

# Chandulal Harjivandas, Jamnagar v. Commissioner of Income-tax, Gujarat

Civil Appeal No. 684 of 1965

[1967] 1 SCR 921 | 1966-10-14

**Historical life-insurance rebate: a minor whose taxable income funded premiums on a children's deferred endowment policy obtained section 15(1) relief because the contract, read as a whole, insured his life.**

Indian Income-tax Act, 1922: section 15(1) | Insurance Act, 1938: section 2(11) (definition discussed)

2-judge bench | J. C. Shah, J. | V. Ramaswami, J.

Assessment years: 1960-61

## Historical rebate and policy-specific reading

The decision depends on the complete deferred-endowment contract and premiums paid from the minor assessee's taxable income under 1922 Act section 15(1). It does not establish a present-day deduction for every child policy or every payment by a proposer.

## 01 FACTS OF THE CASE

On 23 June 1959, Life Insurance Corporation issued a Rs.50,000 Children's Deferred Endowment Assurance policy. The assessee's father was proposer and the minor assessee was the life assured. Annual premium of Rs.1,925 was paid from the assessee's taxable income. For AY 1960-61, the assessee claimed section 15(1) rebate. The policy contemplated payment on maturity if the life assured survived, or on earlier death occurring on or after the deferred date. After majority and before that date, the life assured could adopt the policy and become absolute owner; without adoption, money could remain payable to the proposer, and death before the deferred date triggered cancellation and return of premiums to the entitled person. The department, Tribunal and High Court denied relief.

Source: [Policy, premium source, claim and operative clauses: SCR pp.922-924 / PDF pp.2-4](#)

## 02 DISCUSSION BY THE HON'BLE COURT

Section 15(1) required that the assessee pay the sum and that the payment effect insurance on the assessee's life. The first condition was satisfied because the premium came from the minor assessee's taxable income. For the second, the Court read the entire contract rather than isolating the proposer's interim rights or the adoption clause. The insured contingencies depended on the duration of the assessee's life: payment at maturity if alive, or on death on or after the deferred date. Adoption would make the assessee absolute owner. Those features made insurance on the assessee's life the contract's main purpose; the clauses relied on by Revenue were ancillary. The Court also referred to the broader life-insurance concept and the thrift-encouraging object of section 15(1).

Source: [Whole-contract analysis and life-contingency reasoning: SCR pp.924-925 / PDF pp.4-5](#)

## 03 JUDICIAL DECISION

The Court held that the contract was, in substance, insurance on the assessee's life and that section 15(1) rebate was admissible on the premium paid during his minority. It allowed the appeal with costs in the Supreme Court and High Court.

Source: [Decision and relief: SCR p.925 / PDF p.5](#)

## 04 OUTCOME / IN WHOSE FAVOUR

In favour of the assessee. Historical section 15(1) rebate was allowed for the premium paid from his taxable income during minority, and the appeal was allowed with costs. The holding is tied to this policy read as a whole and the 1922 Act provision.

Source: [Qualified outcome: SCR pp.924-925 / PDF pp.4-5](#)

## 05 AKHB REVIEW POINT

AKHB analysis: test both the payment trail and the insured contingency. Read the proposal, schedule, ownership or adoption clause, death benefit, maturity benefit, cancellation clause and beneficiary provisions together before identifying whose life is insured. For a present claim, separately verify the applicable deduction section, eligible policy type, premium limits, payer requirements and later judicial treatment.

Source: [AKHB analysis based on the whole-contract and payment-source holdings](#)

## SOURCE & VERIFICATION

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

Full 5-page SCR report read and visually reviewed. The editorial headnote is on PDF p.1; the unnumbered judicial text begins on PDF p.2/SCR p.922 and ends on PDF p.5/SCR p.925. No neighbouring judgment is included.

[Open cited source rendition](#)

Exact source bytes and 5-page count match catalogue asset 1967\_1\_921\_925.

The report identifies Civil Appeal No.684 of 1965, decided 14 October 1966 by J.C. Shah and V. Ramaswami JJ.; Ramaswami J. delivered the judgment.

PDF p.1 is an editorial headnote; judicial reasons were taken from PDF pp.2-5/SCR pp.922-925.

The policy's proposer, adoption clause, deferred date, maturity contingency and source of premiums were kept distinct.

### **STATUTORY SCOPE**

This ruling applies section 15(1) of the Indian Income-tax Act, 1922 to a 1959 children's deferred endowment policy for AY 1960-61. It does not certify eligibility, limits or policy conditions under a later deduction provision.

### **LATER TREATMENT**

Source checked 2026-10-10. Later treatment and present statutory applicability have not been comprehensively checked; no current citator clearance is represented.

### **AI DISCLOSURE**

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