

Commissioner of Income-tax, Haryana

Vs

M/s. Krishna Copper Steel Rolling Mills, Jagadhri

Civil Appeal No. 1404 (NT) of 1979 with Civil Appeal Nos. 1801 to 1804 of 1984 and 6254 (NT) of 1990

(V. Ramaswami-II, S. Ranganathan, N. D. Ojha JJ)

12.11.1991

JUDGEMENT

RANGANATHAN, J. :-

1. These appeals involve a common question and hence can be disposed of by a common order. The respondent assesseees are steel rolling mills engaged in the manufacture of M. S. (mild steel) rods, bars or rounds. The question for consideration is whether they are entitled to a higher rate of development rebate specified in S. 33(1)(b) (B)(i)(a) and to relief under S. 80 I (as it stood at the relevant time) of the Incometax Act, 1961. The answer to this question entirely turns on whether the assesseees are engaged in the manufacture or production of any one or more of the articles or things specified in the relevant Schedule to the Act. The y claim that the articles manufactured by them fall under item 1 of the list of articles and things set out in the relevant Schedule which reads :

"Iron and Steel (Metal), ferro-alloys and special steels."

This contention was rejected by the Income tax Officer but has been accepted by the Appellate Assistant Commissioner, the Tribunal and the High Court. Hence these appeals by the Revenue.

2. It has been brought to our notice that there is a difference of judicial opinion on this issue among the High Courts. The Calcutta High Court in *Indian Steel and Wire Products Ltd. v. Commr. of Income-tax* (1977) 108 ITR 802: (1977 Tax LR NOC 23) and the Allahabad High Court in *Commr. of Income tax v. Kay Charan Pvt. Ltd.*, (1991) 190 ITR 190 have answered the question in the negative and against the assessee. On the other hand, the Kerala High Court in *C.I.T. v. Mittal Steel Re-rolling and Allied Industries (P) Ltd.* (1977) 108 ITR 207 and *C.I.T. v. West India Steel co. Ltd.* (1977) 108 ITR 601 (FB), the Madras High Court in the judgment under appeal, reported as *Addl. Commr. of Income-tax v. Trichy Steel Rolling Mills Ltd.* (1979) 118 ITR 39 : (1979 Tax LR 698), the Punjab and Haryana High Court in *C.I.T. v. Krishna Copper and Steel Rolling Mills* (1979) 119 ITR 256: (AIR 1979 Punj & Har 79) (hereunder appeal) and *C.I.T. v. Ludhiana Steel Rolling Mills* (1989) 180 ITR 155 : (1990.Tax LR 49) and the Allahabad High Court in *Singh Engineering Works Pvt. Ltd. v. C.I.T.* (1979) 119 ITR 891:(1978 Tax LR 645) have taken a view in favour of the assessee. This controversy needs to be resolved.

3. It may be useful, at this stage, to refer to three decisions of this Court, the decisions or observations in which have influenced the High Courts:

(1) The first of these is *State of Madhya Bharat v. Hiralal* (1966) 17 STC 313 : (AIR

1966 SC 1546). This case arose under the Madhya Bharat Sales tax Act. Under Section 5 of the said Act, two notifications had been issued. The first notification exempted from sales tax certain listed goods, one of which was "iron and steel", while the second notification specified the rates and stages for levy of sales tax on a number of articles, one of which was..... goods prepared from any metal other than gold and silver". Hiralal, who owned a re-rolling mill, purchased scrap iron locally and imported iron plates from outside and, after converting them into bars, flats and plates in his mills, sold them in the market. He claimed exemption under the first of the above notifications. This claim was upheld by this Court. The judgment of the Court is a short one, the relevant paragraph of which reads as follows (at p. 1547 of AIR):

"Learned counsel for the State contends that the expression "Iron and Steel" means iron and steel in the original condition and not iron and steel in the shape of bars, flats and plates. In our view, this contention is not sound. A comparison of the said two Notifications brings out the distinction between raw materials of iron and steel and the goods prepared from iron and steel; while the former is exempted from tax, the latter is taxed. Therefore, iron and steel used as raw material for manufacturing other goods are exempted from taxation. So long as iron and steel continue to be raw materials, they enjoy the exemption. Scrap iron purchased by the respondent was merely re-rolled into bars, flats and plates. They were processed for convenience of sale. The raw materials were only re-rolled to give them attractive and acceptable forms. They did not in the process lose their character as iron and steel. The dealer sold "Iron and steel" in the shape of bars, flats and plates and the customer purchased "iron and steel" in that shape. We, therefore, hold that the bars, flats and plates sold by the assessee are iron and steel exempted under the Notification. The conclusion arrived at by the High Court is correct.

(2) The second decision referred to is *Devidas Gopal Krishnan v. State of Punjab* (1967) 20 STC 430: (AIR 1967 SC 1895). Here, one batch of appellants before the Court carried on business in rolling steel. They purchased steel scrap and steel in gots and converted them into rolled steel sections. They contended that the levy of a purchase tax on the steel scrap and ingots side by side with a sales tax on the rolled steel sections constituted double taxation of the same commodity contrary to the provisions of S. 15 of the Central Sales Tax Act, 1956. This contention was rejected. It was held that the process by which the steel scrap (or ingot) lost its identity and became rolled steel sections was a process of manufacture and that, since the goods purchased and those sold were different, no question of double taxation arose.

(3) The third decision, *Hindustan Aluminium Corporation Ltd. v. State of U.P.* (1981 48 STC 411 : (AIR 1981 SC 1649) involved the interpretation of certain notifications issued under Section 3-A(2) of the U.P. Sales Tax Act, 1948. The two notifications with which the Court was concerned prescribed rates of tax at which certain goods were taxable. Item No. 6 in the notification of 1973 described the goods as:

"All kinds of minerals and ores and alloys except copper, tin, zinc,

nickel or alloy of these metals only."

Item No. 1 of the second notification read:

All kinds of minerals, ores, metals, and alloys including sheets and circles used in the manufacture of brass wares and scraps containing only any of the metals, copper, tin, zinc, or nickel except those included in any other notification issued under the Act."

The appellant Corporation, which carried on the business of manufacturing and dealing in aluminium metal and various aluminium products, claimed the benefit of these notifications for its products. The High Court held that, while aluminium ingots, wire bars and billets would fall in the category of "metals and alloys", rolled products prepared by rolling ingots and extrusions manufactured from billets must be regarded as different commercial commodities from the ingots and billets and therefore outside the category of "metals and alloys". Such rolled products included plates, coils, sheets circles and strips. The extrusions were manufactured in the shape of bars, rods, structural tubes, angles, channels and different types of sections. This conclusion was upheld by this Court. The Court referred to the history of the notifications issued by the State Government from time to time in this behalf and came to the conclusion that the inference was irresistible that when such a notification referred to a metal, it referred to the metal in the primary or original form in which it was saleable and not to any subsequently fabricated form. The Court rejected the contention that the word "all" used in the notification in referring to "all kinds of minerals, ores, metals and alloys", should be given its fullest amplitude so as to include even subsequently fabricated forms of the metal. The Court felt that this construction was inconsistent with the scheme of the earlier notifications to which reference had been made and observed (para at p. 1652 of AIR 1981 SC 1649):

"While broadly a metal in its primary form and a metal in its subsequently fabricated form may be said to belong to the same genus, the distinction made between the two constitutes a dichotomy of direct significance to the controversy before us."

After referring to its earlier decisions in *State of M.P. v. Hiraial* (1966) 17 S.T.C. 313: (AIR 1966 SC 1546), *Devi Dass Gopal Krishnan v. The State of Punjab* (1967) 20 S.T.C. 430 : (AIR 1967 SC 1895) and *State of Tamil Nadu v. Pyarelal Malhotra* (1976) 37 S.T.C. 319: (AIR 1976 SC 800), the Court concluded (para 18, at p. 1653 of AIR 1981 SC 1649):

"We are of the definite opinion that the only interpretation possible is that aluminium rolled products and extrusions are regarded as distinct commercial items from aluminium ingots and billets in the notification issued under the U.P. Sales Tax Act."

4. The above decisions were rendered in the context of the Sales Tax Act and notifications thereunder. They, however, bring out two points. First, they make it clear that there is a real and clear dichotomy between "Iron and Steel" and "products or goods made of iron and steel" and, indeed, between any metal as such and the products or goods fabricated therefrom. This is also clear from the various entries in the relevant schedules under the Income-tax Act itself. For instance, Item 2 in the List is : "Aluminium, copper, lead and zinc (metal). While ingots and sheets manufactured from scrap have been held to fall under item 2, finished commercial products like aluminium pigments, aluminium articles and aluminium caps have been held to fall outside it. See *C. I.T. v. Rashtriya Metal Industries Ltd.* (1983) 142 I.T.R. 306 (Bombay), a case under the Companies' (Profits) Surtax Act, 1964; *Indian Aluminium Co. Ltd. v. C.I.T.* (1980) 122 I.T.R. 660 (Cal) and

(1983) 140 I.T.R. 114 :(1982 Tax LR 1470) (Cal); Jeewanlal (1929) Ltd. v. C.I.T. (1983) 142 I.T.R. 460 (Cal) and C.I.T. v. Fitwell Caps P. Ltd. (1986) 159 I.T.R. 454 : (1986 Tax LR 678) (Kant). So also, Item 7 refers, inter alia, to "cables" which is only a type of thick copper wire used for the transmission of electricity. It has been held that insulated copper wires of a type known as winding wires will not fall under item 7 as they are not used for the above purpose and that an industry engaged in its manufacture is not an industry eligible for the reliefs of the kind presently under consideration : See Hindustan Wire Products v. C.I.T. (1986) 161 I.T.R. 749 : (AIR 1987 SC 566). This decision is of no direct relevance here except to point out that no attempt was made in the case to contend that they will fall under item 2 of the Schedule which covers "aluminium, copper, lead and zinc (metals)". Item 11 in the Schedule refers to "steel castings and forgings and malleable iron and steel casting". The expressions "casting" and "forging" refer to processes used in the manufacture or production of articles of iron and steel and also mean, particularly when used in the plural, the articles produced by the process (vide : Glossary of Terms published by the Bureau of Indian Standards and relating to Iron and Steel : Part VI, "Forging"). Item 21 which refers to "Seamless Tubes" also furnishes a similar indication. There is, therefore, a distinction between the article or thing referred to in the Schedule as "iron and steel (metal)" and articles or things manufactured from "iron and steel". Secondly, the decision in State of M.B. v. Hiralal (1966) 17 STC 313 : (AIR 1966 SC 1546) shows that even the expression "iron and steel" - which is wider than the expression we are concerned with as it is not further qualified by the word "metal" was held to mean iron and steel used as raw material for the manufacture of other goods. The Court held that bars, flats and plates only represented such raw-material in attractive and acceptable forms. Sri Gauri Shankar, for the Revenue, contended that the use of the appellation "metal" in the entry we are concerned with further restricts the nature of the qualifying industry but we are not inclined to agree. Obviously it is not used to denote the metal in its pristine form as an ore or as an extraction from the ore. In the context of a manufacturing industry it is used, we think, for emphasising the distinction between the metal used as a raw material in the manufacture of various articles and the commercial articles made therefrom. We would, therefore, attach the same meaning to the expression as Hiralal (AIR 1966 SC 1546) (supra) did. In that case, the Court held that the bars, flats and pieces turned out by the assessee from the scrap metal were not products manufactured from the raw material but only represented the raw material rolled out in attractive and acceptable forms. Per contra, in Devidass Gopal Krishnan (1967) 20 S.T.C. 430: (AIR 1967 SC 1895) rolled steel sections were held to be products manufactured from steel scrap and ingots. But that will not be conclusive here because the relevant provisions here contemplates something manufactured out of iron ore or iron scrap. The question really therefore is: having regard to the nature of the iron and steel industry and its processes do M.S. bars, rods and round represent the raw material for the manufacture of articles of iron and steel or are they themselves articles made of iron and steel?

5. For deciding the above issue, learned counsel on both sides have placed before us a good deal of literature about the iron and steel industry as well as the glossary of terms used therein:

(a) A succinct summary of the processes involved, illustrated by a figurative chart, is given in the very first page of "The Making, Shaping and Treating of Steel", edited by Lankford and others (10th Edition), page 1. It is unnecessary to set out the process in detail here except to note that molten pig iron coming out of the blast furnace and iron scrap are fed into steel making furnaces, wherefrom by a basic oxygen process or electric process or open-hearth process, molten steel is ladled out into moulds to form ingots. There are three stages in the manufacture of steel:

(i) the first stage when ingots are obtained by tapping and then

teeming the molten steel into rectangular moulds;

(ii) the second stage where semi-finished steel is cast in the form of blooms, billets and slabs by reheating the ingots to an appropriate temperature and rolling or forging them into shapes; and

(iii) the production from blooms, billets and slabs again by processes of hot rolling, cold rolling, forging, extruding, drawing etc. - of finished steel products: bars, plates, structural shapes, rails, wire, tubular products, coated and uncoated sheet etc. all in the many forms required by users of steel.

The third of the processes involves heating the blooms, billets and slabs in heating furnaces and then processing them through various types of mills: (See Table below)

(i) Structural mills : for obtaining structural shapes like beams, angles, tees, zees, channels, piling etc.;

(ii) Rail mills : for producing standard rails, crane rails and joint bars;

(iii) Bar mills : for producing bars which may be flat, round, half-round, triangular, square, hexagonal or octagonal;

(iv) Seamless pipe mills, skelp mills and continuous Butt-weld pipe mills : for producing pipes and tubes and other tubular products;

(v) Plate mills : for manufacturing plates; and

(vi) Hot strip mills and cold reduction mills : for producing sheets, strips and coils.

(b) The Explanatory Notes to Chapter 72 (Iron and Steel) of the Harmonised Commodity Description and Coding nomenclature (HCCN) are also on the same lines. The chapter covers the ferrous metals (pig iron, spiegel-eisen, ferro-alloys and other materials) as well as certain products of the iron and steel industry (ingots and other primary products and the principal products derived therefrom) of iron or non-alloy steel, of stainless steel and of other alloy steel. It is pointed out that iron ore, waste, scrap metal, pre-reduced iron ore and other ferrous waste is converted by reduction in blast furnaces or electric furnaces into pig iron or sponge iron or lump iron. Electrolysis or other chemical processes are used only when iron of exceptional purity is required for special use. Most of the pig iron is converted into steel in steel works but some are used in foundries (iron works) for manufacture of ingot moulds, cast iron tubes and pipes and castings and the remainder are cast in to the forms of pigs or blocks, in casting machines or sand-beds or produced in the form of irregularly shaped lumps (plate iron) or granulated. Pig iron, cast iron, sponge iron, waste and scrap constitute the primary steel making materials. Steel making processes are either pneumatic or hearth processes and the steel produced by these and other processes are classified in various ways. Although molten steel may be cast (in foundries) into its final shape in moulds (steel castings), most molten steel is cast

into ingots in moulds. At the casting, pouring and solidification stages, steel is classified as 'rimming' or effervescent, 'killed' or non-effervescent and semi-killed or balanced steel. After they have solidified and their temperature has been equalised, the ingots are rolled into semi-finished products (blooms, billets, rounds, slabs, sheet bars) on primary cogging or roughing mills (blooming, stabbing etc.) or converted by drop hammer or on a forging press into semi-finished forgings. Semi-finished products and, in certain cases, ingots are subsequently converted into finished products. These may be flat products (such as wide flats, universal plates, wild coil, sheets, plates and strip) or long products (such as bars and rods, hot rolled, in irregularly wound coils, other bars and rods, angles, shapes, sections and wire). These products are obtained by plastic deformation, hot or cold. The hot processes are hot-rolling, forging or hot-drawing and the cold processes are coldrolling, extrusion, wire-drawing, bright drawing, centreless grinding or precision turning. The chapter proceeds to classify the various products in considerable detail.

(c) Reference has also been made to the tariff classifications under the Central Excises and Salt Act, 1944 and the Central Excise Tariff Act, 1975. Our attention was also invited to the Specification and Glossary prepared for the Bureau of Indian Standards by expert Products Sectional Committees on the subject of Iron and Steel. Extracts were also furnished from the New Encyclopaedia Britannica Macropaedia (15th Edn., Vol. 21), Webster's Third New International Dictionary, the Encyclopaedia of Chemical Technology by Kirk Othmer (3rd Edn., Vol. 21) and a book on small-scale steel making by R.D. Walker. We do not, however, propose to discuss these extracts and definitions as we do not think they can assist us in coming to any conclusion on the issue before us.

6. Basically the argument of counsel proceed on the following lines:

Sri Ramachandran, learned counsel appearing for the assessee, contends that, in the steel making industry, the manufacture of ingots, billets, blooms, etc. represents only an intermediate stage at which the iron and steel metal becomes semi-finished steel. The semifinished steel is converted into plates, bars or rods which are described as "finished steel. According to him, the bars, rods and rounds continue to be iron and steel in a finished form. It is only finished steel that is subsequently used to manufacture, by various processes such as rolling, cutting, shearing, forging, hammering and so on into various kinds of products, which can be described as products of iron and steel in contrast with 'iron and steel (metal)', the item covered under the relevant entry of the schedules. He also draws our attention to a decision of the Calcutta High Court in *Indian Aluminium Co. v. CIT* (1980) 122 I.T.R. 660 where, while following the earlier decision in *Indian Steel and Wire Products Ltd. v. CIT* (1977) 108 I.T.R. 802: (1977 Tax LR NOC 23), the court observed that there is really no divergence in view between the Calcutta and Kerala views and that the real question for consideration in each case is whether the articles in question constitute finished products and represent articles of iron and steel or merely represent the raw material viz. iron and steel (metal) in a different form and shape.

7. On the other hand, Dr. Gauri Shankar, learned counsel for the Department, submits that iron and steel ceases to be a metal when it comes out of the furnace in the primary steel mills in the form of ingots. At the best, the next stage at which the ingots become semifinished products in the shape of billets, blooms and slabs may also be said only to convert the raw material into a different form or shape. But, he says, by no stretch of imagination can the next stage during which the billets, blooms

and slabs are heated and passed through various types of mills enumerated earlier be considered as involving not any manufacture but only a conversion of the raw material into other forms or other shapes. According to the learned counsel, the expression "iron and steel (metal)" only comprehends the iron and steel as it emerges in the form of billets, blooms and slabs from the steel mills and that all subsequent products whether in the form of rails, rods (including wire rods), bars, angles, channels, tees, zees, pipes, tubes, sheets, strips, plates and coils turned out by the various other types of mills would constitute articles made of iron and steel. He also invited our attention to a clarification by the Central Board of Taxes, in response to a query from the Federation of Indian Chambers of Commerce and Industry, that "rolling mills making bars and rods are' not covered by item 1 of the Fifth Schedule".

8. We have considered the arguments addressed by both counsel. In our opinion, Sri Ramachandran is right in contending that in interpreting the provisions under consideration, we would do well to keep in mind the background in which concessions to certain basic industries were introduced in the Income-tax Act. The process started with the introduction of a rebate for exporters under the Finance Act of 1963 which continued till 1966. The Budget speech of the Finance Minister (vide (1963) 48 I.T.R. (St.) 34) indicates that the incentive was granted to assessee engaged in the manufacture of any articles in an industry specified in the First Schedule to the Industries (Development & Regulation) Act, 1951. Item 1 of the said Schedule reads:

"1. Metallurgical Industries:

A. Ferrous:

- (1) Iron and Steel (Metal)
- (2) Ferro-alloys
- (3) Iron and Steel castings and forgings
- (4) Iron and Steel structurals
- (5) Iron and Steel pipes
- (6) Special Steels
- (7) Other products of iron and steel

B. Non-ferrous

- (1) Precious metals including Gold and Silver, and their alloys;
- (IA) Other non-ferrous metals and their ,alloys.
- (2) Semi-manufacturers and manufacturers

Again, in 1964, when the Finance Act of 1964 decided to grant a rebate in the corporation tax payable by companies in order to encourage development of certain industries which occupy an important place in our economy, the list of industries named in the Finance Act was similar to and included many of the items, including items 1 to 3, of the list we are concerned with now. The

reliefs were given to strengthen the reserves and augment the capacity of the corporate sector to develop. This process was continued under the Finance Act of 1965 (vide, (1965) 55 I.T.R. (St.) 57 and 122) which introduced a higher development rebate for machinery or, plant installed for the purposes of construction, manufacture or production of any one or more of the articles or things specified in the list in the Fifth Schedule. The Finance Act of 1966 substituted a new concession to these priority industries basic to the commercial Development of the community. This historical background reflects the intention of the legislature to grant progressively certain exemptions, reliefs or concessions for certain types of industries which were considered important for national development. The industry in iron and steel and other metals figures in all these lists. The only relevance of this background to the issue before us is that it gives an indication that the incentive, concession or relief granted under these provisions has to be construed in a broad and comprehensive manner so as to cover all manufacturing activities legitimately pertaining to the specified core industry with no limitation save what may be called for by the wording of a particular entry. So far as items 1 and 2 are concerned, as earlier pointed out, the wording points to a distinction between the metal which is used as the base and other articles manufactured therefrom. We have earlier pointed out that pig iron and iron scrap are fed into furnaces to produce ingots, billets and blooms. But both are iron and steel in different form, the latter being referred to as "semi-finished steel". Likewise, we think, the bars, rods, rounds, wire rods and the like constitute the second stage in which one gets only "finished" forms of iron and steel. Having regard to the nature and weight of the metal, it has to be "finished" to assume these forms before manufacturers of iron and steel articles can take over and proceed to manufacture articles from them by drawing wires or converting them into rails or shaping them into tees, zees, pipes, tubes and the like [See C.I.T. v. Tensile Steel Ltd. (1983) 141 I.T.R. 23 (Guj)] or again, producing articles of iron like ploughs, shovels, pickaxes, lathes, blowers, surface guiders and drills [as in C.I.T. v. Ludhina Steel Rolling Mills (1989) 180 I.T.R. 155:(1990 Tax LR 49) (Punj & Har)]

9. Whether the article produced is the raw material or an article made of iron and steel has to be decided on the basis of the nature of the article and not the kind of mill which turns it out. It is significant that these items do not draw a distinction between basic steel mills, integrated steel mills and the various other types of mills that are used in the industry which have been referred to earlier. The Board's clarification, referred by Dr. Gaurishankar, that the machinery and plant in "rolling mills" will not be eligible for the higher development rebate would not, therefore, seem to be justified if it intends to draw a distinction between the same machinery and plant when used in rolling mills and when used in other mills in the industry. If machinery and plant installed in steel mills where the process includes not merely the production of ingots, billets and the like but also the production of bars and rods are eligible for the higher development rebate, it is difficult to see why the same plant and machinery, when installed in rolling mills which proceed, from the stage of ingots or billets, to manufacture bars and rods should not be eligible for the higher rate of development rebate. In considering the issue before us, we should not be carried away by classifications of stages of manufacture that may be relevant for other purposes. We would like to emphasise, at the cost of repetition, that what we should examine is not the nature of the mill which yields the article but the nature of the article or thing that is manufactured and ask ourselves the question whether such article or thing can be considered as raw material for manufacture of other articles made of the metal or is it itself an article made of the metal. On this issue our view is, as we have already stated, that the goods in the present case fall in the former category. We think Sri Ramachandran is right in pointing out that the mild steel rods, bars or rounds which are manufactured by the assessee here are only finished forms of the metal and not articles made of iron and steel. They only constitute raw material for putting up articles of iron and steel such as

grills or windows by applying to them processes such as cutting or turning. The rod of the wire rods (with hi some of the decisions were concerned) are likewise not products of iron and steel but only certain finished or refined forms of the metal itself.

10. We do not think much assistance can be derived for the interpretation of the provision before us from the Central Excises & Salt Act or the various classifications statutorily or commercially drawn up for that purpose. They are more refined and intricate classifications for the purposes of excise duty and cannot be imported into the present context.

11. As we have mentioned earlier, some guidance as to interpretation of item 1 to the schedule can be derived from item No. 11, which refers to "forgings and castings". These expressions obviously refer to articles obtained from the raw material iron and steel by forging and casting. The argument in some of the decisions referred to before us that item No. 1 should be interpreted strictly because of the existence of item No. 11 seems to proceed on an erroneous basis. It would be more appropriate to say that forging and castings are not covered by item 1 being articles made of iron and steel but that since the legislature definitely intended to give relief even in respect of such articles, item 11 (and also item 21) were introduced. In fact, there is some force in the contention urged on behalf of the assessee that even if MS steel rods, bars and rounds cannot be taken as iron and steel (metal), they would fall under the category of "forgings and castings" referred to in item 11. We do not, however, wish to express any concluded opinion on this aspect because item No. 11 was not relied upon by the assessee at any earlier stage.

12. In C.A. No. 1404/79, the assessee, Krishna Copper and Steel Rolling Mills, manufactured iron rods and girders out of scrap metal initially converted into billets. Before the High Court the argument seems principally to have turned on the question whether an assessee manufacturing these articles out of iron scrap would be entitled to the higher development rebate. The assessee cited a circular of the Board that, under item 2 of the schedule, the higher development rebate would be available to an assessee who manufactured articles from aluminium scrap [vide, circular No. 25 D (XIX- 16) dated 10th October, 1966]. The High Court, on this basis, answered the question by saying that the assessee before it was also entitled to the higher development rebate though it produced articles only from iron scrap. This does not really answer the real question but, for the reasons we have already given, we agree with the conclusion drawn by the High Court.

13. For the reasons stated above we are of the opinion that the view taken by the High Courts in the present cases does not call for any interference. The appeals, therefore, fail and are dismissed. But in the circumstances we make no order regarding costs.

Appeals dismissed.

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