

Commissioner of Income Tax-II v. M/s. Krishi Utpadan Mandi Samiti

Civil Appeal No. 7040 of 2012 and connected proceedings (full list below)

[2012] 8 SCR 934 | 2012-09-27

Whether the specific transfers from registered Mandi Samitis to Mandi Parishad funds under the 1964 State Act constituted charitable application under section 11(1)(a).

11(1)(a) | 11(1)(d) | 12(1) | 12AA | 2(15) | 10(20) | 10(29)

Two-judge bench | S.H. Kapadia, CJI | Madan B. Lokur, J.

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

Scheme-specific transfer ruling; later application limits need checking

The Court confines relief to the 1964 Adhiniyam's transfers by registered bodies and preserves Revenue's ability to verify statutory use. It does not exempt all inter-institution payments. A bounded official-text check records the later Explanation 4(iii) rule, effective 1 April 2024, providing 85% application credit for specified payments within its terms; its application to any Mandi transfer is not decided here. Current eligibility and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

The market committees collected market fees, development cess and licence fees under the Uttar Pradesh 1964 Adhiniyam. The statute created distinct Samiti and Parishad bodies and designated funds, prescribing transfers and use for market facilities, roads, yards and agricultural support. Both bodies were registered under section 12AA, and registration had not been withdrawn. Revenue argued that the Samiti was merely a collecting conduit and that the Parishad's use was not verifiable; in one matter the officer also objected that the contribution was compulsory rather than voluntary (paragraphs 2–5 and 7).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court confined its judgment to this statutory scheme. The specified funds and legally directed uses showed application for public-utility charitable purposes, including market development and facilities for agricultural producers. It rejected the claim that transfer to the separate Parishad necessarily failed section 11(1)(a). Revenue remained entitled to verify actual use for the Adhiniyam's purposes (paragraphs 5–6).

The compulsory/voluntary distinction did not answer the question framed. Sections 11(1)(d) and 12(1) concerned corpus and non-corpus voluntary contributions, while the live question concerned the Samiti's application of its income under section 11(1)(a). Applying the receipt provisions to deny these statutory transfers was therefore mistaken. The Court did not hold that every payment by every registered institution is automatically charitable application (paragraph 7).

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

03 JUDICIAL DECISION

The identified statutory transfers constituted application under section 11(1)(a). All 56 listed Revenue appeals were dismissed without costs. No remand or quantified exemption computation was ordered (paragraphs 6–8).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assessee market committees on the defined statutory-transfer question

All 56 listed Revenue civil appeals dismissed; no costs

Final application-of-income holding within the stated 1964 Adhiniyam scheme

Registration was undisputed and verification of actual statutory use remained open. Not a blanket present exemption for market authorities or every inter-institution transfer; no assessment-year list or final exempt-income computation is supplied.

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

05 AKHB REVIEW POINT

Trace the legal obligation, the receiving fund and its permitted and actual use. Keep a payer's application-of-income issue separate from the tax treatment of a voluntary contribution received by another body. The Court's express restriction to the Adhiniyam and its reservation of utilisation verification should travel with the holding.

A later statutory limit also requires checking before using this historical result in a current file. The Income Tax Department's published text records Finance Act 2023 insertion of section 11(1), Explanation 4(iii), effective 1 April 2024, limiting application credit for specified inter-institution payments to 85%, subject to its terms and exceptions. This bounded check is not a finding that any particular Mandi transfer necessarily falls within that clause or a complete current section 11 audit. Relevant-year registration, application restrictions and subsequent treatment remain unverified.

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

APPEAL AND PROCEEDING NUMBERS

Civil Appeal No. 7040 of 2012 / Civil Appeal No. 7041 of 2012 / Civil Appeal No. 7042 of 2012 / Civil Appeal No. 7044 of 2012 / Civil Appeal No. 7045 of 2012 / Civil Appeal No. 7046 of 2012 / Civil Appeal No. 7047 of 2012 / Civil Appeal No. 7048 of 2012 / Civil Appeal No. 7049 of 2012 / Civil Appeal No. 7050 of 2012 / Civil Appeal No. 7051 of 2012 / Civil Appeal No. 7052 of 2012 / Civil Appeal No. 7053 of 2012 / Civil Appeal No. 7054 of 2012 / Civil Appeal No. 7055 of 2012 / Civil Appeal No. 7056 of 2012 / Civil Appeal No. 7057 of 2012 / Civil Appeal No. 7058 of 2012 / Civil Appeal No. 7059 of 2012 / Civil Appeal No. 7060 of 2012 / Civil Appeal No. 7061 of 2012 / Civil Appeal No. 7062 of 2012 / Civil Appeal No. 7063 of 2012 / Civil Appeal No. 7064 of 2012 / Civil Appeal No. 7065 of 2012 / Civil Appeal No. 7066 of 2012 / Civil Appeal No. 7067 of 2012 / Civil Appeal No. 7068 of 2012 / Civil Appeal No. 7069 of 2012 / Civil Appeal No. 7070 of 2012 / Civil Appeal No. 7071 of 2012 / Civil Appeal No. 7072 of 2012 / Civil Appeal No. 7073 of 2012 / Civil Appeal No. 7074 of 2012 / Civil Appeal No. 7075 of 2012 / Civil Appeal No. 7076 of 2012 / Civil Appeal No. 7077 of 2012 / Civil Appeal No. 7078 of 2012 / Civil Appeal No. 7079 of 2012 / Civil Appeal No. 7080 of 2012 / Civil Appeal No. 7081 of 2012 / Civil Appeal No. 7082 of 2012 / Civil Appeal No. 7083 of 2012 / Civil Appeal No. 7084 of 2012 / Civil Appeal No. 7085 of 2012 / Civil Appeal No. 7086 of 2012 / Civil Appeal No. 7087 of 2012 / Civil Appeal No. 7088 of 2012 / Civil Appeal No. 7089 of 2012 / Civil Appeal No. 7090 of 2012 / Civil Appeal No. 7091 of 2012 / Civil Appeal No. 7092 of 2012 / Civil Appeal No. 7093 of 2012 / Civil Appeal No. 7094 of 2012 / Civil Appeal No. 7095 of 2012 / Civil Appeal No. 7096 of 2012

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity and exact appeal list

Source url: [Open cited source](#)

Pdf pages: 1; 4

Paragraphs: Cover; reported 56 identifiers

Source role: reported metadata

2.

Topic: Question and statutory funds

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: 1–4

Source role: judicial text

3.

Topic: Registration, verification and confined holding

Source url: [Open cited source](#)

Pdf pages: 7; 8; 9

Paragraphs: 5–6

Source role: judicial text

4.

Topic: Application versus contribution concepts

Source url: [Open cited source](#)

Pdf pages: 9; 10; 11

Paragraphs: 7

Source role: judicial text

5.

Topic: Final common disposition

Source url: [Open cited source](#)

Pdf pages: 11

Paragraphs: 8

Source role: judicial text

6.

Topic: Later bounded application-credit insertion

Source url: [Open cited source](#)

Locator: Embedded section 11(1), following-clause insertion note for Explanation 4(iii), Finance Act 2023 effective 1 April 2024

Source role: official statutory html

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

11(1)(a): Application of income through the specified statutory transfers

12aa / 2(15): Undisputed registration and public-utility statutory functions in this record

11(1)(d) / 12(1): Voluntary-contribution/corpus concepts distinguished from the application question

10(20) / 10(29): Historical exemption-change background, not the relief granted

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

S.H. Kapadia, CJI

OTHER LEGAL CONTEXT

Uttar Pradesh Krishi Utpadan Mandi Adhiniyam, 1964; statutory market funds and their permitted application.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 11 PDF pages; SHA-256

cf6be9ef8e200627692127e6153b8390ad06a83c5af7bc22564bc4a48aaafd. Original bytes preserved.

Judicial paragraphs 1–8 on physical pages 5–11 (SCR 938–944); pages 1–4 are editorial/report material and exact appeal list.

No adjacent judgment.

Open cited source rendition

No numerical assessment years are supplied in the bounded judicial text.

There are 56 printed appeal identifiers: 7040–7042 and 7044–7096/2012. No unlisted CA 7043/2012 is supplied.

Paragraph 6 expressly confines the judgment to the 1964 Adhiniyam. Registration and public utility are stated premises; the note does not infer exemption for unrelated bodies.; The opening list skips CA 7043/2012; the 56 actually printed identifiers alone are retained.; Paragraph 5 uses a confusing description of the local-authority amendment and its Finance Act label. The note preserves the clear consequence stated in the reasons: these assesseees had to satisfy registration and section 11 conditions. It does not certify that recital as independent legislative history.; The later statutory comparison comes from an official HTML page titled section 80G that also embeds section 11. The old full-Act PDF URL returned 404; it is not represented as an acquired auxiliary PDF.; The 85% later rule is mentioned only as a statutory qualification requiring application analysis, not a decided reduction of these historical Mandi claims.

STATUTORY SCOPE

Current statutory equivalence and 2025 Act applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-04. No comprehensive subsequent treatment or present-law review. Any actual limited statutory comparison is separately stated.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 11

SHA-256: cf6be9ef8e200627692127e6153b8390ad06a83c5af7bc22564bc4a48aaafd

official statutory html

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.