Badridas Daga v. Commissioner of Income-tax

Civil Appeal 149 of 1956

[1959] SCR 690 | 1958-04-25

Historical interpretation: Indian Income-tax Act 1922, sections 10(1), 10(2)(xi) and 10(2)(xv)

Indian Income-tax Act 1922, sections 10(1), 10(2)(xi) and 10(2)(xv)

3-judge bench | T. L. Venkatarama Aiyar | P. B. Gajendragadkar | A. K. Sarkar

Historical statutory scope and source qualifications

Historical 1922 Act ruling; current legislation and later treatment not checked. Does not decide the later controversy over the proper year of loss deduction.

01 FACTS OF THE CASE

An agent managing the proprietor's money-lending, shares and commission business misappropriated bank funds under broad operating authority. After recovery proceedings and partial realisation the balance was written off; deduction was denied as non-trading loss.

Source: Primary report: SCR 691–693

02 DISCUSSION BY THE HON'BLE COURT

The loss was neither contractual bad debt nor expenditure laid out for business. Nevertheless section 10(2) deductions were not exhaustive: commercial profit computation under section 10(1) recognised a loss directly incidental to carrying on business. This agent's authorised bank role supplied the connection; actual withdrawal to make a business advance was unnecessary.

Source: Primary report: SCR 693–702

03 JUDICIAL DECISION

Lower court order set aside; reference answered affirmatively, with costs in this Court and below.

Source: Primary report: SCR 702

04 OUTCOME / IN WHOSE FAVOUR

Assessee succeeded: the misappropriation loss was deductible in computing business profits under section 10(1).

Source: Primary report: SCR 702

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05 AKHB REVIEW POINT

Document the agent's authority, business ownership of funds, loss and recovery evidence. The Court expressly distinguishes losses merely affecting the owner's funds from those arising directly in business; this is not universal deductibility of every theft.

Source: Primary report: SCR 695–701

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 13-page Supreme Court Reports scan. Any adjoining report fragments remain in the unchanged original and are excluded from this analysis.

Open cited source rendition

STATUTORY SCOPE

Historical legislation expressly identified in this note. This is not a decision under the Income-tax Act, 1961 or the Income-tax Act, 2025. Verify enacted wording, commencement, transition and subsequent judicial treatment independently before modern reliance.

LATER TREATMENT

Source checked 2026-10-23. Subsequent treatment and present-law applicability have not been comprehensively checked.

AI DISCLOSURE

This AKHB research note uses AI assistance and a preserved full-primary review, with refreshed exact original-byte verification. Independent human review is not represented.

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