

S. R. Y. Sivaram Prasad Bahadur v. Commissioner of Income-tax, Hyderabad

Civil Appeals Nos. 1309-1312 of 1968 and connected appeals

[1972] 1 SCR 320 | 1971-08-19

Historical income tax: interim estate-abolition payments were capital compensation, not taxable income.

Madras Estates (Abolition and Conversion into Ryotwari) Act, 1948: sections 3, 39, 41, 44, 50, 54A and 54B | Indian Income-tax Act, 1922: section 66(1)

2-judge bench; unanimous judgment delivered by K. S. Hegde, J. | K. S. Hegde, J. | A. N. Grover, J.

Assessment years: 1953-54, 1954-55, 1956-57, 1958-59

Historical statutory setting

The decision applies repealed income-tax law and the historical Madras estate-abolition scheme; no current compensation rule is represented.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

Former estate holders received interim payments under section 50(2) after their estates vested in the State, while final compensation could take years to determine. Tax authorities treated the recurring, income-measured payments as revenue; the Tribunal treated them as capital compensation (SCR pp.320-325; PDF pp.1-6).

Source: [Primary judgment: facts](#)

02 DISCUSSION BY THE HON'BLE COURT

The Act created distinct advance, interim, total and additional payments and terminated the landholders' rights on notification. The interim amounts compensated recurring loss from taking income-producing assets, not use of a due money debt; measurement by lost agricultural income did not determine character. Final compensation was not yet due and section 50(8) did not make interim payments revenue (SCR pp.323-333; PDF pp.4-14).

Source: [Primary judgment: discussion](#)

03 JUDICIAL DECISION

The Court held the interim payments capital, allowed the appeals and connected writs, prohibited their inclusion and awarded costs with one Supreme Court hearing fee (SCR p.333; PDF p.14).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee under this statutory scheme (SCR pp.332-333; PDF pp.13-14).

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: characterise a payment by the legal source and right it replaces, not its recurrence or income-based measure. Distinguish compensation for taking an asset from interest on a determined debt or maintenance during continued administration (based on SCR pp.330-333; PDF pp.11-14).

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 1972_1_320_333; 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 income-tax law and the historical Madras estate-abolition scheme; no current compensation rule 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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