

Commissioner of Income Tax, Bangalore v. Venkateswara Hatcheries (P) Ltd. etc. etc.

Civil Appeal No. 5066 of 1996 and connected civil appeals/special leave petitions (remaining docket numbers not enumerated in this report) / Civil Appeal No. 2596 of 1997

[1999] 2 SCR 177 | 1999-03-24

Whether the scientific hatchery businesses were industrial undertakings manufacturing or producing articles or things for the claimed investment allowance and industrial deductions.

32A | 80HH | 80HHA | 80-I | 80J | 10(27) and 80JJ (historical scheme discussed) | 256(2) | 33(1)(b) and Fifth Schedule (comparison)

Three-judge bench | S.P. Bharucha, J. | V.N. Khare, J. | A.P. Misra, J.

Assessment years: See the source-scope notes; no year inferred.

Hatchery-specific historical ruling; defective printed ending

The Revenue appeals were allowed and assessee CA 2596/1997 dismissed without costs; the printed ending also contains a contradictory duplicated allowance phrase. The final denial concerns 32A/80HH/80HHA/80-I/80J; an isolated printed 80JJ reference is not an additional holding denying poultry relief. Assessment years and all connected docket numbers are not supplied. Historical provisions and the distinct Arihant comparison do not establish current eligibility; comprehensive later treatment remains unverified.

01 FACTS OF THE CASE

The assessees ran poultry farms and hatcheries, hatching eggs on a large scale with scientific and technological methods. They claimed investment allowance under section 32A and deductions under sections 80HH, 80HHA, 80-I and 80J. The Andhra Pradesh and Karnataka decisions challenged by Revenue had followed the Andhra Pradesh ruling in Sri Venkateswara Hatcheries; the separate assessee appeal, CA 2596/1997, arose from the Bombay view in Deejay Hatcheries against the claim (physical pages 3–4).

The assessees relied on controlled storage, fumigation, mechanical incubation, sexing, vaccination and increased output. These were the processes described in their own note reproduced by the Court; the report does not supply individual assessment years, equipment costs or tax computations (physical pages 8–10).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court declined to resolve the issue by selecting a broad dictionary meaning of production. It read the industrial-incentive provisions in their statutory context and against the separate historical treatment of poultry income under section 10(27) and section 80JJ. That legislative distinction supported its conclusion that the hatcheries before it were not industrial undertakings producing articles or things for the claims in issue (physical pages 4–8).

On the stated operations, formation of chicks remained a natural biological process. Mechanical arrangements preserved the eggs, reduced mortality and improved output, but did not make the assessee the producers contemplated by these industrial provisions. The placement of processed seeds and fish in the Fifth Schedule did not compel the same meaning in sections 32A and 80J; statutory context could alter the meaning of identical words. Nor could meanings from sales tax and excise enactments simply be imported. The Court rejected the Andhra Pradesh precedent and approved Deejay Hatcheries (physical pages 10–12).

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

03 JUDICIAL DECISION

The Court held the hatchery businesses ineligible for the claimed section 32A investment allowance and sections 80HH, 80HHA, 80-I and 80J deductions. It set aside the judgments under appeal except the Bombay judgment in CA 2596/1997; Revenue's civil appeals were allowed and the assessee's CA 2596/1997 was dismissed, with no order as to costs. Leave was granted in the special leave petitions at the outset. The final page contains a conflicting duplicated allowance phrase for CA 2596/1997 before its express dismissal; this note reads the result with the preceding exception and does not conceal that defect (physical pages 3 and 12–13).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue in both appeal groups

Revenue appeals allowed; assessee CA 2596/1997 dismissed; no order as to costs

Final historical incentive ruling, with a recorded typographic conflict in the reported disposition

The specified hatchery activities and statutory scheme; not an all-statutes classification of every biological or processing business, and no section 80JJ deduction entitlement was separately determined.

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

05 AKHB REVIEW POINT

Start with the exact incentive provision and the undertaking's actual operations. Improved biological output through machinery was insufficient on these facts. Keep the Court's industrial-incentive conclusion separate from its history of the poultry-specific deduction; the isolated printed reference to 80JJ in an adverse sentence should not be turned into an additional holding denying that deduction.

A bounded comparison with Arihant Tiles (2009), paragraphs 7–8 and 14–20, shows the later Court's activity-specific approach to manufacture/production for processed marble and its reference to the 2009 manufacture definition. That distinct case does not decide hatcheries and is not registered as direct treatment of this judgment. The Department-hosted 2011 compilation records section 80J's omission with retrospective effect from 1 April 1989 and successive omission/reintroduction/omission dates for section 80JJ; those historical checks do not certify current eligibility.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, proceedings, leave and claims

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Historical scheme and contextual approach

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Stated operations and biological-process reasoning

Source url: [Open cited source](#)

Pdf pages: 8; 9; 10

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Fifth Schedule, final relief and disposition conflict

Source url: [Open cited source](#)

Pdf pages: 11; 12; 13

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Bounded activity-specific comparison

Source url: [Open cited source](#)

Pdf pages: 6; 9; 10; 11; 12; 13

Paragraphs: Paragraphs 7–8, 14–20

Source role: bounded later comparison

6.

Topic: Historical omission entries only

Source url: [Open cited source](#)

Pdf pages: 529; 530

Paragraphs: Sections 80J and 80JJ omission entries/footnotes 62–63

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

V.N. Khare, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SPECIFIED LATER CHECKS AND THEIR LIMITS

1.

Kind: judicial comparison not direct treatment

Asset id: 2009_16_21_33

Case: Income Tax Officer, Udaipur v. Arihant Tiles and Marbles (P) Ltd.

Decision date: 2009-12-02

Pinpoints: Paragraphs 7–8 and 14–20; physical pages 6 and 9–13

Finding: Manufacture/production examined on detailed marble-conversion activities under the then section 80IA; production wider than manufacture and 2009 definition discussed. No direct citation of Venkateswara found in the fully read source.

INDIVIDUAL APPEAL UNITS AND DISPOSITION LIMITS

1.

Unit: CA 5066/1996 and connected Revenue appeals, including matters in which leave was granted

Disposition: Allowed; judgments under appeal set aside

Limit: The source does not enumerate every connected docket number; none is invented.

2.

Unit: CA 2596/1997 (assessee appeal from Bombay)

Disposition: Dismissed; Bombay result retained

Source conflict: Page 13 also prints a duplicated contrary allowance phrase; pages 3 and 12 and the express final dismissal establish the intended exception, subject to verification of a cleaner authoritative rendition.

SOURCE & VERIFICATION

Hon'ble Supreme Court source PDF (reported judgment)

Identified source rendition: 13 PDF pages; SHA-256

b50aff3c5c3471debab306a585c5028e1be13eed4592acfdb2bb9e18d37da3f5. Original bytes preserved.

Complete unnumbered judicial text, physical pages 3–13/SCR 179–189; editorial pages 1–2 distinguished. All appeal groups, explicit exception and conflicting printed ending read.

Open cited source rendition

The report refers to relevant assessment years without enumerating the years for the present appeals; historical exemption years discussed are not assigned to the assessees.

The printed final page both duplicates an allowance phrase for CA 2596/1997 and expressly dismisses it. The preceding exception and Bombay appeal posture support dismissal; a cleaner authoritative order should be checked before quoting the operative language verbatim.; The report prints 880J, 88JJ, 88J and, in one adverse sentence, 80JJ; the issue and final list specify 80J. Those defects are preserved, not expanded into a holding on poultry-specific 80JJ relief.; The history on page 5 quotes assessment years commencing 1 April 1965, 1966 and 1967; page 7 refers to exemption from AY 1964-65. No present-appeal assessment years or reconciliation are invented.; The cover uses A.P. Misra, J.; the note follows the image. The report does not enumerate all connected appeals.; Descriptions, output figures and asserted process advantages in the assessee's note are attributed submissions, not a separately quantified scientific finding.; Arihant Tiles is a bounded comparison on different activities and provisions, not a verified overruling, affirmance or direct application of Venkateswara.

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 and statutory treatment has not been verified. Only the expressly registered bounded primary-source comparisons and historical statutory checks have been performed. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

reported judgment - PDF pages: 13

SHA-256: b50aff3c5c3471debab306a585c5028e1be13eed4592acfdb2bb9e18d37da3f5

bounded comparison judgment - PDF pages: 13

SHA-256: 41153cbafa29696c2866cf9d87430a51ca4ba5b312ea8e96a9eec1e0360fdf27

official department hosted historical statutory compilation - PDF pages: 1251

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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