

Raja Rameswara Rao v. Commissioner of Income-tax, Hyderabad

Civil Appeal No. 420 of 1962

[1964] 2 SCR 847 | 1963-04-04

Income or capital character of interim maintenance allowances and commutation payments following abolition of a Hyderabad jagir

Indian Income-tax Act, 1922 | Hyderabad (Abolition of Jagirs) Regulation, 1358F: section 14 | Hyderabad Jagirs (Commutation) Regulation, 1359F: sections 3, 6, 7

Four-judge bench; judgment delivered by A. K. Sarkar, J. | S. K. Das, J. | A. K. Sarkar, J. | K. N. Wanchoo, J. | K. C. Das Gupta, J.

Historical ruling; verify current law

The classification depends on repealed Hyderabad jagir-abolition instruments. Later payments were not automatically income; their connection to commutation required inquiry.

01 FACTS OF THE CASE

After abolition of the Wanaparthi jagir, the former proprietor received four payments totalling Rs.1,47,857-4-0 described as interim maintenance. The first preceded 1 April 1950 and three followed it. The taxpayer argued that all represented capital compensation for extinction of jagir rights.

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

02 DISCUSSION BY THE HON'BLE COURT

The Regulations distinguished interim maintenance from the final commutation sum. The statutory description and method of payment made pre-commutation maintenance income in character, while final commutation was capital. Payments after 1 April 1950 needed inquiry because they might have been made toward the commutation amount.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

Interim maintenance that did not form part of the commutation amount was taxable income; payments toward the commutation sum were capital and not taxable as income.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal dismissed with costs. The Tribunal's inquiry into the character of the three post-1 April 1950 payments remained appropriate.

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

05 AKHB REVIEW POINT

AKHB analysis: abolition or acquisition payments require component-by-component classification. Separate interim income replacement from final capital commutation and prove the period and statutory account to which each payment belongs.

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

SOURCE & VERIFICATION

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

Complete 12-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 12-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.

PROFESSIONAL DISCLAIMER

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.