

(1996) 11 SC CK 0057

In the Supreme Court Of India

Case No : Civil Appeals Nos. 2494-2513 of 1980

State of Karnataka and Another

APPELLANT

Vs

Sri Lakshmi Coconut Industries

RESPONDENT

Date of Decision : 27-11-1996

Acts Referred:

Central Sales Tax Act, 1956 — Section 14, 15

Citation : (1997) 11 SCC 621 : (1997) 107 STC 566

Hon'ble Judges : S. P. Bharucha, J; S. C. Sen, J

Bench : Division Bench

Final Decision : Dismissed

Judgement

1. These are appeals by the State of Karnataka against the judgment and order See Sri Lakshmi Coconut Industries v. State of Karnataka of the High Court of Karnataka which holds that desiccated coconut is the same as coconut, coconuts being declared goods for the purposes of sales tax.

2. The issue turns, basically, upon the interpretation of Section 14, entry (vi), sub-entry (viii). Section 14 declares the goods therein stated to be of special importance in inter-State trade or commerce. Entry (vi) therein refers to "oilseeds, that is to say,... (viii) Coconut (i.e., copra excluding tender coconuts) (cocos nucifera)".

3. Copra is, in Coconuts : Production, Processing, Products, Second Edn., by Jasper Guy Woodroof, stated to be the trade name for dried coconut meat or kernel. The Encyclopaedia Britannica refers to copra as being dried sections of the oil-bearing kernel of the fruit. The less common drying of the intact whole nut kernel produces ball edible or whole copra. For our purposes what is most relevant is, "shredding of the fresh meat, followed by thorough drying, results in a food item, desiccated coconut, in which the moisture content is somewhat lower and the oil content higher than that of copra".

4. What the respondents produce is such shredded copra and the question is

whether this article falls within Section 14, entry (vi), sub-entry (viii). The High Court held that it is coconut and that, therefore, the respondents, who had produced the article out of coconuts purchased within the State of Karnataka and made inter-State sales thereof, were not liable to pay Central sales tax on the turnover thereof, having regard to the provisions of Section 15 of the Central Sales Tax Act.

5. Emphasis has been laid by learned Counsel for the appellant upon the fact that Section 14, entry (vi) refers to "oilseeds" and goes on to specify what these oilseeds are. It is submitted that the desiccated coconut that is produced by the respondents is not an oilseed and, therefore, it falls outside the scope of entry (vi). For the purposes of entry (vi) coconut is defined by sub-entry (viii) to include "copra, excluding tender coconuts". Copra, therefore, is, for the purposes of sub-entry (viii), coconut and, for the purposes of entry (vi), oilseed.

6. The only question now is whether the desiccated coconut that is produced by the respondents falls outside the scope of "copra" within sub-entry (viii). Having regard to the fact that there is material on the record, which has been accepted by the High Court, to show that copra is produced by breaking the coconut, it is difficult to hold that desiccated coconut, which is shredded copra, is not copra within the meaning of sub-entry (viii). It is not in dispute, as the High Court has noted, that coconut oil can be extracted from watery coconuts, copra and desiccated coconut. The main object of the coconut for use in the kitchen is met as well by the shredded copra as it is by the coconut itself. The distinction that is sought to be made on behalf of the appellant that shredded coconut would not be considered as appropriate an offering on an auspicious occasion as the coconut is not an acceptable reason for holding that desiccated coconut is not coconut. Emphasis is on the fact that the Encyclopaedia Britannica states that it is the fresh meat of the coconut which is shredded and dried which results in the desiccated coconut appears to us to misplaced for copra is also the result of drying the fresh meat of sections of the coconut.

7. All things considered, it appears to us that the judgment of the High Court [Sri Lakshmi Coconut Industries v. State of Karnataka] requires no interference and, accordingly, the appeals are dismissed, with no order as to costs.