

Joshi Technologies International Inc. v. Union of India & Ors.

Civil Appeal No. 6929 of 2012

[2015] 6 SCR 1042 | 2015-05-14

Section 42 mineral-oil allowances: the signed production-sharing contract governs eligibility; limits on compelling a contractual amendment through writ jurisdiction.

Income-tax Act, 1961: section 42(1)(b) and (c); section 148 notices in the procedural background | Constitution of India: Articles 14, 226 and 299 | Production-sharing contracts: Articles 1.18, 32.1 and 32.2 (entire agreement and written amendments)

Two-judge bench; judgment delivered by A. K. Sikri, J. | A. K. Sikri, J. | R. F. Nariman, J.

Contract-specific section 42 entitlement

The claimed special allowances were absent from these signed PSCs. This is not a ruling that all oil-sector deductions are unavailable or that a model contract automatically governs every executed agreement.

Writ discretion, not an absolute contractual bar

Paragraphs 68-69 recognise that writ jurisdiction can remain available in appropriate contractual cases. Relief was refused on this case's private contractual facts; neither State involvement nor commercial hardship alone compelled amendment.

01 FACTS OF THE CASE

The company entered two production-sharing contracts with the Union Government for the Dholka and Wavel oil fields. After commercial production began, it claimed section 42 allowances which the tax authorities initially allowed. For assessment year 2005-06, the Assessing Officer denied the allowances because the signed contracts contained no clause granting them. Notices also sought to reopen earlier years. The company relied on the model contract, ministry correspondence describing an omission, and profit-sharing calculations made on the assumption that the allowances applied. It sought writ relief after no contractual amendment or effective clarification emerged. The Delhi High Court dismissed its petition.

Source: [Primary judgment: contracts, deduction claim and writ proceedings / PDF pp.12-24](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 42 required the relevant business and Government participation, a written agreement laid before both Houses of Parliament, and specification of the claimed allowances and their computation in that agreement. The signed PSCs lacked the allowance clauses. Their entire-agreement terms superseded prior understandings, and amendments required a written instrument signed by all parties. The model PSC and correspondence could not supply the missing terms. Earlier mistaken allowance of deductions created no estoppel against law. Although the Court questioned the High Court's treatment of ministry letters and undisclosed records, it found that inquiry unnecessary because the executed contracts controlled. It examined the amendment request despite imperfect pleading, but found no contractual right to compel a change. Its survey of Article 226 decisions preserved writ relief for appropriate public-law cases while distinguishing purely private contractual claims.

Source: [Primary judgment: section 42 conditions and contractual limits / PDF pp.35-46](#); [Primary judgment: no absolute contractual writ bar / PDF pp.61-66](#)

03 JUDICIAL DECISION

The company was not entitled to the claimed section 42 allowances under these PSCs. Their terms could not be enlarged by importing the model agreement or earlier understandings. On the facts, the Court also declined to direct the Government to amend the contracts: the matter was purely contractual and lacked the public-law element necessary for the relief sought. Amendment required the parties' agreement and the prescribed formalities. This fact-specific refusal did not establish an absolute bar against writ petitions involving contracts, disputed facts or monetary relief.

Source: [Primary judgment: qualified writ principles and application / PDF pp.61-66](#)

04 OUTCOME / IN WHOSE FAVOUR

The appeal was dismissed, with no order as to costs. The company obtained neither the claimed deduction relief nor a direction compelling contractual amendment. There was no remand. The report separately describes the statutory tax appeal as pending at the time; this note does not claim its subsequent outcome or resolve every independent reassessment issue.

Source: [Primary judgment: operative dismissal and costs / PDF p.66](#)

05 AKHB REVIEW POINT

AKHB analysis: for a section 42 claim, verify the executed PSC, the actual allowance and computation clauses, parliamentary laying and any formally authorised amendment. Do not rely solely on a model agreement, ministry correspondence, earlier assessments or profit-sharing assumptions. Separately identify the remedy sought: enforcing an existing term differs from compelling a new one. Any writ strategy requires the case-specific public-law basis and available contractual or statutory remedies to be assessed. Check the applicable statutory text and later treatment before present reliance.

Source: [Primary judgment underlying AKHB analysis / PDF pp.36-46](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Complete 66-page SCR report read. Reporter headnote and references occupy physical pages 1-11/SCR 1042-1052. The judicial text begins at physical page 12/SCR 1053 and ends at page 66/SCR 1107; paragraphs 1-72, with the printed paragraph number 3 repeated. No adjacent judgment is included.

Open cited source rendition

The exact catalogue SHA-256 and 66-page count were verified. The complete report was read, with physical pages 1, 12, 18, 36, 40, 44 and 66 visually inspected.

No matching party/date/docket identity or whole-file hash was found in the published collection or archived reviewed sources.

Most references identify the PSCs as dated 20 February 1995; paragraph 52 also prints 22 February before reverting to 20 February. This internal contract-date inconsistency does not affect the verified judgment date or docket and is not silently corrected.

STATUTORY SCOPE

The deduction dispute arose for assessment year 2005-06; notices reopening 2001-02 to 2004-05 were also challenged in the writ petition. The decision does not supply a general ruling on every independent reopening ground. The section 42 text reproduced in paragraph 11 includes the proviso modifying the depreciation exclusion for agreements entered after 31 March 1981; do not turn the abbreviated discussion in paragraph 37 into an unqualified bar on such assets.

LATER TREATMENT

Source checked 2026-10-14. This note records the historical decision of 14 May 2015. No comprehensive subsequent-treatment, review or present-law verification was performed. Later proceedings involving the same company are not assumed to concern this appeal, and current section mapping is not supplied.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 66

SHA-256: 58cf596ec9654354217b288ac2370b1de0096209e0fa7d40625dee153d36c8c1

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