

Pushalal Mansinghka (P) Ltd. v. Commissioner of Income-tax, Delhi, Rajasthan & M.P.

Civil Appeals Nos. 557 and 558 of 1966

[1967] 3 SCR 961 | 1967-05-05

Historical territorial accrual and Part B State rebate: where self-consigned railway receipts were released only against buyers' payment, title and the right to receive sale proceeds arose in the Part A and Part C destinations, not at the seller's Bhilwara bank.

Indian Income-tax Act, 1922: section 4(1)(a) and section 66 reference principles | Part B States (Taxation Concessions) Order, 1950: paragraph 4(1)(iii) | Sale of Goods Act, 1930: sections 23 and 25

3-judge bench; unanimous judgment delivered by V. Ramaswami, J. | J. C. Shah, J. | S. M. Sikri, J. | V. Ramaswami, J.

Assessment years: 1950-51, 1951-52

Risk and title were not treated as identical

The contracts put goods at the buyers' risk after they left the Bhilwara godown, but self-consignment and retention of railway receipts reserved disposal. The Court located the passage of property only when buyers paid and obtained the receipts.

Bank credit was not the sale price

Even if the local bank credited discounted bills, the seller remained liable if buyers did not pay. The bank acted in its banking relationship with the seller, not as purchaser of the goods or agent paying on behalf of the buyers.

Accrual required a right to receive

Actual receipt was not necessary, but an enforceable right to the purchase money was. On these contracts that right arose only with the destination-side payment and transfer of the railway receipt.

Apportionment was not decided on merits

The Court refused to consider the new argument that extraction and processing at Bhilwara required profit apportionment because it had not been raised or decided before the Tribunal. The judgment is not a rejection of apportionment in every composite business.

Catalogue understates the connected appeals

The catalogue lists Civil Appeal No. 557 of 1966, while the signed report identifies Civil Appeals Nos. 557 and 558 of 1966. The note follows the report.

01 FACTS OF THE CASE

Pushalal Mansinghka (P) Ltd. mined, processed, sorted and packed mica at Bhilwara, then a Part B State, and sold it to purchasers at Kodarma and Giridih in Part A and Part C States. For assessment years 1950-51 and 1951-52 its total sales were Rs.19,77,544; it tendered bills of Rs.15,64,475 to the Bank of Rajasthan's Bhilwara branch and received credit there. Contracts provided Bhilwara-godown delivery, destination dispatch through bank, a 25 percent advance, buyer-paid packing and buyer risk once goods left the godown. The seller nevertheless consigned to itself and endorsed railway receipts with bills of exchange to its bank for collection; buyers obtained the goods only after paying destination branches and receiving the receipts. The officer, first appellate authority, Tribunal and Rajasthan High Court denied the Part B State rebate (SCR pp.963-965; PDF pp.3-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court treated 'accrue' and 'arise' as describing a right to receive rather than actual receipt. The place of business profit could not be fixed by a universal rule; on these sales it followed the place where property passed. Sections 23 and 25 of the Sale of Goods Act supported the conclusion that self-consignment and retention of the railway receipt reserved disposal even after carrier delivery. When a seller sends the endorsed receipt with a bill or hundi through its bank for release against payment, title remains with the seller until the buyer pays and takes the document. Title and the purchase-money right therefore arose at Kodarma and Giridih (SCR pp.965-968; PDF pp.5-8). Discounting did not move accrual to Bhilwara: the bank's form preserved recourse against the seller, its advance bought or financed the bill rather than the goods, and it was not the buyer's agent. The price accrued only when the purchaser paid or arranged with the bank (SCR pp.969-970; PDF pp.9-10). The proposed manufacturing/selling profit apportionment was not considered because no such question had been raised before or decided by the Tribunal (SCR p.970; PDF p.10).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court held that the sales and the right to their price accrued in the Part A and Part C destinations, so the claimed Part B State rebate was unavailable. It declined to entertain the unpreserved apportionment point and dismissed both appeals with costs and one hearing fee (SCR p.970; PDF p.10).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue/the Commissioner. The assessee's sales income did not qualify for the claimed Part B State concession on the proved documentary and payment arrangements (SCR pp.969-970; PDF pp.9-10).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: for documentary sales, build a transaction timeline for contractual risk, appropriation, reservation of disposal, document endorsement, buyer payment and the seller's enforceable right to price. A local bank advance does not necessarily establish local sale proceeds when the seller retains recourse and the bank merely handles collection or financing. Preserve procedural boundaries too: a fact-sensitive profit-apportionment theory must be developed before the Tribunal. Current cross-border and interstate rules require separate statutory analysis (based on SCR pp.965-970; PDF pp.5-10).

Source: [Primary judgment: reviewPoint](#)

SOURCE & VERIFICATION

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

Full 10-page SCR report read and checked. The editorial headnote and adjacent-report boundary text were distinguished from the judicial opinion and operative order.

[Open cited source rendition](#)

Exact source bytes, SHA-256 and 10-page count match catalogue asset 1967_3_961_970; every page was reviewed.

The source verifies Civil Appeals Nos. 557 and 558 of 1966, the stated bench, issues, reasoning and operative result.

No published or archived standalone AKHB note with this source hash, case identity and operative decision was found.

STATUTORY SCOPE

The ruling applies the repealed 1922 Act, the transitional Part B States (Taxation Concessions) Order, 1950 and contemporaneous Sale of Goods Act principles to pre-Constitution/transition-period transactions. It does not determine present territorial nexus, residence, source, place-of-effective-management, goods-and-services tax, export or banking consequences. No current-law or later-treatment clearance was undertaken.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory applicability have not been comprehensively checked; no current-law or citator clearance is represented.

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 original judgment, the governing historical statutes 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.