

Doctrine of Territorial Nexus | 29 Jan 2024

Introduction

The Doctrine of Territorial Nexus states that the **laws made by a State Legislature are not applicable outside the State**, except when there is a sufficient nexus between the state and the object.

- This doctrine derives its power from **Article 245 of the [Constitution of India, 1950 \(COI\)](#)**.

What is Article 245 of the COI?

- This Article deals with the **extent of laws** made by Parliament and by the Legislatures of States.
- It States that—

(1) Subject to the provisions of this Constitution, **Parliament may make laws** for the whole or any part of the territory of India, and the **Legislature of a State may make laws** for the whole or any part of the State.

(2) **No law made by Parliament shall be deemed to be invalid** on the ground that it would have extra-territorial operation.

- This Article is concerned **exclusively with the territorial division of law-making** power of the Union and the States.
 - The State Legislatur **cannot make extra territorial laws**, except when there is **sufficient connection between the State and object**. It means that the State laws would be **void if it is given extra-territorial operation**.
- This doctrine was first applied in the case of **State of Bombay v. RMDC (1957)**.

What are the Salient Features of Doctrine of Territorial Nexus?

- As per this doctrine, the State's legislature may make laws for the **entire state or for any part of it**.
- The state legislature **cannot adopt extraterritorial legislation** unless there is a significant connection or nexus between the state and the object.
- This doctrine governs the **taxation of non-residents in India**.

When can the Doctrine of Territorial Nexus be Invoked?

- The Doctrine of Territorial nexus **can be invoked** under the following circumstances:
 - Whether a particular State has **extra-territorial operation**.
 - If there is a **territorial nexus** between the subject- matter of the Act and the state making the law.

What are the Landmark Case Laws of Doctrine of Territorial Nexus?

- In **A.H. Wadia v. Income Tax Commissioner (1948)**, the Bombay High Court held that a **question of extraterritoriality of enactment** can never be raised against a Supreme Legislative Authority on the grounds of questioning its validity.
- In **State of Bombay v. RMDC (1952)**, the Supreme Court held that there **existed a sufficient Territorial Nexus** to enable the Bombay Legislature to tax the respondent as all the activities which the competitor is ordinarily expected to undertake took place mostly within Bombay.