

Mahanagar Telephone Nigam Ltd. v. Chairman, Central Board Direct Taxes and Another

Civil Appeal No. 3058 of 2004

[2004] Supp. 2 SCR 593 | 2004-05-07

Whether MTNL could proceed with the show-cause-stage court challenge without the High Powered Committee's clearance under the then-operative ONGC mechanism, and what was left open for the ensuing decision and remedy.

Two-judge bench | S.N. Variava, J. | H.K. Sema, J.

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

Historical clearance rule recalled; underlying tax merits not decided

MTNL was disposed of on the then-operative Committee-clearance objection, leaving the ensuing order and legal remedy open and excluding reliance on the High Court's merits findings. The five-judge Electronics Corporation order of 17 February 2011 recalled the identified ONGC clearance directions; MTNL must not be presented as a current mandatory-clearance rule. No tax section, year, amount, merits victory, automatic reopening or express named overruling of MTNL is inferred. Comprehensive later treatment and current law remain unverified.

01 FACTS OF THE CASE

MTNL appealed from the Delhi High Court's judgment of 24 August 2000. The dispute had been placed before the High Powered Committee, which advised MTNL to await an appealable order and declined permission to file a writ petition at the show-cause stage. An interim Supreme Court order of 8 May 2002 had allowed the proceedings to continue but restrained a final order (SCR 594, 596–597).

The respondents raised want of Committee clearance as a preliminary objection. MTNL argued that statutory remedies and access to court could not be extinguished and that the Committee's function was conciliation. The judicial text does not specify the Income-tax Act provision, assessment year, demanded amount or substantive tax controversy (SCR 595–598).

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

02 DISCUSSION BY THE HON'BLE COURT

Applying the then-binding ONGC framework and the cases quoted in the order, the Court held that the mechanism also served to prevent frivolous litigation between government entities. It accepted that a right to seek enforcement in court could not be effaced, but required observance of the Committee process then in force. It regarded the particular refusal as fair because MTNL was attacking only a show-cause notice and could seek a remedy against an appealable order (SCR 598–600).

The Court therefore would not proceed without clearance. It said that the High Court should not have dealt with merits, expressly declined to examine whether that merits conclusion was correct, and insulated the subsequent decision from the High Court's observations/findings (SCR 600). This is the historical reasoning of the 2004 order, not a certification that Committee clearance remains an operative filing condition.

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

03 JUDICIAL DECISION

The appeal was disposed of with no order as to costs. The respondents were free to pass their order, without using or taking into consideration the High Court's merits observations/findings. MTNL remained at liberty to pursue its legal remedy if affected by that order. The Supreme Court neither confirmed tax liability nor decided the underlying merits (SCR 600).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Respondents on the preliminary clearance objection; substantive tax merits undetermined

Appeal disposed of without costs; final order permitted and MTNL's subsequent legal remedy preserved

Procedural disposal only; no adjudication of underlying tax liability

Not a substantive Revenue tax victory, not an absolute bar to judicial review of every show-cause notice, and not authority to demand the recalled ONGC Committee clearance today.

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

05 AKHB REVIEW POINT

Read the disposal and the later development together. In *Electronics Corporation of India Ltd. v. Union of India*, decided on 17 February 2011 by five judges, the Court found that the Committee mechanism had produced delay and inconsistent clearance decisions. Paragraphs 9–10 recalled the three identified ONGC orders dated 11 October 1991, 7 January 1994 and 20 July 2007. That bounded primary-source comparison prevents publication of MTNL's historical clearance condition as an unchanged present prerequisite. Electronics Corporation does not name MTNL as overruled, and the comparison does not reopen MTNL's completed appeal or decide the retrospective consequences for all past cases.

The practical surviving research distinction is between a procedural refusal to entertain a premature challenge and adjudication of the tax issue. Identify the later appealable order and the remedy actually available before advising on any live dispute. In *Electronics Corporation* itself, paragraph 11 dismisses BPCL's application to terminate Revenue's appeal for lack of clearance; it is not a judgment on Modvat/Cenvat or valuation merits. Comprehensive later treatment and present procedural rules remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal and preliminary objection

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: Cover; jurisdiction; unnumbered opening order, SCR 594–595

Source role: reported metadata and judicial text

2.

Topic: Committee decision, interim restraint and opposing submissions

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6

Paragraphs: Unnumbered order, SCR 596–598; quoted Committee and earlier authorities identified

Source role: judicial text

3.

Topic: Historical reasoning and exact procedural relief

Source url: [Open cited source](#)

Pdf pages: 6; 7; 8

Paragraphs: Unnumbered order, SCR 598–600

Source role: judicial text

4.

Topic: Later comparison identity and separate excise disputes

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3; 4

Paragraphs: Cover; paragraphs 1–5, SCR 972–974

Source role: bounded later judicial comparison

5.

Topic: Recall of specified ONGC directions; interlocutory application only

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: Paragraphs 6–11, especially 9–11, SCR 975–977

Source role: bounded later judicial comparison

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

No Income-tax Act section is identified or construed in the judicial text. This is a procedural decision in litigation against CBDT, not a holding about the statutory basis, amount or merits of tax liability.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Order of the Court; no individual author named

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax litigation procedure; historical ONGC Committee-clearance framework

SCOPE AND LIMITS OF THE RECORDED TREATMENT CHECKS

1.

Case: Electronics Corporation of India Ltd. v. Union of India and Others

Decision date: 2011-02-17

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6; 7

Paragraphs: 5–11, especially 9–10

Result: Five-judge order recalls ONGC directions dated 11.10.1991, 7.1.1994 and 20.7.2007 because the Committee mechanism had outlived its utility. Historical MTNL clearance reasoning must carry this limitation.

Scope limit: No express named overruling of MTNL, no underlying tax-merits determination, no automatic reopening or comprehensive temporal-effect analysis. Comprehensive later treatment remains not_verified.

SCOPE OF INCLUSION IN THE TAX-LITIGATION COLLECTION

Status: included historical tax litigation procedure only

Reason: The main parties and actual dispute concern MTNL's proceedings against CBDT, rather than an incidental Act quotation. Retained solely as a historical procedural order; no substantive Income-tax Act holding is fabricated.

SOURCE & VERIFICATION

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

Identified source rendition: 8 PDF pages; SHA-256

97574b25865685a48a308d9dd9a06e61d9f31114da2c4782e3fe1c2ea8d085b4. Original bytes preserved.

Entire unnumbered judicial order from Leave granted on physical page 2/SCR 594 through final liberty/directions on physical page 8/SCR 600. Embedded Chief Conservator and ONGC quotations, counsel submissions and the Committee's quoted decision are distinguished from the deciding Court's reasons. Earlier headnote excluded. No adjacent judgment.

Open cited source rendition

No assessment year is stated in the reviewed order.

The reported dispute is with CBDT and concerns the procedural route for a show-cause challenge. No particular Income-tax Act section or substantive tax issue is supplied by the judgment. Retained as a directly connected tax-litigation procedural note, with the later recall qualification.

The source supplies no Income-tax Act section, assessment year, disputed amount or tax merits. These fields remain empty or expressly limited; the CBDT party designation is not a basis for inventing a section.; The order is unnumbered. The numbered passages on SCR 595–598 are quotations from earlier decisions, not paragraph numbers of MTNL.; The Committee denied clearance at the show-cause stage while preserving a later remedy; this is not a permanent prohibition on MTNL challenging an eventual appealable order.; The final order uses disposed of, not a merits dismissal or affirmation of the High Court's tax reasoning. Its direction bars use of the High Court's merits findings.; Electronics Corporation is an independently read later procedural comparison. Its paragraphs 9–10 recall specified ONGC directions; no formal named overruling of MTNL or automatic reopening of past cases is asserted.; The comparison PDF's OCR misreads the third recalled order; the physical page 7 image reads (2007) 7 SCC 39 dated 20.7.2007. Paragraph 11 dismisses an interlocutory application, and the reporter ends Appeal pending.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory and treaty text effective for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive later treatment remains not_verified. A bounded primary-source comparison with the five-judge Electronics Corporation of India Ltd. v. Union of India order dated 17 February 2011, [2011] 2 SCR 971, paragraphs 5–11, has been completed. It recalls the identified ONGC directions underlying the Committee mechanism; it does not expressly name MTNL as overruled or decide the fate of every earlier disposal.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 8

SHA-256: 97574b25865685a48a308d9dd9a06e61d9f31114da2c4782e3fe1c2ea8d085b4

bounded later judicial comparison - PDF pages: 7

SHA-256: be99c9d2731521b364c2524c34cbf13a09af372dc1075cb20b79bfb46cdcbfb0

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