

The Karimtharuvi Tea Estates Ltd., Kottayam and Another v. State of Kerala and Others

Petitions Nos. 234 to 236 of 1961

[1963] Supp. 1 SCR 823 | 1962-11-01

State legislative competence to deny upkeep and maintenance expenditure for immature tea plants when computing agricultural income

Constitution of India: article 366(1); Seventh Schedule, List II, entry 46 | Agricultural Income-tax Act, 1950 (Kerala): section 5 and Explanation 2 inserted by Kerala Act IX of 1961 | Indian Income-tax Act, 1922: sections 2(1), 10(2)(xv), 59 | Indian Income-tax Rules, 1922: rules 23 and 24

Five-judge bench; judgment delivered by Raghubar Dayal, J. | S. K. Das, J. | J. L. Kapur, J. | A. K. Sarkar, J. | M. Hidayatullah, J. | Raghubar Dayal, J.

Historical ruling; verify current law

This constitutional ruling concerns the historical Kerala Act, the 1922 Act and rules existing when the Constitution adopted the definition. It is not a current deduction certificate for plantation expenditure.

01 FACTS OF THE CASE

The company owned Karimtharuvi and Penshurst tea estates. Kerala agricultural-income-tax assessments for three years disallowed upkeep and maintenance expenses on immature tea plants although the central computation had deducted them. A retrospective 1961 amendment inserted Explanation 2 purporting to deny such deductions from 1 April 1951.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

Entry 46 permitted State tax only on agricultural income as constitutionally defined. Article 366(1) incorporated the income-tax enactments, and rule 24 had statutory effect through section 59; the definition and rules were therefore read together. A State computation producing a higher tea agricultural income could not control the central definition. Maintenance of immature plants was running, not capital, expenditure and was distinct from replacement planting governed by the rule 24 proviso.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

Explanation 2 was construed not to cover upkeep or maintenance expenditure for immature tea plants and not to alter the central-law computation of tea agricultural income.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

Petitions allowed in part; writ issued restraining enforcement of Explanation 2 against petitioner No.1, with one set of costs.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: in composite tea cases, test the State computation against the constitutional definition and the incorporated central computation machinery. Keep ordinary upkeep separate from planting or replacement capital, and do not treat this historical construction as a present-law expenditure opinion.

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

SOURCE & VERIFICATION**[Supreme Court Reports scan - public eSCR mirror](#)**

Complete 14-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 14-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify the current enactment, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

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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General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.