

Hindustan Wires Products Limited v. Commissioner of Income-Tax, Patiala

Civil Appeal Nos. 597–599 (NT) of 1985

[1986] 3 SCR 478 | 1986-08-07

Whether the assessee's insulated copper winding wires were cables within item 7 of the applicable Fifth/Sixth Schedule and qualified its manufacture for the historical development-rebate and priority-industry deductions.

33(1)(iii)(c)(A) (pre-1 April 1968 development rebate) | 33(1)(b)(B)(i) (later development rebate) | 80E (then applicable specified-industry profits deduction) | 80-I (then applicable priority-industry deduction) | 80B(7) (historical priority-industry definition) | Fifth and Sixth Schedules, item 7; item 24 used to construe item 7

Two-judge bench | R.S. Pathak, J. | Sabyasachi Mukharji, J.

Assessment years: 1966-67, 1967-68, 1968-69, 1969-70, 1970-71, 1971-72

Historical item 7 winding-wire decision; other entries and source conflict preserved

This ruling denies the historical benefits for AYs 1966-67 to 1971-72 because these winding wires were not distinct item 7 equipment cables. It does not decide all possible schedule entries or a universal exclusive-use test. The source conflicts on the wires' transmission-use description; no missing word is supplied. Later Krishna Copper notes that item 2 was unargued. All three appeals were dismissed with costs. The former 80E/80-I provisions must not be mapped automatically to later law; comprehensive later treatment and 2025 mapping remain unverified.

01 FACTS OF THE CASE

The assessee manufactured and sold insulated copper wires and claimed the enhanced development rebate and specified/priority-industry profits deductions for AYs 1966-67 to 1971-72. For the first two years it relied on the former section 33(1)(iii)(c)(A) and section 80E; for the later four it invoked section 33(1)(b)(B)(i) and the then section 80-I. The judgment traces the applicable historical schedule changes. The company initially relied on items 7, 17 and 24, but its claim before the Tribunal was pressed under item 7 alone (physical pages 3–7).

The assessing officer and first appellate authority rejected the claim. The Tribunal allowed all six appeals, relying substantially on its favourable decisions for AYs 1964-65 and 1965-66, industrial licences and its conclusion that the manufactured goods had not changed. It clarified that its earlier description of aluminium cables should have referred to copper and aluminium cables. The Revenue obtained references for the six years. The Punjab and Haryana High Court answered both questions against the assessee, taking account of fresh evidence that the products were winding wires used in electrical gadgets (physical pages 7–8).

Three Supreme Court appeals challenged the High Court's judgment of 3 May 1983 in Income Tax Reference Nos. 61, 63 and 64 of 1977. The assessee argued that the High Court had misconstrued the Tribunal's factual findings and invoked Dhandayuthapani Foundry's distinction between common use and exclusive use (physical pages 2 and 8).

Source: See the proposition-specific paragraph and PDF-page references below.

02 DISCUSSION BY THE HON'BLE COURT

The Court read item 7 in the setting of the schedule. It covered equipment for generating and transmitting electricity, including transformers, cables and transmission towers. Item 24 referred to specially fashioned, finished component parts essential to the machinery identified in specified items. Reading the entries together, item 7 contemplated complete, self-contained equipment units which, when connected, formed the apparatus for generation and transmission. A cable within item 7 therefore had to be identifiable as a distinct, complete equipment unit; a mere component or part of a component of another unit was insufficient (physical pages 8 F–9 C).

The Tribunal should not have ignored the fresh evidence gathered by the assessing officer and considered by the first appellate authority. The sales accounts showed winding wires used in coils, armature windings and electrical gadgets. Those goods could not be identified as cables in the sense required by item 7. The earlier favourable assessment findings did not justify disregarding the material concerning the present six years (physical page 9 C–E).

On that classification, the Court found it unnecessary to examine the common-use test suggested from Dhandayuthapani Foundry. It did not announce a universal exclusive-use requirement for every schedule item or decide a standalone entitlement under items 17 or 24. Item 24 was interpretive context for item 7, rather than an independently successful claim (physical pages 7 B–C and 8–9).

The report contains an awkward factual sentence: page 8 describes the High Court's finding that these were not for generation/transmission, while page 9 says the sales were for gadgets and for the purpose of transmission. Both readings are present in the page images. The operative reasoning consistently turns on these winding wires not being distinct equipment cables within item 7; this note does not silently add a missing negative or convert the discrepancy into a broader holding.

Source: See the proposition-specific paragraph and PDF-page references below.

03 JUDICIAL DECISION

Both referred questions were correctly answered negatively, in favour of the Revenue and against the assessee. All three civil appeals were dismissed with costs; the claimed historical benefits failed on the item 7 classification (physical page 9/SCR 486 E–F).

Source: See the proposition-specific paragraph and PDF-page references below.

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the item 7 claim for the six assessment years

Civil Appeal Nos. 597–599 (NT) of 1985 dismissed with costs; negative reference answers upheld

Final reasoned denial of the asserted development-rebate and priority-industry benefits on this product classification

Confined to item 7 and the proved winding-wire goods. Items 17/24 were not independently adjudicated, item 2 was not claimed, and the common-use argument was unnecessary to decide.

Source: See the proposition-specific paragraph and PDF-page references below.

05 AKHB REVIEW POINT

Match the actual goods and the exact entry before treating an undertaking as a priority industry. Product names such as wire or cable, earlier assessment success and broad industrial licences did not replace evidence of what the goods were and how they fitted the entry's equipment structure. The case is useful for reading connected schedule entries together, but it does not establish that all copper wires fail every possible entry or that every industry claim requires exclusive use.

The later Supreme Court decision in Krishna Copper Steel Rolling Mills, 12 November 1991, expressly discussed Hindustan Wire at SCR 194–195. It recognised the item 7 winding-wire result but said that decision was not directly relevant to its metal-entry issue; no item 2 claim had been attempted in Hindustan Wire. That bounded passage reinforces the need to separate an unsuccessful equipment claim from an unargued metal-entry claim. It does not establish that winding wires would have succeeded under item 2, and it is not comprehensive later-treatment certification.

Keep the historical provision versions visible. The judgment itself records deletion of the then section 80-I from 1 April 1973. The labels 80E and 80-I in this decision must not be read as automatically identifying a later provision bearing the same number. The report's conflicting use-description also makes its structural equipment reasoning, rather than an edited factual slogan, the safer statement of the holding. Current law and 2025 mapping remain unverified.

Source: See the proposition-specific paragraph and PDF-page references below.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date and all three appeals

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: SCR 478 A–B; 479 E–H

Source role: reported metadata and judicial text

2.

Topic: Applicable statutory versions and schedule text

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5; 6

Paragraphs: SCR 480 A–483 H

Source role: judicial text

3.

Topic: Six appeal years, initial claims, narrowed item 7 issue and earlier-year history

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: SCR 483 F–484 H

Source role: judicial text

4.

Topic: Reference questions and assessee arguments

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 484 G–485 F

Source role: judicial text

5.

Topic: Item 7 construction, fresh evidence, factual wording conflict and final costs

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 485 F–486 F

Source role: judicial text

6.

Topic: Bounded direct later discussion: item 2 was not argued in Hindustan Wire

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 194 G–195 A; surrounding physical pages 7–10 read

Source role: bounded later judicial discussion

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.S. Pathak, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961 (historical development-rebate and priority-industry provisions)

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Section 34 referenced as a condition in the quoted development-rebate text; no separate contested holding; Fifth/Sixth Schedule item 17 initially claimed, but not the point pressed or decided; Finance Act, 1968 substitution of Sixth for Fifth in the priority-industry definition, and Finance Act, 1972 deletion of the then section 80-I, described in the judgment

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 9 PDF pages; SHA-256

a1872faecbee9ec5c5a9d7d9933ec946b222e00796e694d8ba0a3496500c33fb. Original bytes preserved.

Unnumbered judicial body begins physical page 2/SCR 479 G–H and ends physical page 9/SCR 486 F. Headnotes and appellate metadata precede it; no neighbouring judgment.

Open cited source rendition

The cover uses Hindustan Wires Products Limited; running headings and later judicial citations use Hindustan Wire Products. The public title follows the primary cover, and both name forms were searched for dedup.; All three appeals 597–599 are preserved; the ingestion metadata recorded only appeal 597. Six AYs are in issue, and the earlier two Tribunal years are background.; The judgment quotes development-rebate provisions referring to the Fifth Schedule while separately tracing the priority-industry definition's move from Fifth to Sixth. This is not flattened into a claim that every Fifth Schedule reference was universally replaced.; The then sections 80E and 80-I are historical industrial-profit provisions; no later provision bearing the same number is automatically mapped.; Physical page 8 says not for generation/transmission in the High Court account; page 9's judicial sentence says and for the purpose of transmission. The source scan confirms the tension. The note does not silently insert not.; The operative issue is item 7. Item 24 informs its interpretation; items 17/24 are not separately adjudicated, and Dhandayuthapani Foundry's proposed common-use test was unnecessary to decide.

All six years are expressly identified in the judicial body. AYs 1964-65 and 1965-66 are earlier Tribunal background, not additional Supreme Court appeal years. The report does not allocate each of the six years to an individual appeal number.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 and no present-law certification. Historical substantive and procedural provisions require separate, year-specific verification.

LATER TREATMENT

Source checked 2026-10-04. not_verified. Actual bounded later primary check: CIT, Haryana v. Krishna Copper Steel Rolling Mills, 12 November 1991, [1991] Supp. 2 SCR 187, physical pages 7–10 (direct discussion pages 8–9/SCR 194 G–195 A), plus identity/date at page 1. The later Court distinguishes its metal-entry issue and notes that item 2 was not argued in Hindustan Wire. No exhaustive citing-case, review, overruling or present-law search is claimed.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 9

SHA-256: a1872faecbee9ec5c5a9d7d9933ec946b222e00796e694d8ba0a3496500c33fb

later judgment bounded direct discussion - PDF pages: 16

SHA-256: 10b4deaae2fb7ab76c22e79b1ab4490b74b3124b5b4765eebb420cd4ddca86eb

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