

The Dooars Tea Co., Ltd. v. Commissioner of Agricultural Income-tax, West Bengal

Civil Appeal No. 381 of 1960

[1962] 3 SCR 157 | 1961-08-18

Agricultural income in kind: cultivated produce used in the taxpayer's tea business was taxable without a sale.

Bengal Agricultural Income-tax Act, 1944: sections 2(1)(b)(i)-(iii), 3, 7, 57, 63(1) and 64(2) | Rules under the Bengal Agricultural Income-tax Act: rule 4(1)-(2) | Constitution of India: Articles 135 and 366(1)

3-judge bench; unanimous judgment delivered by P. B. Gajendragadkar, J. | P. B. Gajendragadkar, J. | K. Subba Rao, J. | M. Hidayatullah, J.

Assessment years: 1949-50

Historical statutory setting

Historical Bengal agricultural-income-tax provisions and valuation rule; no current State-tax or later-treatment clearance.

Source and scope caution

This decision concerns produce grown by agricultural operations and consumed in the tea business under the specified Bengal statute.

Additional scope caution

Rules were not treated as controlling interpretation of the parent Act; the Court noted only consistency between its readings.

No current-law clearance

Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

01 FACTS OF THE CASE

The tea company cultivated bamboos, thatching grass and fuel timber through its labourers and used that produce in its own tea business instead of selling it. For assessment year 1949-50 the officer included Rs.39,849 as its market value; the company disputed both chargeability without sale and the existence of a valuation rule (SCR pp.159-161; PDF pp.3-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 2(1)(b)(i) covered agricultural produce itself as income in kind; neither profit nor a sale was indispensable. The express treatment of processing and sales in the following clauses reinforced that reading, so the objection that nobody can trade with himself did not defeat this statutory charge. Rule 4(2) residually covered both off-market sales and produce never sold, permitting the prescribed market-value computation (SCR pp.162-171; PDF pp.6-15).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The appeal was dismissed with costs. Both reference questions—whether the own-used produce was agricultural income and whether rule 4 could compute it—remained answered in the affirmative (SCR pp.161, 170-171; PDF pp.5, 14-15).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on chargeability and valuation machinery; the Rs.39,849 inclusion survived. The decision did not create a general rule taxing every internal business transfer (SCR pp.159-161, 167-171; PDF pp.3-5, 11-15).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: identify the precise statutory income category before applying ordinary trading-profit assumptions. For own-used agricultural produce, retain cultivation, quantity, use and comparable local-price evidence and apply the correct valuation branch; this historical ruling is not present-law clearance.

Source: [Primary judgment: review point](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Full 15-page primary SCR asset read in page-preserving text and visually inspected. The preceding report fragment on PDF p.1 and following Ambalal Shah report on PDF p.15 were excluded.

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Catalogue source 1962_3_157_171: SHA-256

4c911b67283f3c25ce97cc0778ee258cac66b50914055714de90143988eddc47, 15 pages, read and visually inspected in full.

The published original preserves the exact catalogue bytes and verified hash.

The source verifies identity, bench, provisions, opinion structure and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment publication match was found.

STATUTORY SCOPE

Historical Bengal agricultural-income-tax provisions and valuation rule; no current State-tax or later-treatment clearance.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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