

National Agricultural Co-operative Marketing Federation of India Ltd. and Another v. Union of India and Others

Civil Appeal No. 6170 of 2001

[2003] 3 SCR 1 | 2003-03-25

Whether Parliament could retrospectively replace the section 80P(2)(a)(iii) member-produce wording by a requirement that the produce be grown by members from 1 April 1968, after the wider construction in Kerala Cooperative, and what finality and limitation boundaries survived.

80P(1) | 80P(2)(a)(iii), original and retrospectively substituted wording | 81(i)(c), historical predecessor provision under the 1961 Act

Two-judge bench | Ruma Pal, J. | B.N. Srikrishna, J.

Assessment years: 1986-87, 1987-88, 1988-89, 1989-90, 1990-91, 1991-92, 1992-93, 1993-94, 1994-95

Retrospective deduction restriction, with finality and reopening limits

The grown-by-members requirement was upheld retrospectively from 1 April 1968. This does not revive time-barred reopening powers or displace final inter partes relief for the years actually adjudicated. The Court's rejection of excessive hardship is specific to this legislative history. The PDF docket is Civil Appeal 6170/2001; its earlier-decision date and amendment-year forms contain the separately identified source discrepancies. No individual tax amount, present-law eligibility or 2025-Act equivalence is certified; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The first appellant was a co-operative society registered under the Multi State Co-operative Societies Act, 1984, with its registered office in Delhi. It stood at the apex of a chain connecting farmers, village societies, district marketing societies and State societies. Its challenge concerned the deduction of profits from marketing agricultural produce under section 80P(2)(a)(iii), rather than an exemption of all receipts or all cooperative activities (physical pages 6-7).

The original provision referred to agricultural produce “of” members. The appellant said it had enjoyed deduction until Assam Cooperative Apex Marketing Society construed the provision restrictively, after which assessments for AYs 1986-87 to 1994-95 were reopened. A larger bench in Kerala Cooperative later read the words as extending to produce belonging to member societies, even if they had not grown it. Parliament then substituted a grown-by-members requirement, expressly deemed effective from 1 April 1968. The judgment sets out the Bill, its revenue-protection purpose and the resulting Act (physical pages 7-9).

The appellants challenged the amendment under Article 226 and sought to prevent assessments or reassessments for years preceding enactment. The Delhi High Court dismissed C.W. No. 1003 of 1999 on 16 February 2001, while recording the Solicitor General’s statement that the amendment would apply to assessments not yet finalised. Civil Appeal No. 6170 of 2001 challenged that result. No amount of tax or deduction is quantified in the Supreme Court judgment (physical pages 5 and 9-10).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court accepted legislative competence to enact retrospective tax law but identified three controls: the language must expressly provide or clearly imply retrospectivity; its operation must be reasonable rather than excessively harsh; and legislation addressing a judgment must remove that judgment's statutory basis, rather than simply command that the judgment not bind. These are real qualifications on the power, not a rule that every retrospective fiscal enactment is valid (physical page 10).

A separate validating clause was not indispensable. Legislative intent can be expressed through different methods, and the express substitution from 1 April 1968 made the temporal operation clear. Replacing "of" with "grown by" changed the very statutory basis on which Kerala Cooperative had interpreted the provision. It therefore did not amount to Parliament exercising an appellate power to reverse the Court on unchanged law. The Court used Prithvi Cotton Mills, Ujagar Prints, Krishnamurthi, Hindustan Machine Tools and Arroran Sugar Mills to explain that distinction (physical pages 11-13).

The Court also preserved final inter partes adjudication. Discussing Madan Mohan Pathak and the authorities supporting judicial finality, it stated conditionally that, if the appellant had obtained the asserted unchallenged High Court decision in 1981 allowing the deduction, that decision bound the parties for the assessment years it covered and could not be reopened because of this amendment. The judgment does not identify those years or establish an unrestricted exemption for later years. Curing the statute and respecting a final adjudication were treated as compatible (physical pages 14-15).

The thirty-year reach of the wording was not decisive by itself. The Court considered the particular legislative and judicial sequence: the restrictive Assam Cooperative construction, its reversal in 1998 and the prompt substitution before that assessment year ended. It regarded the unforeseen burden in those circumstances as minimal and rejected the Articles 14 and 19(1)(g) challenge. This was its contextual assessment of this amendment; it did not abolish the excessive-retrospectivity test or rest on a separately quantified tax burden (physical pages 15-16).

Reopening limitation remained intact. The amendment did not alter the Act's limitation periods or revive an assessment power already lost through lapse of time. The Court expressly left different considerations for legislation unambiguously reopening final assessments. It called the Solicitor General's concession unnecessary because "pending" was being used in the sense that a time-expired power was not revived; a concession could not have saved an otherwise unconstitutional law. The ruling therefore should not be paraphrased either as permission to reopen every completed assessment or as immunity for every assessment once completed (physical page 16).

Finally, asserted downstream harm to farmers and primary societies did not invalidate the amendment on the record: no factual foundation was laid and those persons were not before the Court. That evidentiary and party-related qualification is part of the rejection, rather than

02 DISCUSSION BY THE HON'BLE COURT

a universal declaration that economic effects can never matter in constitutional review (physical pages 16-17).

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

03 JUDICIAL DECISION

The Supreme Court rejected the constitutional challenge and dismissed Civil Appeal No. 6170 of 2001 without any order as to costs. The retrospective grown-by-members substitution was upheld, subject to the judgment's express final-inter-partes and time-barred-reopening limits. It did not quantify NAFED's deductible profits, tax or liability for any particular reopened year (physical pages 15-17).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Union of India/Revenue on constitutional validity, with express finality and limitation protections retained

Assessee appeal dismissed; no order as to costs

Final reasoned decision upholding the retrospective section 80P(2)(a)(iii) substitution in its historical setting

No general licence for harsh retrospective taxation, legislative annulment of final inter partes judgments, revival of time-barred reopening powers, or automatic denial/allowance of every cooperative deduction. No quantified assessment disposition or current-law/2025 mapping.

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

05 AKHB REVIEW POINT

Begin with the precise statutory words, the assessment year and the identity of the members who grew the produce. The wider belonging-to construction in Kerala Cooperative cannot simply be carried across into the retrospectively substituted provision. Equally, the constitutional validity of the substitution does not answer whether a particular assessment can lawfully be reopened. Check final inter partes relief and the applicable reopening time limits separately, with attention to the actual years and parties covered.

The case supports a statutory-basis test for curative legislation, qualified by reasonable retrospectivity and judicial finality. It does not make a validating label sufficient or necessary in every case. The favourable conclusion on financial burden rests on the specific sequence of decisions and legislation, and the Court's treatment of the 1981 High Court relief remains conditional.

The bounded historical statute check confirms the grown-by-members text and 1 April 1968 retrospective date, while recording the amendment's official 1998 short title. The checked later G. Mohan Rao judgment, physical pages 22–24, expressly invokes NAFED's limits on retrospective validation and its explanation that a separate validating clause is not always necessary. That later citation is not a fresh ruling on section 80P eligibility or reopening. Comprehensive subsequent treatment, present-law applicability and any 1961-to-2025 correspondence remain unverified.

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 6170 of 2001

Originating court: Delhi High Court

Lower court proceeding: C.W. No. 1003 of 1999; judgment 16 February 2001

Appellant role: Assessee

Outcome: Appeal dismissed; constitutional challenge rejected, with final inter partes adjudication and time-barred reopening limits preserved.

Costs: No order as to costs

Pinpoint: Physical page 5/SCR 5 F–G; judicial pages 15–17/SCR 15 A–17 B

Costs: No order as to costs

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal, lower court and author

Source url: [Open cited source](#)

Pdf pages: 1; 5; 6

Paragraphs: SCR 1 heading; 5 F-H; 6 A

Source role: judicial text

2.

Topic: Cooperative structure, reopened years, original wording and legislative response

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8; 9; 10

Paragraphs: SCR 6-10

Source role: judicial text

3.

Topic: Retrospective powers, limits, validating clause and changed statutory basis

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12; 13

Paragraphs: SCR 10 D-13 H

Source role: judicial text

4.

Topic: Final inter partes judgments and conditional 1981 relief

Source url: [Open cited source](#)

Pdf pages: 14; 15

Paragraphs: SCR 14 A-15 B

Source role: judicial text

5.

Topic: Constitutional burden, limitation, economic-impact argument and dismissal/costs

Source url: [Open cited source](#)

Pdf pages: 15; 16; 17

Paragraphs: SCR 15 C-17 B

Source role: judicial text

6.

Topic: Historical substituted words and official amendment short title

Source url: [Open cited source](#)

Pdf pages: 539

Paragraphs: printed 1.498, clause (iii) and footnote 8

Source role: historical statute

7.

Topic: Later express use of NAFED validation principles

Source url: [Open cited source](#)

Pdf pages: 22; 23; 24

Paragraphs: paragraphs 27-28; quotation on physical page 23

Source role: bounded later judicial text

8.

Topic: Earlier Kerala judgment actual date

Source url: [Open cited source](#)

Pdf pages: 1

Paragraphs: SCR 443 heading

Source role: reported identity only

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Ruma Pal, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Income-tax (Second Amendment) Act, 1998 (Act 11 of 1999), section 8; styled 1999 in the reported judgment; Finance (No. 2) Act, 1967: replacement of section 81 by section 80P; Constitution of India, Articles 14, 19(1)(g) and 226; Income-tax Act, 1922: historical cooperative exemption context only

SPECIFIED COMPARISONS AND THEIR VERIFICATION LIMITS

1.

Status: verified bounded

Subject: Historical section 80P(2)(a)(iii) and amendment footnote

Source url: [Open cited source](#)

Pdf pages: 539

2.

Status: verified bounded

Subject: Later express use of retrospective-legislation limitations

Source url: [Open cited source](#)

Pdf pages: 22; 23; 24

3.

Status: verified bounded

Subject: Kerala Cooperative decision date

Source url: [Open cited source](#)

Pdf pages: 1

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 17 PDF pages; SHA-256 68018d3e734d2d9f7f3b5cde22d5bb7f59ea257a0fcc2d870ceefb5c5b4d0b9b. Original bytes preserved. Complete unnumbered judgment from physical page 6/SCR 6 A through page 17/SCR 17 B. Physical pages 1-5 contain reporter headnotes and appellate metadata. One judgment delivered by Ruma Pal, J.; no separate opinion or adjacent judgment.

Open cited source rendition

full primary text read: True; all primary page images reviewed: False; material primary page images reviewed: True; source integrity verified: True; actual statutory scope verified: True; all listed proceedings accounted for: True; all authored opinions separately accounted for: True; material later treatment limits prominent: True; comprehensive later treatment verified: False; current law verified: False; mapping 2025 verified: False; independent QA complete: True; parent full prose approval: True

The appellant says its assessments for AYs 1986-87 through 1994-95 were reopened following Assam Cooperative. This is a constitutional challenge to retrospective substitution, not a quantified adjudication of each reassessment. The earlier 1981 High Court proceedings are mentioned conditionally without specified assessment years.

Physical page 5 prints Civil Appeal No. 6170 of 2001, from Delhi High Court C.W. No. 1003 of 1999 decided on 16 February 2001. Frozen indexing gives 16170/2001; that is not adopted. No converted-SLP number or additional Supreme Court proceeding is stated in this rendition.

The frozen catalogue gives 16170/2001; physical page 5 clearly prints Civil Appeal 6170 of 2001. No converted special-leave number is supplied.; The reported judgment at page 8 dates Kerala Cooperative to December 1998. That judgment's own cover, separately checked, gives 13 May 1998. The primary rendition is preserved unchanged; its December statement is not silently adopted.; The judgment calls the measure the Income Tax (2nd Amendment) Act, 1999 (Act 11 of 1999) on page 9 and elsewhere the 1998 amendment. The checked official historical compilation uses Income-tax (Second Amendment) Act, 1998. These naming/year forms concern the same identified substitution and do not change its stated 1 April 1968 effect.; The page 1 reporter headnote associates section 81 with the 1922 Act. Judicial page 6 clearly places the continued exemption in section 81 of the 1961 Act, before section 80P; reporter shorthand is not treated as governing legislation.; The 1981 High Court finality passage is expressly conditional and year-specific. No adjudicated tax amount or universal protection of every prior assessment is stated.; The Solicitor General's statement is not an independent constitutional cure or an unrestricted definition of which assessments may be reopened.; Only one judicial opinion appears; reporter summaries and quoted precedents are not separate holdings or NAFED facts.

STATUTORY SCOPE

No automatic mapping from the Income-tax Act, 1961 to the Income-tax Act, 2025, and no present-law certification. Apply the statutory text and procedural conditions for the relevant year.

LATER TREATMENT

Source checked 2026-10-05. not_verified. Bounded primary later check: G. Mohan Rao v. State of Tamil Nadu, 29 June 2021, paragraph 28, physical pages 22-24, expressly quotes NAFED paragraphs 15 and 17 for retrospective-legislation limits and validating-clause reasoning. Only the specified pages and identity/ending were read; no comprehensive citator or current section 80P review is claimed.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 17](#)

SHA-256: 68018d3e734d2d9f7f3b5cde22d5bb7f59ea257a0fcc2d870ceefb5c5b4d0b9b

[official department hosted historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

[later official primary judgment bounded check - PDF pages: 60](#)

SHA-256: c1696d6821fcb13d9e9e2c6a7908ba55c2a7ddd189bb167ca1c77fcc8896f454

[earlier primary identity date check - PDF pages: 13](#)

SHA-256: 6b814c75770b449ed44329d68239526662588e3eb8a5f4309452bf47a2363e26

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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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