

Hari Krishna Bhargav v. Union of India and Another

Writ Petition No. 17 of 1965

[1966] 2 SCR 22 | 1965-10-06

Constitutional validity and legislative competence of the compulsory annuity-deposit scheme for income-tax assesseees

Income-tax Act, 1961: Chapter XXII-A and historical annuity-deposit provisions | Constitution of India: articles 14, 19, 31, 246; Seventh Schedule, List I, entries 82 and 97

Five-judge bench; majority judgment delivered by J. C. Shah, J., with M. Hidayatullah, J. concurring separately. | P. B. Gajendragadkar, C.J. | K. N. Wanchoo, J. | M. Hidayatullah, J. | J. C. Shah, J. | S. M. Sikri, J.

Historical ruling; verify current law

The annuity-deposit scheme is historical. The decision validates that scheme's constitutional footing and does not describe present income-tax payment obligations.

01 FACTS OF THE CASE

For assessment year 1964-65 the petitioner faced an annuity-deposit demand of Rs.1,800. He challenged the scheme as compulsory lending beyond entry 82, colourable legislation, confiscatory and discriminatory, including because persons aged seventy or more were exempt.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

The majority held that a tax scheme could include compulsory deposit machinery ancillary to income taxation and, alternatively, Parliament had residuary competence. Severity did not itself establish colourable legislation. The age exemption was a reasonable classification. Hidayatullah, J. treated the deposit as an alternative form within the tax itself rather than executive borrowing.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

The scheme was constitutionally valid, within legislative competence and not invalidated by its compulsory character or the exemption for older assesseees.

Source: [Primary judgment: holdings](#)

04 OUTCOME / IN WHOSE FAVOUR

Writ petition dismissed with costs.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: when testing tax-linked deposits, separate the source of legislative power, the scheme's connection to the tax, and equality classification. Harsh economic effect alone did not prove constitutional invalidity in this historical scheme.

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

SOURCE & VERIFICATION

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

Complete 12-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 12-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify the current enactment, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

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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