

Income-tax Officer, Special Investigation Circle-B, Meerut v. M/s. Seth Brothers and Others

Civil Appeal No. 700 of 1965 / Civil Appeal No. 701 of 1965 / Civil Appeal No. 702 of 1965 / Civil Appeal No. 703 of 1965

[1970] 1 SCR 601 | 1969-07-15

Whether the High Court could infer mala fides and invalidate the entire search from the contested affidavit record, volume and ownership of seized documents, missing marks, delay and police presence; what safeguards and judicial-review limits govern section 132; and which questions remained for remand.

132(1) (information, belief, authorisation and search/seizure powers) | 132(2) (assistance) | 132(3) (restraint when seizure impracticable; scheme only) | 132(8) (historical retention safeguard; not an adjudicated 180-day breach in this case) | 132(13) (then Code of Criminal Procedure, 1898 safeguards so far as may be) | 148 (actual reopening notice background) | 295(1) (rule-making source)

Two judges | J.C. Shah, J. | G.K. Mitter, J.

Assessment years: 1954-55

Search safeguards remain and unresolved issues were remanded

This judgment set aside the High Court order and remanded all four proceedings; it did not finally validate every search issue or decide section 132's constitutional vires. Bona fide errors do not remove statutory grounds, judicial scrutiny of malice or collateral purpose, particular-document return remedies, or retention safeguards. Oral evidence required High Court leave. The Court applied the historical amended scheme to 1963 searches; the printed amendment-section references differ from the later compilation, and historical retention periods and procedural references changed. Original PDF unchanged; comprehensive later treatment, current law and 2025 mapping are not verified.

01 FACTS OF THE CASE

M/s. Seth Brothers operated Imperial Flour Mills at Meerut. The partnership's composition changed between 1953 and 1957, and its partners also carried on business through Seth Brothers (Private) Ltd., Nath Brothers (Private) Ltd. and Meerut Cold Storage and General Mills. On 14 March 1963 the Income-tax Officer issued a section 148 notice proposing reassessment for AY 1954-55. Baikunth Nath and Vishwa Nath filed a return under protest. The Revenue received information alleging duplicate records and tax evasion at the Shanti Niketan premises; the assessee later maintained that the supposed duplicates were merely copies (physical pages 3-4/SCR 603 D-604 G).

On 29 May 1963 the Commissioner recorded satisfaction on the Income-tax Officer's report and issued Form 45 authority under rule 112 to two officers, R.R. Agarwal and R. Kapoor, to search for and seize relevant or useful records, mark them and convey them to the tax office. The later affidavit account specifies three authorisation letters: two to Agarwal and one to the other officer, also spelt Kapur. Searches took place on 7 and 8 June 1963, and account books and documents were taken away (physical pages 3-4 and 11-12/SCR 603 H-604 C and 611 H-612 B).

Four petitioners sought quashing of the authorisations, return of all seized books, papers and articles, and prohibition against using information obtained. They alleged that an officer and an ex-employee had supplied false information for blackmail, that the Commissioner acted at the Directorate's behest, and that search officers acted maliciously. They also challenged section 132 and the rules under Articles 14, 19(1)(f), 19(1)(g) and 31. The Commissioner, Deputy Director and searching officers denied direction, malice and collateral purpose and described independent consideration of mutually corroborating information. Those allegations were disputed, not established facts (physical pages 4-5 and 10-12/SCR 604 C-605 C and 610 E-612 C).

The High Court inferred abuse of power from the alleged lack of independent satisfaction, seizure of allied-concern and other apparently irrelevant documents, missing identification marks, retention beyond two months and police presence it considered excessive. It quashed the proceedings for mala fides without deciding the constitutional challenge. The Revenue brought Civil Appeals 700-703/1965 (physical pages 5 and 14/SCR 605 C-H and 614 E-F).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court first identified the applicable historical scheme. Section 132 had been altered in 1964 and again in 1965; the quoted 1965 validation provision led it to set out the substituted section. The extract included information-based grounds in section 132(1)(a)-(c), designation of authorised officers, entry and seizure powers, assistance, restraint where seizure was impracticable, the then 180-day document-retention safeguard subject to written reasons and Commissioner approval, and incorporation of the 1898 Criminal Procedure Code so far as applicable. Rule 112 prescribed procedure. This is not a declaration that all searches or every defect were validated (physical pages 5-8/SCR 605 H-608 A).

Section 132 conferred no arbitrary power. Because search seriously intrudes on rights, privacy and freedom, it must be used strictly for the statutory purpose. The authorising authority needed information, the requisite belief, recorded reasons and a designated officer's authorisation. An officer challenged in court had to satisfy it of the regularity of the action. Absence of statutory conditions, malice or collateral purpose could justify quashing. But the court was not to replace a properly formed statutory belief with its own judgment; a bona fide error of judgment or execution irregularity did not by itself invalidate the exercise (physical pages 8-9/SCR 608 E-609 D).

A warrant did not have to describe each unknown document individually. A general authority to search for and seize relevant or useful books and documents complied with the Act and rules, leaving selection to the officer's judgment. Seizure of an ultimately irrelevant item did not alone invalidate the whole search or entitle the applicant to wholesale release. Crucially, the Court preserved an application for release of particular documents: the officer must show their likely relevance or usefulness, failing which the court could order their return. Volume alone proved neither universal irrelevance nor mala fides. Police assistance was permitted, and applicable Criminal Procedure Code safeguards concerned the warrant, respectable local witnesses and conduct of search; the Court did not import all section 165 limitations (physical pages 9-10/SCR 609 D-610 D).

On the actual record, the High Court had overlooked specific affidavits denying that the Commissioner acted under another officer's direction. The Commissioner described consideration of the searching officer's report and corroborating Directorate information. A receipt of information from the Directorate was not itself proof that the Commissioner surrendered his judgment. The unverified or imprecise allegations and disputed affidavits did not justify the contrary inference made below (physical pages 10-12/SCR 610 E-612 C).

The allied-concern records could reveal interrelated dealings and bear on the firm's alleged evasion. Other seized items, including maps, returns and prescriptions, did not make the entire search collateral merely because some appeared irrelevant. Assuming missing identification marks, there was no showing of substitution or tampering sufficient to turn that irregularity alone into mala fides. A two-month delay in calling for explanation did not establish collateral purpose. On the evidence, keeping police present to protect the officers and records at influential businessmen's premises was not proved excessive force. These

02 DISCUSSION BY THE HON'BLE COURT

were reasons for rejecting the High Court's inferences, not findings that every document was retainable indefinitely or every possible search objection had failed (physical pages 12-13/SCR 612 C-613 E).

Article 226 remained available for absence of power, malice and collateral purpose. Serious disputed allegations against public officers would not normally be resolved merely by choosing between affidavits. If the High Court wished to investigate them, oral evidence should have been taken. The Supreme Court rejected the finding reached on this record, but declined itself to grant the requested oral-evidence opportunity because the case was to return to the High Court. The applicants could seek leave there; whether to allow it after nearly six years remained for that court (physical pages 13-14/SCR 613 F-614 D).

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

03 JUDICIAL DECISION

The High Court order was set aside and the proceeding remanded for disposal according to law. All four Revenue appeals were allowed; the High Court's mala fides conclusion on the existing record could not stand. The Supreme Court did not decide the vires of section 132, which the High Court had also left undecided and Revenue counsel did not invite it to decide. Any application for leave to lead oral evidence was left to the High Court's discretion, not granted automatically. The High Court petitioners were ordered to pay the Supreme Court appeal costs, with one hearing fee; High Court costs were to be costs in the petition. No final reassessment, blanket return order, final prohibition of evidence use, or unconditional validation of every search issue was ordered (physical page 14/SCR 614 C-F).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue succeeds in setting aside the High Court order; the writ proceedings continue on remand

Civil Appeals 700-703/1965 allowed and case remanded

Law-declaring judgment on search safeguards, judicial review and the evidentiary basis for mala fides; unresolved issues remanded

No tax quantum, reassessment merits, constitutional vires resolution or final adjudication that all seized items were lawfully retainable.

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

05 AKHB REVIEW POINT

Separate authority to order the search, conduct of the search, relevance of particular documents, lawful retention, and the proof of an alleged collateral purpose. The bona fide irregularity principle does not remove jurisdictional conditions or the specific-document return remedy. The reasoned remand is important: the Court declared the governing search law while leaving undecided matters, including vires, for the High Court.

Commissioner of Income-tax v. Jawahar Lal Rastogi (7 May 1970) applies Seth Brothers while sustaining relief against the Revenue. Whether a search is indiscriminate depends on the evidence; the later Court upheld release because records were retained for nineteen months without the required written reasons or Commissioner approval beyond the then 180-day period (physical pages 3-5/SCR 583 D-585 H). References there to an overruled Seth Brothers decision concern the Allahabad High Court decision, not this Supreme Court judgment.

Spacewood Furnishers (13 May 2015) expressly follows Seth Brothers and distinguishes recording reasons from communicating them at the warrant stage. It preserves scrutiny of antecedent information, honest belief and relevance, while excluding appellate reweighing of sufficiency. It also records the 1 October 1975 change to rule 112(2), without abandoning the recording requirement (physical pages 5-10 and 16-18/SCR 811-816 and 822-824, paragraphs 5-9 and 22-27). Laljibhai Kanjibhai Mandalia (13 July 2022) quotes that treatment, restates the limited review and addresses the Finance Act, 2017 nondisclosure explanation; it still permits the High Court to examine the reasons on a challenge, with restraint (physical pages 23-26 and 31-33/SCR 254-257 and 262-264, paragraphs 20 and 32-34).

The exact statutory period cannot be carried forward unchanged. The government-hosted 2011 compilation records replacement of the 180-days-from-seizure wording in section 132(8) from 1 June 2002, with a further section 153A reference from 1 June 2003, and records a 1975 change from the 1898 to the 1973 Criminal Procedure Code reference (physical pages 671-673/printed 1.630-1.632). These are limited historical checks, not a present retention-period opinion. Comprehensive later treatment, current law and any 2025 mapping remain not verified.

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

DETAILED DISPOSITION AND CONNECTED GROUPS

Proceeding outcomes

1.

Case number: Civil Appeal No. 700 of 1965

Outcome: Allowed under the common judgment; High Court order set aside and proceeding remanded; common costs direction applies

2.

Case number: Civil Appeal No. 701 of 1965

Outcome: Allowed under the common judgment; High Court order set aside and proceeding remanded; common costs direction applies

3.

Case number: Civil Appeal No. 702 of 1965

Outcome: Allowed under the common judgment; High Court order set aside and proceeding remanded; common costs direction applies

4.

Case number: Civil Appeal No. 703 of 1965

Outcome: Allowed under the common judgment; High Court order set aside and proceeding remanded; common costs direction applies

Remand limits: High Court must decide questions left undecided according to law, including the unresolved vires issue.; A request to lead oral evidence may be made in the High Court; leave is for that court to decide after the elapsed period.; The Supreme Court's rejection of the existing mala fides finding and its search-law principles bind the remand; there is no universal final search-validity ruling.

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, date, four appeals and three printed lower writ numbers

Source url: [Open cited source](#)

Pdf pages: 1; 3

Paragraphs: SCR 601 heading; 603 A-D

2.

Topic: Actual 1961 notice, authorisations, searches and relief sought

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Paragraphs: SCR 603 D-605 H

3.

Topic: Historical amendments, validation extract and statutory scheme

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8

Paragraphs: SCR 605 H-608 A

4.

Topic: Strict conditions, bona fide errors, and limited judicial review

Source url: [Open cited source](#)

Pdf pages: 8; 9

Paragraphs: SCR 608 E-609 D

5.

Topic: General warrant, specific-document return and Criminal Procedure Code limits

Source url: [Open cited source](#)

Pdf pages: 9; 10

Paragraphs: SCR 609 D-610 D

6.

Topic: Affidavit record and rejection of collateral-direction inference

Source url: [Open cited source](#)

Pdf pages: 10; 11; 12

Paragraphs: SCR 610 E-612 C

7.

Topic: Relevance, marks, delay, police and factual-review limits

Source url: [Open cited source](#)

Pdf pages: 12; 13; 14

Paragraphs: SCR 612 C-614 B

8.

Topic: Remand, oral-evidence discretion, vires and costs

Source url: [Open cited source](#)

Pdf pages: 14

Paragraphs: SCR 614 C-F

9.

Topic: Later retention limit and Revenue defeat

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Paragraphs: SCR 583 D-585 H

Source role: later judicial treatment

10.

Topic: Express application, recording versus disclosure and rule change

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8; 9; 10; 16; 17; 18

Paragraphs: Paragraphs 5-9 and 22-27; SCR 811-816 and 822-824

Source role: later judicial treatment

11.

Topic: Later limited review and nondisclosure explanation

Source url: [Open cited source](#)

Pdf pages: 23; 24; 25; 26; 31; 32; 33

Paragraphs: Paragraphs 20 and 32-34; SCR 254-257 and 262-264

Source role: later judicial treatment

12.

Topic: Later retention wording and Criminal Procedure Code reference

Source url: [Open cited source](#)

Pdf pages: 671; 672; 673

Paragraphs: Printed 1.630-1.632; section 132(8), footnotes 68-70 and section 132(13), footnote 80

Source role: historical statutory change

13.

Topic: Validation-section source discrepancy

Source url: [Open cited source](#)

Pdf pages: 665; 666

Paragraphs: Printed 1.624-1.625, footnote 16

Source role: historical statutory source caution

ADDITIONAL STATUTORY CONTEXT, NOT SEPARATE HOLDINGS

The actual March 1963 notice invoked section 148 of the 1961 Act and the May 1963 authorisations invoked section 132. The Court recites the 1964 and 1965 amendments and applies the 1965 search scheme through the validation provision it quotes. Old-Act summons references in the reproduced statute are historical comparators, not the governing statute of this search.

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

J.C. Shah, J.

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961, section 132, including the 1965 substituted scheme applied by the Court to the 1963 searches

SPECIFIED LATER DECISION AND LIMITS OF THE CHECK

1.

Asset id: 1971_1_581_585

Title: COMMISSIONER OF INCOME-TAX versus JAWAHAR LAL RASTOGI

Decision date: 1970-05-07

Classification: Applied with important retention and fact-specific limits

Source url: [Open cited source](#)

Pdf pages: 3; 4; 5

Pinpoint: SCR 583 D-585 H

Holding limit: No blanket conclusion of search validity; relief upheld for 19-month retention without statutory reasons and approval. The overruled Seth Brothers reference identifies the High Court case.

Bounded check: verified only within explicit read bounds

2.

Asset id: 2015_6_807_824

Title: DIRECTOR GENERAL OF INCOME TAX (INVESTIGATION) PUNE & ORS. versus M/S. SPACEWOOD FURNISHERS PVT. LTD. & ORS.

Decision date: 2015-05-13

Classification: Expressly followed; warrant-stage disclosure limited

Source url: [Open cited source](#)

Pdf pages: 5; 6; 7; 8; 9; 10; 16; 17; 18

Pinpoint: Paragraphs 5-9 and 22-27

Holding limit: Antecedent information, bona fide belief and relevant reasons reviewable; sufficiency not reweighed. Recording reasons is not communicating them at warrant stage. Rule112(2) changed in 1975.

Bounded check: verified only within explicit read bounds

3.

Asset id: 2022_15_232_264

Title: PRINCIPAL DIRECTOR OF INCOME TAX (INVESTIGATION) & ORS. versus LALJIBHAI KANJIBHAI MANDALIA

Decision date: 2022-07-13

Classification: Reiterated through Spacewood with later statutory explanation

Source url: [Open cited source](#)

Pdf pages: 23; 24; 25; 26; 31; 32; 33

Pinpoint: Paragraphs 20 and 32-34

Holding limit: Limited High Court review survives; Finance Act 2017 explanation addresses nondisclosure. No whole present search-law certification.

Bounded check: verified only within explicit read bounds

OTHER STATUTORY PROVISIONS AND THEIR SEPARATE SCOPE

Income-tax Rules, 1962, rule 112 and Form 45 as then applied; Finance Act, 1964 substitution and Income-tax (Amendment) Act, 1965 substitution/validation as described at SCR 605-606; Code of Criminal Procedure, 1898, section 165 limitations distinguished from applicable search safeguards; Constitution, Article 226; Articles 14,19(1)(f),19(1)(g),31 pleaded but vires left unresolved

SOURCE & VERIFICATION

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

Identified source rendition: 14 PDF pages; SHA-256
aec085a0876de58e6223136f1201ffd73ed24681bf330ec97c478544f311186b. 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

The judicial date is 15 July 1969; 1970 is the SCR report year. Catalogue identifier 1969INSC145 is not independently printed or authenticated in this rendition.

The report is dated 1970 but the judicial decision is 15 July 1969. Four Supreme Court appeals are printed; only three lower-court writ numbers appear in the appellate recital.; The High Court's allegations, inferences and quoted conclusion are not Supreme Court findings. The reporter headnote compresses the disposition and does not replace the operative remand.; The caption identifies Circle-B; the quoted High Court passage at SCR 605 refers to Circle A. Officer spellings include Kapoor/Kapur and Ananda/Nanda. These printed variants are not silently repaired.; At SCR 605-606 the original prints section 1 for the 1965 replacement and section 8 for the validation provision. The later government-hosted compilation identifies the quoted independent validation provision as section 6. The discrepancy is retained; no original amending Act was authenticated to resolve it.; The discussion at SCR 609-610 moves from section 132(13) to a printed reference to subsection (2) in the Criminal Procedure Code passage. Preserve the historical text rather than treating it as a present cross-reference.; The reproduced section 132(1)(i) uses reason to suspect for location of records; surrounding explanatory passages speak of reason to believe. The authorising authority's statutory reasonable-belief condition is not merged with the location wording.; A general warrant and bona fide relevance error do not eliminate the specific-document release remedy, statutory retention limits or power to quash action lacking jurisdiction.; Vires was expressly left undecided; oral evidence on remand required High Court leave. No subsequent remand outcome is established here.; The historical 180-day period, rule 112 and Criminal Procedure Code references changed later. No present search or retention deadline is certified.

The 14 March 1963 section 148 notice identified AY 1954-55. Reopening validity and final reassessment liability were not decided; the operative dispute concerns 1961 section 132 search authority and execution.

Four appeals are printed at SCR 603. The appellate recital lists only Civil Misc. Writ Nos.3302,3381 and 3382 of 1963 from the 27 March 1964 Allahabad decision, although the judicial narrative identifies four petitioners. No unprinted fourth writ number or one-to-one appeal/petitioner allocation is inferred.

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. not_verified. Jawahar Lal Rastogi confirms strict retention safeguards and limits an overbroad Revenue reading; Spacewood expressly follows the search-law principles but rejects an automatic warrant-stage disclosure right; Laljibhai reiterates the principles with the later nondisclosure explanation. These are bounded primary-source checks, not comprehensive later-treatment or current-law clearance.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 14](#)

SHA-256: aec085a0876de58e6223136f1201ffd73ed24681bf330ec97c478544f311186b

[later reported judgment bounded - PDF pages: 5](#)

SHA-256: 598ca52acae5684cee3030bdba06fd4e6fb71d199f11e48eb60730435c6ad7bc

[later reported judgment bounded - PDF pages: 18](#)

SHA-256: 43be14018506b4f7768ccce8aef50135cf800187679e7bb2b04bc42af3786649

[later reported judgment bounded - PDF pages: 33](#)

SHA-256: 632bb55d8815033c3d6494d96b2f45d758d3147cd9b1b3eae00a9d470431041f

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

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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