

State of Madhya Pradesh v. Bhopal Sugar Industries Ltd.

Civil Appeal No. 491 of 1963

[1964] 6 SCR 846 | 1964-02-19

Agricultural income tax and Article 14 after State reorganisation: regional disparity required evidence of similarly situated taxpayers, total burdens and continued historical justification; the constitutional challenge was remanded for proper pleadings and proof.

Bhopal State Agricultural Income Tax Act, 1953 | States Reorganisation Act, 1956: section 119 | Constitution of India: Articles 14 and 226 | Madhya Pradesh Adaptation of Laws (State and Concurrent Subjects) Order, 1956 | Madhya Pradesh Extension of Laws Act, 1958

5-judge bench | P. B. Gajendragadkar, C.J. | K. N. Wanchoo, J. | J. C. Shah, J. | N. Rajagopala Ayyangar, J. | S. M. Sikri, J.

Assessment years: See the source-scope notes; no year inferred.

No final constitutional holding

The Court did not uphold or invalidate the levy on the completed merits. It set aside the High Court's declaration and required fuller pleadings and evidence.

Regional inequality requires comparison

The existence of a tax in one component region and its absence elsewhere was insufficient alone; the judgment required comparison of similarly situated persons and the overall burden of land-related imposts.

Historical justification may expire

The Court accepted initial regional classification after reorganisation but warned that necessity and expediency may lose force over time. It fixed no universal time limit.

Source numbering

The judicial text identifies Bhopal Act IX of 1953, while the editorial headnote prints a different Arabic rendering. The judicial identification is preserved without claiming an independently verified gazette number.

01 FACTS OF THE CASE

Bhopal Sugar Industries was incorporated in the former State of Bhopal. A 1953 Bhopal enactment taxed agricultural income throughout that State. When Bhopal became part of reorganised Madhya Pradesh on 1 November 1956, section 119 continued regional laws until altered; later adaptation and extension measures did not extend this agricultural-income-tax law to the rest of Madhya Pradesh. The company paid tax until 1960, then obtained an Article 226 writ declaring the regional levy discriminatory under Article 14 because agricultural income elsewhere in the State was not similarly taxed. The State appealed (SCR pp.848-850; PDF pp.4-6).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Regional laws could initially continue after reorganisation because historical necessity supplied a rational geographical classification. The Court stressed, however, that a temporary justification cannot automatically become permanent once its factual basis disappears (SCR pp.850-853; PDF pp.6-9). No fixed number of years determined when uniformity became obligatory. The inquiry had to address whether the classification still had a rational basis, including the combined burden of land revenue and related taxes across all component regions, rather than compare a single levy in isolation (SCR pp.853-856; PDF pp.9-11). The company pleaded only differential treatment, and the State supplied no evidence justifying continuance. Article 14 required proof that similarly situated persons were treated differently without a reasonable basis. Both sides therefore needed an opportunity to amend, answer and place relevant evidence (SCR pp.854-857; PDF pp.10-12).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court allowed the State's appeal, set aside the High Court order and remanded the writ petition for retrial. The company could amend its petition; the State could reply and produce material; costs in the Supreme Court were made costs in the remanded petition (SCR p.857; PDF p.12).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

The State/appellant secured a remand, but neither side obtained a final ruling on the Act's constitutionality or the company's tax liability. The High Court was directed to decide after complete pleadings and evidence (SCR p.857; PDF p.12).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: an equality challenge to a geographically limited tax needs a comparator map, the complete direct and related fiscal burden, dates of reorganisation and later harmonisation, and evidence testing whether the original historical justification persists. Record a remand as procedural relief only; do not present it as substantive approval of the levy (based on SCR pp.850-857; PDF pp.6-12).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 12-page SCR report read and checked. The editorial headnote was distinguished from the judgment text and operative order.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 12-page count match catalogue asset 1964_6_846_857; the full extracted report and operative pages were reviewed.

The source verifies Civil Appeal No. 491 of 1963, the stated bench, issues, reasoning and operative result. No published AKHB note or archived reviewed record with this source hash, case identity and operative decision was found.

STATUTORY SCOPE

The judgment addresses a former Bhopal agricultural-income-tax enactment continued after the 1956 reorganisation. It establishes no current liability or constitutional clearance for a present State tax and ends in evidentiary remand rather than a final validity ruling.

LATER TREATMENT

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

AI DISCLOSURE

AI-assisted research. The AKHB Review Point is editorial analysis, not part of the Court's judgment.

PROFESSIONAL DISCLAIMER

AI-assisted legal research note for general information and professional research. It is not legal or tax advice. Verify the original judgment, applicable statutory version and subsequent judicial treatment before relying on it. The AKHB Review Point is editorial analysis, not part of the Court's judgment.