

Orissa State Warehousing Corpn. Etc. v. Commissioner of Income Tax

Civil Appeal No. 3476 of 1993 / Civil Appeal Nos. 4042–4048 of 1994

[1999] 2 SCR 383 | 1999-04-01

Whether historical section 10(29) exempted the corporations' entire integrated income, including bank interest and procurement/service receipts, or only income derived from letting godowns or warehouses for the specified purposes.

10(29) (historical) | 256(1)

Two-judge bench | M. Srinivasan, J. | Umesh C. Banerjee, J.

Assessment years: 1983-84 (Orissa appeal), 1974-75 to 1982-83 (range printed for Rajasthan references; no one-to-one appeal/year mapping supplied)

Historical source-specific exemption; eight appeals and source conflicts

All eight appeals failed on the claimed exemption scope. This was not an entity-wide exemption: the receipt had to arise from the specified letting activity. The Rajasthan High Court's limited qualification for other sources remains distinct from a fresh Supreme Court remand. The source prints inconsistent interest paise and an additional phrase in its statutory quotation; no tax computation is reconstructed. Section 10(29) was omitted from 1 April 2003 in the checked historical compilation. Current law, 2025 mapping and comprehensive later treatment remain unverified.

01 FACTS OF THE CASE

Eight assessee appeals from Orissa and Rajasthan were heard together. In Civil Appeal No. 3476 of 1993, Orissa State Warehousing Corporation received fixed-deposit interest of Rs 1,74,383 for AY 1983-84 and paid bank interest of Rs 1,08,063. The AO added the difference of Rs 66,320. CIT(A) upheld the addition, the Tribunal allowed exemption, and the Orissa High Court answered the exemption question for Revenue without separately answering the consequential business-income question (physical pages 3–4).

The seven Rajasthan appeals, Nos. 4042–4048 of 1994, concerned the printed reference-year range 1974-75 to 1982-83. The Tribunal treated warehousing, procurement for government/FCI, interest and other services as one integrated exempt activity. Its reproduced accounts include warehousing charges Rs 51,06,433.65, procurement administrative overhead Rs 11,06,034.33, fumigation Rs 6,538.85, interest Rs 11,41,350.23 and miscellaneous income Rs 48,253.49. An earlier quoted passage also lists supervision charges of Rs 23,790.67 and prints one interest figure as Rs 11,41,350.25. These are source figures, not a reconciled computation (physical pages 8–14).

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

02 DISCUSSION BY THE HON'BLE COURT

Section 10(29) tied the exemption to income derived from letting godowns or warehouses for storage, processing or facilitating the marketing of commodities. The authority's status and statutory banking arrangements did not turn bank-deposit interest into income from that specified source. Treating all activities as integrated could not remove the statutory source limitation (physical pages 4–8 and 16–19).

The Court rejected the attempt to read “facilitating the marketing” independently of letting. It distinguished *South Arcot*, where the substance of the proved agreement showed remuneration for godown use and the remaining services were incidental; that agreement was not before the Court in these appeals. Decisions concerned with whether a corporation was a qualifying authority did not resolve whether these particular receipts had the required source. The Tribunal's broad exemption conclusion was a legal opinion open to correction, not an unassailable factual finding (physical pages 11–17).

The Rajasthan High Court had left the Tribunal free to examine sources other than those already considered and decide whether they actually arose from letting for the statutory purposes. That qualification is reproduced on physical page 9. The Supreme Court rejected blanket exemption and dismissed the appeals; it did not itself calculate each remaining item or issue a fresh general remand.

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

03 JUDICIAL DECISION

All eight assessee appeals were dismissed, with no order as to costs. The adverse High Court conclusions on the claimed blanket exemption were left standing. The judgment did not supply a new assessment computation, assign each Rajasthan appeal to a particular year, or separately answer the Orissa reference's second question (physical pages 3–4, 8–9 and 19).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on the contested exemption scope

Eight assessee appeals dismissed; no order as to costs

Final interpretation of the historical source-specific exemption on the presented records

No entity-wide exemption or exemption for every activity facilitating marketing. Actual letting receipts and the Rajasthan High Court's limited source-by-source qualification must remain distinct from the rejected integrated-income claim.

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

05 AKHB REVIEW POINT

Trace each receipt to its legal and commercial source. Statutory corporate status, a bank-deposit requirement and a useful relationship with warehousing do not alone establish that income is derived from letting. The substance of a proved storage agreement can matter, but the different record in a cited case cannot supply missing evidence here. Do not turn the Orissa net addition into a generally approved interest-netting formula.

Bounded statutory comparison: the Department-hosted 2011 compilation, physical page 138/printed 1.97, expressly records omission of section 10(29) by the Finance Act 2002 with effect from 1 April 2003. The case therefore explains a historical exemption; it does not establish an available present exemption or decide another deduction provision. Comprehensive later treatment and any Income-tax Act, 2025 correspondence remain unverified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, eight-appeal scope, Orissa year and interest addition

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3; 4

Paragraphs: Unnumbered judicial text

Source role: reported metadata and judicial text

2.

Topic: Statutory banking argument and printed section quotation

Source url: [Open cited source](#)

Pdf pages: 4; 5; 6; 7; 8

Paragraphs: Unnumbered judicial text

Source role: judicial text

3.

Topic: Rajasthan appeals, year range and limited residual-source qualification

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: Unnumbered judicial text

Source role: judicial text

4.

Topic: Quoted figures, legal-character finding and account table

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12; 13; 14

Paragraphs: Unnumbered judicial text

Source role: judicial text

5.

Topic: Source limitation, precedent distinctions and all-appeal dismissal

Source url: [Open cited source](#)

Pdf pages: 15; 16; 17; 18; 19

Paragraphs: Unnumbered judicial text

Source role: judicial text

6.

Topic: Bounded check of section 10(29) omission

Source url: [Open cited source](#)

Pdf pages: 138

Paragraphs: Section 10(29) omission entry and footnote 70; printed page 1.97

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

Umesh C. Banerjee, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

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

Identified source rendition: 19 PDF pages; SHA-256

2e57afdafda2d6f9871ede5baf6f0cfce613a5ca03f73163333b8efd2a1cf93c. Original bytes preserved.

Complete unnumbered judicial text physical pages 3–19/SCR 385–401, with headnote on pages 1–2 and embedded Tribunal, High Court and precedent extracts distinguished.

[Open cited source rendition](#)

The lead appeal concerns AY 1983-84; the Rajasthan reference range is printed as 1974-75 to 1982-83 for seven appeals. No missing year or appeal allocation has been invented.; The source's section 10(29) quotation on page 6 and headnote on page 1 contain an additional phrase about letting out commodities. The operative reasoning repeatedly confines the relevant exemption to letting godowns/warehouses. The duplicated wording is preserved as a source caution, not adopted as an additional exemption.; The quoted Tribunal text prints interest as Rs 11,41,350.23 on page 10, Rs 11,41,350.25 on page 11, and the account table returns to Rs 11,41,350.23 on page 14. Supervision charges appear in the quoted discussion but not as a separate line in that table. No figures are silently reconciled.; Orissa's second referred question was not answered separately by its High Court; the Supreme Court does not supply a freestanding head-of-income or interest-netting holding.; The Rajasthan High Court's qualification for other unexamined sources is not a new Supreme Court remand or a restoration of blanket exemption.; South Arcot, U.P. Warehousing and other precedents are considered as quoted/discussed within this judgment only; their complete originals and subsequent treatment were not independently checked in this batch.

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 identified bounded comparisons have been checked. No current-law or Income-tax Act, 2025 mapping is certified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 19](#)

SHA-256: 2e57afdafda2d6f9871ede5baf6f0cfce613a5ca03f73163333b8efd2a1cf93c

[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.

PROFESSIONAL DISCLAIMER

General research information only; not legal or tax advice, a certified judgment or a substitute for the full order. Applicability depends on facts, assessment year, statutory version and jurisdiction. Subsequent treatment is unverified unless identified sources are expressly stated. Downloading does not create a professional engagement. Obtain case-specific advice before reliance.