

Kashiram Agarwala v. Union of India and Others

Civil Appeal No. 22 of 1964 / Civil Appeal No. 261 of 1964

[1965] 1 SCR 671 | 1964-10-06

Did the then section 127(1) proviso exempting transfers within the same city, locality or place from a hearing also remove the need to record reasons for these two local transfers?

127(1) and its then proviso | 127(2) (then stage-of-proceedings/no-reissue provision) | 124(3) (then territorial jurisdiction provision)

Five judges | P.B. Gajendragadkar, C.J. | K.N. Wanchoo, J. | M. Hidayatullah, J. | Raghubar Dayal, J. | J.R. Mudholkar, J.

Assessment years: See the source-scope notes; no year inferred.

Same-locality exception with later statutory and reasons limits

Kashiram concerns two 1963 transfers between competent officers in the same Calcutta locality under the original section 127(1) proviso. It does not remove the general duty to record reasons where a hearing is merely impracticable. Ajantha later distinguishes this local exception and requires communication of reasons for its inter-city transfer. Both Kashiram appeals were dismissed without a costs order. Section 127 was subsequently restructured, and the cited section 124(3) is historical. The printed headnote contains section-number and Pannalal-result errors; judicial text controls. Original PDF unchanged; comprehensive later treatment, current law and 2025 mapping are not verified.

01 FACTS OF THE CASE

By two orders dated 18 January 1963, the Central Board of Revenue transferred pending income-tax proceedings against Kashiram Agarwala from the Income-tax Officers in D Ward, District IV(1), and F Ward, District IV(2), Calcutta, respectively, to the Income-tax Officer in E Ward, Companies District III, Calcutta. The offices were in the same locality. The orders admittedly did not record reasons for the transfers (physical 2-3/SCR 672 D-673 D, G-H).

Agarwala challenged both orders in writ petitions before the Punjab High Court, Circuit Bench at Delhi, arguing non-compliance with section 127(1). The High Court dismissed them summarily. Civil Appeals 22 and 261 of 1964 brought those dismissals to the Supreme Court by special leave (physical 2/SCR 672 B-G).

He accepted that the historical same-city/locality proviso dispensed with an opportunity to be heard but argued that its words did not dispense with the main subsection's separate obligation to record reasons. No assessment quantum or year was before the Court; the dispute concerned the statutory validity of the transfers (physical 3-4/SCR 673 C-674 A).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court first separated the general rule from the proviso. Under section 127(1), a hearing was to be afforded wherever possible. Any conclusion that it was not possible had to be reached reasonably and bona fide. The main provision's obligation to record reasons was different: where a transfer belonged to the category ordinarily requiring an opportunity, reasons remained necessary even if an opportunity could not actually be given. The case therefore did not dispense with reasons for every administrative transfer or whenever a hearing happened not to occur (physical 3-4/SCR 673 D-674 E).

The assessee's literal reading of the proviso was acknowledged as reasonably possible. Nevertheless, the emphatic exclusion of an opportunity for offices in the same city, locality or place, read with the purpose and background, led the Court to treat the reason requirement as a corollary of the opportunity requirement in this setting. Ordinarily the authority needed to consider objections and explain why transfer remained necessary. For a transfer within the proviso, that procedural premise was absent (physical 4/SCR 674 A-F; physical 6-7/SCR 676 H-677 B).

The then section 124(3) reinforced the distinction. Within an assigned area it gave jurisdiction by reference to the taxpayer's business, principal place of business or residence. On the facts before the Court, a same-locality transfer meant replacing one competent Income-tax Officer with another. It was treated as an administrative allocation for departmental convenience, involving no possible prejudice in those circumstances. The Court distinguished the new jurisdictional provision from old section 64, which fixed the place of assessment (physical 4-5/SCR 674 F-675 D).

Pannalal Binjraj supplied the historical background. It had sustained old section 5(7A) against the constitutional challenge, while recommending an opportunity and briefly recorded reasons where feasible for transfers away from the normal place of assessment. The Court understood section 127(1) as the legislature's response to those observations. That history concerned transfers between places and did not demand the same procedure for the local reallocation involved here. The judgment thus adopted a purposive reading of the proviso while preserving the general rule outside it (physical 5-7/SCR 675 E-677 C).

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

03 JUDICIAL DECISION

Both Civil Appeal No. 22 of 1964 and Civil Appeal No. 261 of 1964 were dismissed, with no order as to costs. The two same-locality transfer orders could not be invalidated because the Board had not recorded reasons. The holding rests on the then section 127(1) proviso and the same-locality facts; it is not an order transferring the cases anew or deciding their assessments (physical 7/SCR 677 A-C and closing order).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on validity of the two historical same-locality transfers

Both appeals dismissed; no order as to costs

Law-declaring construction of the same-locality proviso in section 127(1), distinct from the general hearing and reasons obligations

Only the historical same-city/locality exception on the facts stated. No blanket validation of unexplained transfers to another place, arbitrary conduct, or current transfer jurisdiction under amended statutory arrangements.

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

05 AKHB REVIEW POINT

Verify the locations of all relevant offices and the statutory version before invoking Kashiram. A hearing that is impracticable under the main provision is different from a hearing that the same-locality proviso does not require. Kashiram expressly preserves reasons in the first situation while finding neither a hearing nor recorded reasons necessary for the local transfers before it. Its description of administrative convenience should not be detached from the competence and locality premises.

Ajantha Industries v. CBDT (5 December 1975) makes this boundary explicit. It distinguished Kashiram because that case involved a transfer within the same city or locality. For the Nellore-to-Hyderabad transfer before it, Ajantha required the recorded reasons to be communicated; reasons retained only in the departmental file did not suffice. The transfer orders were quashed. That is a distinction, not an overruling of Kashiram or permission to generalise its exception (Ajantha physical 5-7/SCR 888-890).

The government-hosted 2011 compilation shows a substituted section 127, with the local-office opportunity exception in subsection (3), expanded authority and jurisdiction provisions, and footnotes recording substitutions effective in 1967 and 1988. Those checks identify a material statutory-version limit rather than certify the complete amendment chain or transplant the 1964 holding automatically into every later transfer. The judgment's section 124(3) is likewise historical. Verify the applicable transfer power, office locations, reasons requirements and later treatment for the relevant proceeding; no automatic 2025 Act mapping is offered (compilation physical 662-663/printed 1.621-1.622).

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 22 of 1964

Outcome: Dismissed; no order as to costs

2.

Case number: Civil Appeal No. 261 of 1964

Outcome: Dismissed; no order as to costs

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, two orders, two appeals and Calcutta offices

Source url: [Open cited source](#)

Pdf pages: 1; 2; 3

Paragraphs: SCR 671 heading; 672 B-673 D, G-H

2.

Topic: Historical section 127 and general reasons rule

Source url: [Open cited source](#)

Pdf pages: 2; 3; 4

Paragraphs: SCR 672 H-674 F

3.

Topic: Historical section 124 and same-locality allocation

Source url: [Open cited source](#)

Pdf pages: 4; 5

Paragraphs: SCR 674 F-675 D

4.

Topic: Pannalal validity, background and interpretation

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: SCR 675 E-677 C

5.

Topic: Both appeals dismissed and no costs order

Source url: [Open cited source](#)

Pdf pages: 7

Paragraphs: SCR 677 closing paragraphs

6.

Topic: Ajantha distinguishes Kashiram and requires communicated reasons

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7

Paragraphs: SCR 888 A-890 G, especially 890 A-C

7.

Topic: Later section 127 structure and amendment footnote

Source url: [Open cited source](#)

Pdf pages: 662; 663

Paragraphs: Printed 1.621-1.622, subsections (1)-(4) and footnote 88

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

The Court construes the original section 127(1) same-city/locality proviso. The historical section 124(3) jurisdiction text is not the differently numbered modern objection-time-limit provision. Later section 127 structures and authority names must be checked separately.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

P.B. Gajendragadkar, C.J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961, historical sections 127(1) and 124(3): same-city/locality transfer proviso

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Asset id: 1976_2_884_890

Title: Ajantha Industries v. Central Board of Direct Taxes

Decision date: 1975-12-05

Classification: Express same-locality distinction; not overruling

Source url: [Open cited source](#)

Pdf pages: 6; 7

Pinpoint: SCR 889-890, especially 890 A-C

Holding limit: Kashiram's local proviso case gives no defence to an inter-city transfer lacking communicated reasons.

Bounded check: verified only within explicit read bounds

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Indian Income-tax Act, 1922, sections 5(7A) and 64(1)-(2) (historical comparison through Pannalal Binjraj); Constitution of India, Articles 14 and 19(1)(g) (Pannalal challenge discussed)

SOURCE & VERIFICATION

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

Identified source rendition: 7 PDF pages; SHA-256

33fbceceeb1c0b7060d8d7a7c0d0b3a0ba8bfa5646532ee6fb51df2d44c29419. Original bytes preserved.

[Open cited source rendition](#)

full primary text read: True; all primary page images reviewed: True; source integrity verified: True; actual statutory scope verified: True; later treatment comprehensive: not_verified; current law status: not_verified; statutory mapping 2025: not_verified

Heading image confirms 6 October 1964; 1965 is the report year. Catalogue identifier 1964INSC212 is not independently printed or authenticated in this rendition.

There are two appeals, Nos. 22 and 261 of 1964, with no order as to costs; the catalogue lists only the first.; The heading image correctly prints section 127(1); OCR reads 121(1). The printed headnote then wrongly refers to section 127(2) for the reasons requirement, although the judicial text locates it in section 127(1).; The printed headnote says Pannalal held the provision unconstitutional. The judicial text at physical 6/SCR 676 B-D says the challenge was repelled and section 5(7A) sustained; the note follows that text.; Physical page 4/SCR 674 contains a large bottom scan artifact, but the complete judicial text block is visible and was read in the image. The source bytes are unchanged.; No assessment years are supplied. Section 124(3) is the historical jurisdiction provision, not a modern subsection crosswalk.; The Court's local administrative allocation rationale is not a universal statement that all transfers cause no prejudice or that all hearing/reason duties are discretionary.; The 2011 section 127 compilation supplies later wording and editorial amendment history; it does not by itself establish current jurisdiction or an unbroken present-law rule.

No assessment years or taxable amounts are identified. The operative dates are the two transfer orders of 18 January 1963 and the judicial decisions; no assessment-year inference is made.

Two special-leave appeals from summary dismissal of Civil Writ Nos. 258-D and 257-D of 1963 by the Punjab High Court, Circuit Bench at Delhi, on 10 April 1963. The catalogue records only Appeal 22; both are covered by the opinion.

STATUTORY SCOPE

No automatic Income-tax Act, 2025 crosswalk. Complete amendments, commencement, savings and case-specific present applicability have not been verified.

LATER TREATMENT

Source checked 2026-10-05. Bounded primary check: Ajantha expressly distinguishes Kashiram on its same-city/locality proviso facts while requiring communication of reasons for the inter-city transfer before it. No overruling is reported by that source. Comprehensive later treatment, current law and 2025 mapping remain not_verified.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 7](#)

SHA-256: 33fbceceeb1c0b7060d8d7a7c0d0b3a0ba8bfa5646532ee6fb51df2d44c29419

[later reported judgment bounded - PDF pages: 7](#)

SHA-256: 32dffe5263d1a846dc763ef0ff11e7136a22d40f2b57c49fdecbe4fc611dc8de

[official government hosted statutory compilation bounded - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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