

Travancore Rubber & Tea Co. Ltd. and Another v. State of Kerala and Another

Petitions Nos. 237 to 239 of 1961

[1963] Supp. 1 SCR 836 | 1962-11-01

Agricultural Income-tax: statutory restriction on immature-rubber expenditure upheld; the separate treatment of tea was constitutionally justified.

Agricultural Income-tax Act, 1950 (Kerala): section 5(j), Explanation 2 to section 5 and section 60 | Agricultural Income-tax (Amendment) Act, 1961 (Kerala Act IX of 1961): sections 2 and 3 | Constitution of India: Articles 14, 32 and 366(1); Seventh Schedule, List II Entry 46 and List I Entry 82 | Indian Income-tax Act, 1922: agricultural-income definition and section 59(3) (tea-income computation context)

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.

Different from the earlier Travancore deduction case

The 1960 decision concerned the earlier section 5(j). This 1962 decision upheld the later statutory restriction challenged by the same company. The two outcomes concern different legislative settings.

Historical rubber-versus-tea distinction

The Court distinguished tea because of the then-applicable central computation and apportionment scheme. Do not generalise its statement about rubber to present tax rules or every plantation expense.

01 FACTS OF THE CASE

The company owned rubber and tea estates in Kerala. Its rubber income for assessment years 1951-52 to 1953-54 generated a dispute over expenditure on maintaining immature plants. The Supreme Court's 15 December 1960 decision allowed the expenses under the then section 5(j). Kerala subsequently enacted the 1961 amendment, deemed effective from 1 April 1951: Explanation 2 denied specified expenditure on immature plants producing no agricultural income in the previous year, and section 3 validated earlier assessments made on that basis. After the refund request was refused, the company and a director/member sought relief under Article 32 against the amendment and recovery of the excess tax.

Source: [SCR838-840 / PDFpp.3-5](#)

02 DISCUSSION BY THE HON'BLE COURT

Article 366(1) incorporated the central statutory definition of agricultural income to demarcate its bounds, and the State definition conformed to it. Within that field, Entry 46 of List II empowered the State Legislature to prescribe deductions. Section 5(j) had allowed wholly and exclusively incurred non-capital, non-personal expenditure for deriving agricultural income, but the later Explanation expressly removed the specified immature-plant expenses. Relying on Navinchandra Mafatlal, the Court rejected an argument that constitutional 'income' necessarily meant receipts after all necessary expenses: the constitutional expression had a wide meaning. The Court also rejected Article 14 discrimination. Tea had a special computation and apportionment scheme because sale of tea grown and manufactured by the seller combined agriculture and business; the then-described rubber income did not have that feature.

Source: [SCR840-844 / PDFpp.5-9](#)

03 JUDICIAL DECISION

The State Legislature was competent to enact Explanation 2 and deny deduction for upkeep or maintenance of immature plants producing no income in the relevant accounting year. The difference from tea plantations was supported by the special central enactment and rules considered in the companion Karimtharuvi case. Explanation 2 therefore did not discriminate against agricultural income from rubber plantations. The ruling sustained the challenged restriction on these grounds; it is not a universal approval of every retrospective tax measure.

Source: [SCR841-844 / PDFpp.6-9](#)

04 OUTCOME / IN WHOSE FAVOUR

The Court dismissed all three petitions with costs, one set. The petitioners obtained neither the requested restraint against enforcement nor a refund order. This is a Revenue-favourable constitutional ruling on the later amendment, distinct from the company's earlier success under the unamended deduction provision.

Source: [SCR844 / PDFp.9](#)

05 AKHB REVIEW POINT

AKHB analysis: when a deduction precedent is followed by a statutory amendment, identify the exact provision and effective date governing the assessment before relying on the earlier result. Separate eligibility under the old text from the validity and reach of the new restriction. Compare crops only after checking their computation and apportionment schemes. Verify later amendments, current central/state law and subsequent treatment independently; this historical rubber judgment does not itself establish present deductibility.

Source: [AKHB analysis based on SCR839-844 / PDFpp.4-9](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Complete 9-page SCR file read. The top of PDFp.1 concludes the separate Karimtharuvi tea judgment; the target caption/headnote starts lower on p.1 and continues on p.2. Target judicial reasons run from SCR838 / PDFp.3 to the upper part of SCR844 / PDFp.9. The following Anant Prasad headnote on p.9 is excluded. No numbered paragraphs; SCR page pinpoints are used.

Open cited source rendition

All 9 physical source pages were read as text; PDF pp.1,2,3,6,8,9 were visually checked. The 1 November 1962 date, five judges, Petitions 237-239 of 1961 and exact SHA-256 are verified.

The preceding Karimtharuvi disposition on SCR836 does not belong to Travancore. The latter's operative order on SCR844 dismisses the petitions; no writ or refund was granted.

Published Travancore decisions dated 15 December 1960 and 14 March 2000, and the same-day Karimtharuvi petitions 234-236/1961, are distinct identities. No exact identity or whole-file hash match was found in published and archived cases.

STATUTORY SCOPE

The ruling concerns the historical Kerala amendment deemed effective from 1 April 1951. It must not be read as the earlier 15 December 1960 decision allowing expenditure under the unamended provision. The Court's contrast between rubber and tea describes the statutory scheme then considered, not current composite-income rules.

LATER TREATMENT

Source checked 2026-10-14. Historical agricultural Income-tax decision. No comprehensive subsequent-treatment, review, stay or present-law verification was performed.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 9](#)

SHA-256: a93373a763bae45b09820052214593809d7f1996d8f0a19f6744472bcc19691c

[Related note: The Travancore Rubber and Tea Co. Ltd. v. Commissioner of Agricultural Income-tax, Kerala](#)

[Related note: The Karimtharuvi Tea Estates Ltd., Kottayam and Another v. State of Kerala and Others](#)

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report. Independent human review is not represented.

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