

V. Venugopala Varma Rajah v. Commissioner of Income-tax, Kerala

Civil Appeal No. 810 of 1967

[1970] 2 SCR 547 | 1969-09-24

Historical capital-versus-revenue characterization of receipts from clear felling where stumps remained capable of regeneration.

Indian Income-tax Act, 1922: section 4(3)(viii) discussed

3-judge bench; unanimous judgment delivered by J. C. Shah, J.; interim order 13 February and final judgment 24 September 1969. | J. C. Shah, J. | V. Ramaswami, J. | A. N. Grover, J.

Assessment years: 1959-60

Historical statutory setting

The decision applies historical income characterization under the repealed 1922 Act; current agricultural-income, forestry and capital-gains provisions were not checked.

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

The assessee's father received Rs.75,000 for cutting trees on 500 acres. After an initial remand for clearer facts, the Tribunal reported that "clear felling" left six-inch stumps with bark intact; the trees were spontaneous growth and the stumps could regenerate (SCR pp.547-551; PDF pp.1-5).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

Receipts from leaves, fruit, branches or regenerating trunks were income-like because the enduring source remained. Cutting the trunk while leaving living stumps did not necessarily realize part of the landowner's capital. The Court expressly left open treatment where trees and roots are removed once and for all (SCR pp.551-553; PDF pp.5-7).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court held the receipt revenue and dismissed the assessee's appeal with costs (SCR p.553; PDF p.7).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue: the regenerating clear-felling receipt was taxable income on the proved facts (SCR pp.552-553; PDF pp.6-7).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: determine whether the transaction exhausts the income-producing source or harvests a renewable yield. Regeneration was decisive here; modern statutory forestry, agricultural-income and capital-gains rules require separate checks (based on SCR pp.551-553; PDF pp.5-7).

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

SOURCE & VERIFICATION

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

Full 7-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 seven-page count match catalogue asset 1970_2_547_553; 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 historical income characterization under the repealed 1922 Act; current agricultural-income, forestry and capital-gains provisions were not checked.

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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