, J. | N. Venkatachala, J.

Discontinued scheme and transaction structure

The holding addresses former section 280ZC and the 1965 barter scheme. It does not determine present export incentives or every intermediary arrangement.

01 FACTS OF THE CASE

Ferro Alloys had foreign sale arrangements for ferro-manganese and chrome concentrates but routed the exports through MMTC under the Government's private-barter system. The agreed structure used one principal-to-principal sale from Ferro Alloys to MMTC and another from MMTC to the foreign buyer. GR-I forms, shipping bills and letters of credit named MMTC, while the credit was assigned so Ferro Alloys could receive payment directly. The Government held MMTC to be the exporter for former section 280ZC; the Delhi High Court treated Ferro Alloys as the real exporter and allowed its writ.

Source: [Primary judgment: barter structure and competing exporter claims](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court assessed the transaction as a whole. The two substituted principal-to-principal contracts, passage of title to MMTC, GR-I declaration, shipping bill and letter of credit could not be dismissed as external appearances. Ferro Alloys had chosen the barter mechanism and could not accept its benefits while disavowing the legal structure for the tax certificate. The later foreign-buyer certificate and the description of MMTC's margin as commission did not outweigh the executed scheme.

Source: [Primary judgment: totality and predominance analysis](#)

03 JUDICIAL DECISION

MMTC was exporter for all relevant legal purposes and therefore for former section 280ZC. The Court rejected a split concept under which Ferro Alloys could be the real exporter only for the tax-credit objective.

Source: [Primary judgment: exporter determination](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal allowed. The Delhi High Court judgment was set aside, the Government of India's 19 September 1973 order restored, Ferro Alloys' writ petition dismissed and no costs awarded.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: determine the statutory exporter from the full contract and document chain—title, principal-to-principal sales, foreign-exchange declarations, shipping papers and credit arrangements. Commercial shorthand such as commission does not by itself override the legal structure. Re-test the issue under the current incentive provision rather than transplanting this former scheme.

Source: [Primary judgment: review-point basis](#)

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Exact catalogue SHA-256 and nine-page count verified; all pages were read and visually inspected.

The transactions occurred between 28 February and 5 June 1965; this is not presented as an assessment-year determination.

The result rests on the integrated barter structure, principal-to-principal contracts, transfer of title and statutory documentation, not on the word commission alone.

STATUTORY SCOPE

Income-tax Act, 1961, former section 280ZC and the Tax Credit Certificate (Exports) Scheme, 1965. The judgment does not decide current export deductions or incentives.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The dispute concerns a discontinued tax-credit certificate scheme and 1965 barter transactions.

AI DISCLOSURE

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