

Singh Hai Rakesh Kumar v. Union of India and Others

Civil Appeal Nos. 15619-15620 of 1996

[2000] Supp. 5 SCR 111 | 2000-11-28

Capital gains on agricultural land within municipal limits and Parliament's power to define agricultural income

Income-tax Act, 1961: sections 2(1A), 2(14)(iii) and 45 | Constitution of India: article 366(1), Seventh Schedule entries 46 of List II and 82 of List I

Three-judge bench; judgment delivered by S. P. Bharucha, J. | S. P. Bharucha, J. | Doraiswamy Raju, J. | Ruma Pal, J.

Assessment years: 1981-82, 1983-84

Historical territorial rule

The municipal-area test and statutory wording must be checked for the relevant assessment year; this note does not reproduce or certify the present definition.

01 FACTS OF THE CASE

For assessment years 1981-82 and 1983-84, the assessee sold agricultural lands situated within the municipal limits of Bina. The Income-tax Officer charged capital gains and the first appellate authority agreed. The Tribunal held the profit was not capital gains, but the Madhya Pradesh High Court rejected that view and also dismissed the assessee's constitutional challenge to the relevant definitions (SCR pp.111-113; PDF pp.1-3).

Source: [Primary judgment: facts and questions](#)

02 DISCUSSION BY THE HON'BLE COURT

Article 366(1) defines agricultural income by general reference to enactments relating to Indian income-tax, not by freezing the 1922 Act's definition as at commencement of the Constitution. Parliament could therefore define agricultural income in the income-tax enactment then in force. Income from transferring land within the specified municipal or notified areas fell outside the relevant definition of agricultural income and within the capital-asset regime. The challenged amendments to sections 2(1A) and 2(14) were within Parliament's competence (SCR pp.113-116; PDF pp.3-6).

Source: [Primary judgment: constitutional and statutory analysis](#)

03 JUDICIAL DECISION

The Court upheld the High Court. The gains from the land sales within Bina municipal limits were chargeable to capital gains tax under section 45, and the appeals were dismissed with costs (SCR p.116; PDF p.6).

Source: [Primary judgment: decision](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue. The assessee remained liable to capital gains tax on the two urban agricultural-land sales, and the constitutional challenge failed.

Source: [Primary judgment: outcome](#)

05 AKHB REVIEW POINT

AKHB analysis: do not treat agricultural use alone as conclusive for capital-gains exclusion. Identify the assessment year, the land's precise municipal or notified location, the population and distance rule then applicable, and the statutory definition in force. The constitutional holding supports Parliament's definitional competence, but present taxability still depends on current facts and text.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

[Supreme Court Reports scan - public eSCR mirror](#)

Complete six-page SCR report read in page-preserving text and every page image inspected.

[Open cited source rendition](#)

Exact catalogue SHA-256 and six-page count verified; every page was read and visually inspected.

The report verifies the title, two appeals, three-member bench, assessment years, constitutional issue and dismissal with costs.

No exact source or identity duplicate was found in the published corpus, reviewed archive or disposition register.

STATUTORY SCOPE

The result applies the definition and territorial criteria then in force, including amendments described in the judgment. Current statutory text, notifications and later treatment require separate verification.

LATER TREATMENT

Source checked 2026-10-11. Later judicial treatment and current statutory or notification status were not comprehensively checked; no current-law or citator clearance is represented.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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General legal and tax research only; not legal or tax advice. Verify the original judgment, the applicable assessment-year definition, notifications and later treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.