

Commissioner of Income Tax, Madras v. M/s Rambal Private Ltd. etc.

Civil Appeal No. 1286 of 1982 / Civil Appeal Nos. 4003–4004 of 1984 / Civil Appeal No. 5637 of 1995
[1997] Supp 3 SCR 366 | 1997-08-06

Whether machinery installed before 1 April 1970 for listed automobile ancillaries lost the historical 35% development-rebate rate merely because it also manufactured unlisted goods for the same business.

33(1)(a) | 33(1)(b)(B)(i) | 34 (statutory conditions, contextual) | Fifth Schedule, item 20

Two-judge bench | B.N. Kirpal, J. | K.T. Thomas, J.

Assessment years: 1969-70 (reasoned Civil Appeal 1286/1982 only)

Historical 35% rate; four appeals with different costs

Pre-1 April 1970 machinery actually making listed goods did not lose the historic higher rebate by also making other business goods. Other statutory conditions remain. Four appeals were dismissed: Appeal 1286/1982 with costs, the other three without costs; its facts and year are not assigned to the companions. The inspected image says 35%, not the OCR's 3.5%. Current law and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

In the appeal separately reasoned as Civil Appeal 1286/1982, the assessee manufactured nuts, bolts and screws for automobiles within Fifth Schedule item 20, and also articles for other machinery. It claimed 35% development rebate for AY 1969-70 on Rs 2,30,840 machinery cost. The ITO restricted the rate to 20% because the machinery also made unlisted items (physical pages 1–2).

The first appellate authority and Tribunal accepted the claim. The High Court relied on the Tribunal's finding of wholly business use and held that exclusive production of listed goods was unnecessary. The machinery had been installed before 1 April 1970 and actually manufactured the listed goods. The report gives no separate factual narratives for Civil Appeals 4003–4004/1984 and 5637/1995 (physical pages 2–4).

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

02 DISCUSSION BY THE HON'BLE COURT

Section 33(1)(a)'s wholly-for-business requirement was distinct from section 33(1)(b)'s rate condition for machinery installed to manufacture one or more Fifth Schedule articles. Neither the latter language nor its purpose required sole or exclusive manufacture of listed products. On the findings, both the business-use requirement and the listed-production/installation condition were satisfied (physical pages 2–4).

Revenue's construction would preserve the higher rebate if machinery lay idle after making listed items, yet remove it if the same spare capacity made other business goods. The statute did not require that result. The Court therefore upheld the 35% rate despite additional unlisted production; it did not waive ownership, business use, installation timing or the remaining statutory conditions (physical pages 3–4).

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

03 JUDICIAL DECISION

Civil Appeal 1286/1982 was dismissed with costs. Civil Appeals 4003–4004/1984 and 5637/1995 were dismissed for the same reasons, affirming the High Court decisions, but with no order as to costs. Four appeals were thus dismissed with different costs directions; the reasoned appeal's AY and machinery cost are not attributed to the other three (physical page 4).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Assesseees

Four Revenue appeals dismissed; costs in Civil Appeal 1286/1982, no costs in the other three

Final historic-rate ruling permitting additional unlisted business production

Pre-1 April 1970 installation, actual listed manufacture and wholly business use matter; no present-day 35% incentive or universal relaxation of exclusive-use language in other provisions.

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

05 AKHB REVIEW POINT

Separate “wholly used for the business” from “exclusively used for listed articles.” Establish the installation date, listed classification and actual production first. The reasoning rejects an extra exclusivity condition in this wording; it does not license courts or taxpayers to ignore an express exclusivity rule elsewhere.

The Department-hosted 2011 compilation, page 231, editorial footnote 96, records discontinuance for post-31 May 1974 acquisitions/installations with limited transitional exceptions. This is a historical development-rebate decision, not a current incentive-rate ruling. The source caption names Rambal and Appeals 4003–4004/1984, while its full analysis is expressly under Appeal 1286/1982. Keep the report title but attribute the narrated facts to that numbered appeal without inventing its separate party caption.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Caption, actual reasoned appeal, year and machinery cost

Source url: [Open cited source](#)

Pdf pages: 1; 2

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Statutory conditions and no exclusive-listed-use requirement

Source url: [Open cited source](#)

Pdf pages: 2; 3; 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Four appeals, different costs and 35% image verification

Source url: [Open cited source](#)

Pdf pages: 4

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Historical rate and discontinuance limitations

Source url: [Open cited source](#)

Pdf pages: 227; 231

Paragraphs: Section 33(1)(b)(B)(i), section 33(5), editorial footnote 96

Source role: bounded statutory compilation and editorial note

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Order of the Court; no individual author specified

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SCOPE OF THE INCOME-TAX ACT ISSUE

Substantive 1961 act: True

Not 1922 only: True

Basis: The present questions and relief concern the expressly identified 1961 Act provisions; references to the 1922 Act are historical statutory/precedent discussion, not the sole basis of this note.

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(reported judgment\)](#)

Identified source rendition: 4 PDF pages; SHA-256

23e762bb6d5a1ea8f72bf4bf9942fd501d35817a4f305ee3b81556443c5fcad6. Original bytes preserved.

Complete unnumbered judicial order physical pages 1–4/SCR 366–369. Reasoning headed Civil Appeal 1286/1982, followed by disposal of three further appeals; editorial headnote excluded from judicial text.

[Open cited source rendition](#)

The source caption's "etc." encompasses four appeals; the judicial analysis starts with Appeal 1286/1982 and the ending distinguishes it from the three companions.; The report expressly imposes costs in the reasoned appeal and no costs in the others; a blanket no-costs statement would be wrong.; OCR renders a concluding rate as "3.5%"; the inspected page 4 image prints 35%, consistently with the statute and reasoning.; AY 1969-70 and machinery cost Rs 2,30,840 belong to the separately reasoned appeal. No companion years or values are inferred.; The 35%/20% rates are historical; no computation of a current deduction or exact rupee allowance is supplied.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 or present-law certification. Apply the statutory text for the relevant year.

LATER TREATMENT

Source checked 2026-10-04. Comprehensive subsequent judicial treatment has not been verified. Only the expressly identified bounded historical statutory-compilation comparison was checked. No automatic current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 4](#)

SHA-256: 23e762bb6d5a1ea8f72bf4bf9942fd501d35817a4f305ee3b81556443c5fcad6

[bounded historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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