

Baladin Ram v. Commissioner of Income-tax, U.P.

Civil Appeals Nos. 663 and 664 of 1966 — Two Supreme Court special-leave appeals / I.T.
Reference No. 244 of 1959 — Allahabad High Court originating reference

[1969] 1 SCR 800 | 1968-08-21

Undisclosed-source income without a separately elected accounting year fell in the financial year; disclosure in proceedings for another assessment year did not cure the relevant-year omission.

1922 Act: 2(11) | 1922 Act: 34(1)(a) | 1922 Act: 34(1)(b) | 1922 Act: 66(1)

3 Judges | J. C. Shah | V. Ramaswami | A. N. Grover

01 FACTS OF THE CASE

The HUF's AY 1944-45 return used an accounting year ending 28 October 1943 and disclosed foundry and property income. It omitted its interest and income in Raj Narain Durga Prasad. A 1952 reassessment included undisclosed income of ₹49,696. A further 1954 reassessment added investments in a sarpat-and-bamboo venture made during December 1943-February 1944; the Tribunal reduced that addition from ₹32,000 to ₹27,875. The assessee disputed section 34(1)(a), limitation and the year to which those investments belonged.

Source: [SCR801H-803H: two reassessments and Tribunal reduction.](#)

02 DISCUSSION BY THE HON'BLE COURT

Grover J kept the two reassessments distinct. For the first, the return's omission of the partnership income was admitted, and no Tribunal finding established that the income was unknown when the return was filed. For the second, the investment represented income from an undisclosed source, rather than proved profits of the newly commenced venture. Under the then section 2(11), where no accounts or accounting-year election for that source existed, the financial year governed. Information supplied during AY 1945-46 proceedings did not amount to the required disclosure for AY 1944-45.

Source: [SCR804E-806F: disclosure, financial year and section68 contrast.](#)

03 JUDICIAL DECISION

The Court sustained both reassessments. Counsel's section 68 comparison did not alter the old-Act result: that later provision addressed credits in the assessee's books. The Court's comment about unbooked income under the new Act was expressly tentative. It found it unnecessary to decide the general proposition that omission under section 34(1)(a) must be wilful; this assessee had not shown ignorance of the investment.

Source: [SCR806G-807A: wilfulness left undecided on facts.](#)

04 OUTCOME / IN WHOSE FAVOUR

Both assessee appeals dismissed. The challenged reassessments remained valid, with the Tribunal's factual reduction of the investment addition. Dismissed with costs.

Source: [SCR807A-B: both appeals dismissed with costs.](#)

05 AKHB REVIEW POINT

Identify the unexplained source, the evidence of investment and the applicable statutory year separately. Do not convert the tentative section 68 observation into a current rule governing every unexplained asset or import the historical reopening time limits into later legislation.

Source: [SCR805-807: source/year and narrow new-Act observation.](#)

SOURCE & VERIFICATION

Original reported Supreme Court judgment

8-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All physical text/image pages SCR800-807. Caption begins physical 1 top; headnote ends physical 2 SCR801 E; Grover opinion starts physical 2 SCR801 G-H and ends physical 8 SCR807 B with dismissal of both appeals with costs. No preceding/following judgment. Headnote October 30 contrasts opinion October 28; court exact tribunal figure 27,875 appears SCR803G; headnote 27,000 and opinion 27,000 odd are not substituted.

Open cited source rendition

Headnote begins with 30 October 1943, whereas judicial facts use 28 October 1943. The judicial Tribunal figure is ₹27,875 at SCR 803G; elsewhere it is rounded to ₹27,000 odd.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 2(11), 34(1)(a), 34(1)(b), 66(1)

Displayed 2025 section 68 addresses unexplained credits in books for the relevant previous year, with additional source-explanation provisos. Section 69 separately addresses unrecorded investments in the financial year immediately preceding assessment; both use "may". This is not a reconstruction of the 1944-45 reopening law.

2025 section 102 addresses unexplained book credits, and 103 addresses unrecorded or under-recorded investments; their operative charging language uses "shall". Baladin's tentative new-Act comment is not a substitute for these provisions or for their prerequisites.

The holding applies the historical 1922 Act. The 2025 Act generally commences 1 April 2026; selected 536(1), (2)(a)-(e), (3)-(4) preserve earlier operation and specified proceedings. Only identified versions/passages were checked; no complete savings, amendment-history or present-case applicability assessment is claimed.

LATER TREATMENT

Source checked 2026-10-08. No specific later judicial treatment is adopted; this is not a finding that later treatment is absent.

Comprehensive subsequent history and present-law applicability remain unverified.

Primary authorities cited within this judgment are not later-use evidence.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961: 68](#)

Displayed 2025 Web 63-76, complete 68/provisos. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

[Income-tax Act, 1961: 69](#)

Displayed 2025 Web 63-64, complete 69. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

Income-tax Act, 2025: 102-103

As amended by Finance Act, 2026 Web 6932-6971, complete 102-103 with cross page 6961. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

Income-tax Act, 2025: commencement and selected savings

As amended by Finance Act, 2026 1(1)-(3) web 0-13; 536(1), (2) intro/(a)-(e) web 24385-24408; 536(3)-(4) 24597-24601. Not full 536. Exact stated web text personally read, including cross-page continuations. No original HTML/PDF or images, whole-Act or automatic case-applicability claim.

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