

M/s. Basti Sugar Mills Co. Ltd. and Ors. v. Commissioner of Income-tax, Delhi & Rajasthan

Civil Appeals Nos. 1364 to 1373 of 1967 — Supreme Court appeal or expressly printed appeal group decided in this judgment and connected proceedings (full list below)

[1972] 1 SCR 887 | 1971-09-24

The Tribunal's supported findings raised no further reference question merely because it had not separately named every witness or receipt.

1922 Act: 66(1) | 1922 Act: 66(2) | 1922 Act: 34(1)(a) (separate referred question)

2 Judges | C. A. Vaidialingam | P. Jaganmohan Reddy

Scope of this decision

Only the refusal to refer questions 1-3; no Supreme Court merits ruling on the separate reopening question.

01 FACTS OF THE CASE

The refusal to require a reference on questions 1-3 was upheld because the Tribunal had considered the material evidence. Three sugar companies claimed deductions for commission paid to a selling company under common control. The assessing authorities found that the supposed agent rendered no services; some direct sub-agent payments received relief. The Tribunal agreed that the mills dealt directly with sub-agents. After it refused four proposed questions, the Delhi High Court directed a reference only on question 4, concerning reopening under section 34(1)(a). The ten Supreme Court appeals challenged its refusal on the three evidentiary questions, not that separate reopening issue.

Source: [SCR888-892: company groups, commission dispute and four questions.](#)

02 DISCUSSION BY THE HON'BLE COURT

Vaidialingam J examined the evidence to test whether material supported the findings and whether those findings could reasonably be reached, not to conduct a fresh factual appeal. Although the Tribunal did not name Ram Sahai Dhir when discussing his testimony, it examined the relationship with his business, Ramdev and Company. A telegram showed direct dealings between that concern and the mills, undermining the asserted intermediary arrangement. Shiv Nand Verma's claim to a 1942 sub-agency conflicted with the alleged agent's appointment only in 1944; the Tribunal had noted why his evidence was unacceptable. Two receipts, unsupported by testimony from the named recipients, lost significance in that setting. Their omission from express discussion did not vitiate the result. The Court reaffirmed Udhavdas Kewalram: the Tribunal must act judicially, consider material evidence both ways and determine the parties' contentions under the relevant law.

Source: [SCR893-895: review standard and specific evidence.](#)

03 JUDICIAL DECISION

The findings were supported by the record and were reasonably available on it. No legal question arose from the three proposed challenges. The High Court's order was confirmed. This did not authorise ignoring genuinely material evidence, and it did not decide the validity of reopening already directed to be referred separately.

Source: [SCR895E-H: judicial duty and no law question.](#)

04 OUTCOME / IN WHOSE FAVOUR

All ten assessee appeals dismissed with one set of costs to the Revenue. No reference was required on questions 1-3; the separate question 4 direction was outside this challenge.

Source: [SCR895H: ten appeals dismissed, costs one set.](#)

05 AKHB REVIEW POINT

Identify the particular omitted material and explain how it could affect the finding. A missing name or unmentioned document is not by itself perversity. Conversely, this decision does not protect findings reached by excluding decisive evidence. Its procedural lesson remains useful, but modern substantial-question requirements differ from the old reference machinery.

Source: [SCR893F and 895C-G: reasonable evidentiary support and materiality.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeals Nos. 1364 to 1373 of 1967 — Supreme Court appeal or expressly printed appeal group decided in this judgment / Income-tax Case Nos. 20-D to 29-D of 1965 — Originating High Court appeal/reference docket; not an additional Supreme Court appeal

APPEAL, HIGH COURT AND ASSESSMENT-YEAR RELATIONSHIPS

1.

Sc: 1364/1967

Hc: 28-D/1965

Assessment year: 1952-53

Company: Basti

2.

Sc: 1365/1967

Hc: 27-D/1965

Assessment year: 1950-51

Company: Basti

3.

Sc: 1366/1967

Hc: 23-D/1965

Assessment year: 1948-49

Company: Basti

4.

Sc: 1367/1967

Hc: 21-D/1965

Assessment year: 1951-52

Company: Basti

5.

Sc: 1368/1967

Hc: 20-D/1965

Assessment year: 1950-51

Company: Nawabganj

6.

Sc: 1369/1967

Hc: 25-D/1965

Assessment year: 1948-49

Company: Nawabganj

7.

Sc: 1370/1967

Hc: 26-D/1965

Assessment year: 1951-52

Company: Nawabganj

8.

Sc: 1371/1967

Hc: 24-D/1965

Assessment year: 1949-50

Company: Nawabganj

9.

Sc: 1372/1967

Hc: 29-D/1965

Assessment year: 1952-53

Company: Punjab

10.

Sc: 1373/1967

Hc: 22-D/1965

Assessment year: 1955-56

Company: Punjab

SOURCE & VERIFICATION

Original reported Supreme Court judgment

9-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All 9 texts/images SCR887-895 full judgment/headnote. Ten SC1364-1373/1967 mapped expressly in p888 table to Delhi20-D-29-D/1965 (jurisdiction line25-D etc); three companies distinct. Reference questions1-3 only dismissed, question4 reopening already directed by HC not merits decision here. s34(1)(c) printed p887/890 differs(a) question4/p891. p889 chronology completion10Mar1950/order21Jun1949 preserved. All evidence discussion and one set costs to respondent read; no adjacent case.

Open cited source rendition

SCR 887 and 890 print 34(1)(c); the actual question 4 atSCR 891 is 34(1)(a).

SCR 889 describes original assessment completion 10 March 1950 but allowance order 21 June 1949; chronology retained, not reconstructed.

Jurisdiction line lists 25-D/1965 etc.; the full table atSCR 888 supplies 20-D through 29-D with ten Supreme Court appeals.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 66(1), 66(2), 34(1)(a) (separate referred question)

Whole 256, displayed 2025, retains a reference route tied to pre 1 October 1998 Tribunal orders. Whole 260 A, displayed 2024(No.2), instead uses substantial questions, formulation and defined appellate powers. An old fact/reference ruling does not itself establish that a modern appeal is inadmissible.

Whole 365(1)-(10), displayed 2026, provides substantial-question appeals, formulation and reasoned further-question powers. The material-evidence principle is useful, but the new appeal route must be applied on its own terms.

The operative historical law remains the basis of the holding. Section 1(3) commences the 2025 Act on 1 April 2026, subject to contrary provision; selected 536 savings preserve earlier operations, liabilities and proceedings. Only exact stated versions/bounds were read, not all savings, amendments, rules or applicable facts. No automatic precedent carryover.

LATER TREATMENT

Source checked 2026-10-08. No specific later judicial treatment is adopted here; comprehensive subsequent history remains unverified.

Comprehensive subsequent history and present-law applicability are not certified.

No claim that later treatment is absent. Authorities discussed inside the primary judgment are source-field content, not later-use evidence.

IDENTIFIED SOURCE LINKS

Income-tax Act,1961: section 256

Official HTML displayed 2025 Complete 256(1)-(3), including(2 A); HTML 38-71. Fresh personal bounded reading of retained official web-tool text. Capture hashes identify the saved rendition, not raw official HTML/PDF bytes. No source-image or whole-Act/current-applicability certification.

Income-tax Act,1961: section 260 A

Official HTML displayed 2024(No.2) Complete 260 A(1)-(7), including(2 A) and(4) proviso; HTML 38-88. Separate 2018 capture not adopted. Fresh personal bounded reading of retained official web-tool text. Capture hashes identify the saved rendition, not raw official HTML/PDF bytes. No source-image or whole-Act/current-applicability certification.

Income-tax Act,2025: section 365

Official HTML displayed 2026 Complete 365(1)–(10), HTML 38–83. Fresh personal bounded reading of retained official web-tool text. Capture hashes identify the saved rendition, not raw official HTML/PDF bytes. No source-image or whole-Act/current-applicability certification.

Income-tax Act,2025: bounded commencement and savings

As amended by Finance Act 2026 1(1)–(3), lines 0–13; 536(1),(2) opening and(a)–(e), lines 24385–24408 including FA 2026 amendment footnote; 536(3)–(4), lines 24597–24601. Not whole 536. Fresh personal bounded reading of retained official web-tool text. Capture hashes identify the saved rendition, not raw official HTML/PDF bytes. No source-image or whole-Act/current-applicability certification.

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