

Nawn Estates (P) Ltd. v. CIT, West Bengal

Civil Appeals Nos. 1760-1963 of 1971 — Printed appeal range retained literally; appears anomalous but exact ink is clear, and no inferred replacement range is supplied

[1977] 1 SCR 798 | 1976-10-14

For section 23A(1) and Explanation 2(i) of the Indian Income-tax Act, 1922, a business consisting mainly of holding investments included this company's investment in rented house property. "Investment" bore its ordinary business meaning; it was not restricted to shares, debentures, stocks and securities by importing Companies Act definitions (SCR 801-804, 810).

Indian Income-tax Act, 1922 | 1922 Act: 23A(1) | 1922 Act: Explanation 2(i) to section 23A

2-judge bench | H.R. Khanna, J. | Jaswant Singh, J.

01 FACTS OF THE CASE

Decided 14 October 1976, with one judgment by Jaswant Singh J. for himself and Khanna J., from Calcutta High Court's 9 February 1971 decision in ITR 90 of 1967. The supplied SCR report prints Civil Appeals "1760-1963 of 1971"; that anomalous range is retained as unresolved rather than silently corrected. Assessment years were 1955-56, 1956-57, 1957-58 and 1959-60. The family-owned company conceded that buying and letting property were among its objects and that property generated its principal income (SCR 800-801).

Source: [SCR 798-810; physical PDF pages 1-13](#)

02 DISCUSSION BY THE HON'BLE COURT

The tax statute neither defined the term narrowly nor adopted the definition in the Companies Acts of 1913 or 1956. Context and the ordinary commercial understanding supported a wider meaning. Analogous English decisions and the development of the undistributed-profits regime confirmed that passive property investment was included. The discussion concerned the "holding," rather than "dealing," limb of the statutory expression (SCR 801-810).

Source: [SCR 798-810; physical PDF pages 1-13](#)

03 JUDICIAL DECISION

For section 23A(1) and Explanation 2(i) of the Indian Income-tax Act, 1922, a business consisting mainly of holding investments included this company's investment in rented house property. "Investment" bore its ordinary business meaning; it was not restricted to shares, debentures, stocks and securities by importing Companies Act definitions (SCR 801-804, 810).

Source: [SCR 798-810; physical PDF pages 1-13](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue The company's appeals were dismissed, sustaining the High Court's answer for the Revenue. No order as to costs was made (SCR 810). The headnote's statement that the Tribunal restored the assessing officer conflicts with the judgment's account that the Revenue failed before the Tribunal; the latter account is used with this warning (SCR 798, 800). Historical income-tax issue decided with the qualifications stated in this note No current-law or comprehensive later-treatment certification.

Source: [SCR 798-810; physical PDF pages 1-13](#)

05 AKHB REVIEW POINT

The operative rule is the historical 1922 section 23A. The account of 1961 Act sections 104 and 109 and subsequent Finance Act amendments supplies legislative context rather than a current-law holding. No present 2025 equivalence or later judicial treatment is asserted.

Source: supplied SCR report, [1977] 1 SCR 798-810. The report year does not replace the printed 1976 decision date; historical rate descriptions are not present tax rules. The anomalous docket and conflicting procedural summary remain flagged.

Source: [SCR 798-810; physical PDF pages 1-13](#)

ASSESSMENT YEARS AND LIMITS

Years: 1955-56; 1956-57; 1957-58; 1959-60

Qualification: Only the assessment years material to the issue described are listed.

REPORTED CITATION

Supplied SCR report citation; no machine-generated neutral citation substituted.

SOURCE & VERIFICATIONOriginal reported Supreme Court judgment

Unchanged supplied SCR report; catalog identifies a CC-BY-4.0 public eSCR mirror. Not represented as a separately fetched official signed PDF. Pinpoints identify the supplied reported judgment. The editorial headnote and counsel submissions are distinguished from the Court's reasons; specific source defects and issue limits are stated in the note.

Open cited source rendition

SCR 800 literally prints Civil Appeals 1760-1963 of 1971; that anomalous range remains uncorrected. The headnote's Tribunal outcome differs from the body at SCR 800. Legislative rate history is not current law.

STATUTORY SCOPE

Indian Income-tax Act, 1922. The historical operative enactment is identified. Source-discussed 1961 provisions are contextual unless expressly stated; no 2025 mapping is asserted.

LATER TREATMENT

Source checked 2026-10-09. Subsequent appeals, review proceedings, stays, reversals and later treatment have not been comprehensively checked. This is not a citator status certificate.

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