

Maharajadhiraja Sir Kameshwar Singh v. Commissioner of Income-tax, Bihar and Orissa

Civil Appeal No. 357 of 1958 — Single Supreme Court civil appeal disposed of by this judgment.
[1961] 2 SCR 74 | 1960-10-25

A trustee's remuneration under a covenant for management was not agricultural income merely because it was calculated as a percentage of agricultural receipts.

1922 Act: 2(1)(a) | 1922 Act: 4(3)(viii) | 1922 Act: 66A(2)

2 Judges | S. K. Das | J. C. Shah

01 FACTS OF THE CASE

The appellant settled lands and specified rents for maintaining temples and Thakoorbaries, retaining the office of trustee and remuneration equal to 15% of net trust income. The Income-tax Officer originally included Rs.6,000 from non-agricultural trust property in his personal assessment. On appeal, the appellate authority held that trust receipts were not his private income, but brought his Rs.21,274 remuneration to tax. The Tribunal affirmed that treatment. Of five questions directed for reference, only the fifth, concerning exemption of the remuneration as agricultural income, reached the Supreme Court through the High Court's limited certificate.

Source: [SCR 75-77; facts and procedural record](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 2(1)(a) of the 1922 Act required receipt as rent or revenue derived from land satisfying the statutory conditions. Income received by the appellant as trustee from agricultural property retained that character and attracted section 4(3)(viii). His personal remuneration had a different immediate source: the deed's covenant compensating management. He held no beneficial interest entitling him personally to the land income. Appropriating part of the trust receipt to satisfy remuneration changed the source and character of that personal receipt, despite the percentage formula. Nawab Habibulla and Premier Construction supported this distinction between payment for services and agricultural revenue. The earlier Kameshwar Singh mortgage case concerned a mortgagee's direct receipt as landlord, while Syed Mohammad Isa involved a mutwalli who was also a beneficiary; neither matched a trustee without beneficial interest.

Source: [SCR 77-81; reasoning, with opinion boundaries preserved](#)

03 JUDICIAL DECISION

The Rs.21,274 was received for management services under the trust covenant, rather than as agricultural rent or revenue under a legal or beneficial title to the underlying property. It was therefore outside the agricultural-income exemption. The Court upheld the High Court's answer against the assessee on the single question before it.

Source: [SCR 77-81; holding and express limits](#)

04 OUTCOME / IN WHOSE FAVOUR

Assessee's appeal dismissed. The remuneration remained taxable in his personal assessment; the character of agricultural receipts held in the separate trustee capacity was not displaced. Appeal dismissed with costs.

Source: [SCR 81-81; operative disposition and costs](#)

05 AKHB REVIEW POINT

Follow the legal entitlement under which this recipient receives the money, not merely the fund that finances payment or the percentage used to calculate it. A person's trustee and beneficiary capacities must be examined separately. The result is not a universal rule denying agricultural character to receipts through a trustee: the judgment itself distinguishes direct beneficial entitlement. Read the actual deed and the relevant later definition before extending the conclusion.

Source: [SCR 77-80; editorial analysis based on the identified primary passages](#)

ORIGINATING PROCEEDINGS

1.

Case numbers: Misc. Judicial Case No. 57 of 1955

Relationship: Patna High Court, judgment 24 April 1957; only fifth referred question pursued here

SOURCE & VERIFICATION

Original reported Supreme Court judgment

8-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All eight physical text and image pages, SCR 74-81. Shah J judgment pp 2-8; only fifth referred question before the Court. Target ends above the rule on p 8; District Board Ghazipur v Lakshmi Narain Sharma beginning below that rule is excluded.

Open cited source rendition

District Board, Ghazipur v Lakshmi Narain Sharma begins below the p 8 rule and is excluded.

Only the fifth reference question is decided in this appeal; the original Rs.6,000 adjustment and other four questions are not separately resolved here.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 2(1)(a), 4(3)(viii), 66A(2)

Section 2(1A)(a) in the retained Finance Act 2011 text defines agricultural income through rent or revenue derived from Indian agricultural land. This supports comparing the immediate entitlement and source; it does not itself decide the treatment of this deed under a later assessment or verify every exemption provision.

The retained official departmental text, labelled as amended by Finance Act 2026, section 2(5)(a) likewise uses rent or revenue derived from Indian agricultural land. Only this definitional limb is adopted; no automatic exemption, complete definition review or later trust-law holding is claimed.

The historical operative law is identified separately. Only the stated later versions and bounded passages were checked; applicability to a later tax year, transitional savings and comprehensive judicial history remain unverified.

LATER TREATMENT

Source checked 2026-10-08. No specific later judicial treatment adopted except where expressly stated.

No later primary decision applying this particular trustee-remuneration holding has been verified. Later definitions are compared separately and do not establish comprehensive subsequent treatment.

Earlier cases discussed in the target judgment do not constitute subsequent history.

IDENTIFIED SOURCE LINKS

[Income-tax Act,1961: bounded provision comparison](#)

DOR-hosted Taxmann compilation labelled as amended by Finance Act2011 Only the identified statutory passages on these pages plus version p42. Not a current consolidated text, Gazette-original authentication, whole-Act or image review. Text pages read: 43-44.

[Income-tax Act,2025 section2\(5\)\(a\)](#)

Retained official extracted text labelled as amended by Finance Act2026 Version lines0-13; agricultural-income rent/revenue limb lines22-24. No full definition, whole-Act, fresh PDF download, savings or image review claimed.

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