

Raja Bahadur Kamakhya Narain Singh v. Commissioner of Income-tax, Bihar and Orissa

Civil Appeals Nos. 481 and 482 of 1966

[1970] 2 SCR 163 | 1969-09-01

Historical income tax: investment realisation distinguished from an adventure in the nature of trade.

Indian Income-tax Act, 1922: section 4(3)(vii) and sections 66(2), 66(4)

2-judge bench; unanimous judgment delivered by J. M. Shelat, J. | J. M. Shelat, J. | C. A. Vaidialingam, J.

Assessment years: 1945-46, 1946-47

Historical statutory setting

The decision applies repealed 1922 Act concepts to highly fact-specific wartime transactions; no current capital-gains or business-income result is represented.

Fact and procedural limits

Apply the holding only within the facts, statutory text and procedural posture described in the primary report.

No current-law clearance

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

01 FACTS OF THE CASE

A landholder successively moved inherited Government securities into shares, wartime gold and income-bearing securities. The Tribunal treated large gold gains and gains on Karanpura shares acquired toward management control as trading profits, and the High Court treated that classification as pure fact (SCR pp.163-170; PDF pp.1-8).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Adventure-in-trade classification is mixed fact and law. Resale intent alone is insufficient; conduct, surrounding circumstances and whether assets became stock-in-trade matter. Bulk conversions, nearly four-year sterile gold holding, failure to sell at the wartime peak, compelled bond purchase and a control-motivated share acquisition showed investment rather than dealing (SCR pp.170-176; PDF pp.8-14).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court allowed both appeals, replaced the High Court answers with answers for the assessee and awarded one set of costs (SCR p.176; PDF p.14).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee: the disputed gains were not taxable trading profits on these facts (SCR pp.175-176; PDF pp.13-14).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: classify investment versus trade holistically and preserve documentary evidence of purpose, holding conduct, funding changes and control objectives. The inquiry is mixed law and fact and remains intensely case-specific (based on SCR pp.171-176; PDF pp.9-14).

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

SOURCE & VERIFICATION

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

Full 14-page SCR source asset read in page-preserving text and visually inspected; adjacent-report boundaries were checked.

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Exact source bytes, SHA-256 and 14-page count match catalogue asset 1970_2_163_176; every page was read and visually inspected.

The source verifies the stated case identity, bench, statutory issue and operative order.

No exact source-hash, asset-ID, SCR-citation, docket or same-judgment match was found in the published corpus or reviewed archive.

STATUTORY SCOPE

The decision applies repealed 1922 Act concepts to highly fact-specific wartime transactions; no current capital-gains or business-income result is represented.

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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