

Andhra Pradesh State Road Transport Corporation v. Income Tax Officer and Another

Civil Appeals Nos. 475-478 of 1963

[1964] 7 SCR 17 | 1964-03-05

Article 289 immunity: a State-controlled statutory corporation's transport income remained its own income rather than State income and was not exempt from Union income tax.

Constitution of India: article 289(1), (2) and (3) | Indian Income Tax Act, 1922: sections 3 and 22 | Road Transport Corporations Act, 1950: sections 3-5, 17-18, 23-34 and 38-39

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: 1958-59, 1959-60

Separate corporate personality controls

State funding and extensive control did not themselves make the corporation's property, trade or income that of the State. The enabling statute contained no provision attributing the income to shareholders.

Article 289 structure

The threshold under clause (1) was State ownership of the income. Clauses (2) and (3) did not help an entity whose income was legally its own.

Later 1986 case is distinct

A published 1986 AKHB note concerns this corporation's charitable-purpose exemption for later years. It does not duplicate or reverse this earlier article 289 holding.

Local-authority claim not before the Court

The appellant did not challenge the High Court's rejection of local-authority status before the Supreme Court; the decision should not be cited as a full merits ruling on that separate exemption.

01 FACTS OF THE CASE

The corporation began on 11 January 1958 under the Road Transport Corporations Act after transport had previously been run departmentally and treated as exempt. It was assessed Rs. 13,60,963.86 for the short 1958-59 period and Rs. 34,44,430.48 for 1959-60. Its writs argued, among other points, that section 30 ultimately directed income to Andhra Pradesh and therefore article 289 protected it. The High Court rejected that claim, local-authority status and alleged repugnancy between the two statutes (SCR pp.17-20; PDF pp.1-4).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Article 289(1) protects State property and income; clause (2) permits Parliamentary taxation of State trade or business, and clause (3) can restore protection for business declared incidental to ordinary governmental functions. Every route still required the disputed income to belong to the State (SCR pp.20-26; PDF pp.4-10). The corporation had a statutory personality separate from the State and other shareholders. The Court examined its body-corporate status, possible non-government shareholders, capital, funds, dividends, profit use, supersession and liquidation. Those provisions treated its assets and trading profit as corporate, even though government supplied most capital and exercised extensive control. Restricted transfer of a remainder to the State for road development did not change ownership of the income (SCR pp.26-30; PDF pp.10-14). The transport statute's silence about income tax created no inconsistency with the charging law (SCR pp.30-31; PDF pp.14-15).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court dismissed all four appeals with costs and one hearing fee. The corporation's transport income was its own and not State income exempt under article 289(1); the alleged statutory repugnancy also failed (SCR pp.30-31; PDF pp.14-15).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue. State control, majority governmental capital and restricted surplus use did not overcome the corporation's separate statutory personality for article 289 (SCR pp.26-31; PDF pp.10-15).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: begin with legal ownership of the income, then examine the enabling statute for any express or necessary attribution to government. Record capital contributors, outside-share powers, dividend rights, fund ownership, surplus destination, supersession and liquidation. Public function and government control alone do not satisfy article 289(1). Keep this constitutional-immunity ruling separate from later charitable-exemption decisions involving the same corporation (based on SCR pp.20-31; PDF pp.4-15).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 15-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 15-page count match catalogue asset 1964_7_17_31; the full extracted report and operative pages were reviewed.

The source verifies Civil Appeals Nos. 475-478 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 decision addresses article 289 and the Road Transport Corporations Act, 1950 in assessments for 1958-59 and 1959-60 under the Indian Income Tax Act, 1922. It does not certify the corporation's treatment under later charitable-exemption law or current statutory provisions.

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.

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