

Mohini Thapar (Dead) by L. Rs. v. C.I.T. (Central), Calcutta & Ors.

Civil Appeals Nos. 1374 and 2146-2149 of 1970

[1972] 1 SCR 883 | 1971-09-23

Clubbing: dividends and interest traced to cash gifted to a spouse.

Indian Income-tax Act, 1922: sections 16(3)(a)(iii) and 66(1)

3-judge bench | K. S. Hegde, J. | A. N. Grover, J. | H. R. Khanna, J.

Assessment years: 1949-50, 1950-51, 1951-52, 1952-53, 1953-54

Proximate nexus required

The Court distinguished remote connections in Prem Bhai Parakh. Its conclusion concerns dividends and interest from shares and investments acquired from the gifted cash, not every later receipt of a spouse.

01 FACTS OF THE CASE

Karam Chand Thapar gifted cash to his wife Mohini Thapar, who acquired shares and invested the balance. Dividends and interest were included in his income for five assessment years from 1949-50 to 1953-54. His legal representatives challenged the High Court's answers favouring Revenue. The AY 1949-50 reference identified Rs. 21,225 of income; that amount is not stated as the aggregate for all five years.

Source: [SCR pp. 883-884](#) / [PDF pp. 1-2](#)

02 DISCUSSION BY THE HON'BLE COURT

Section 16(3)(a)(iii) covered income arising indirectly as well as directly from transferred assets. Limiting the provision to income directly springing from the original cash would deprive its wording of effect. A nexus was still necessary: here the dividends and investment interest were proximately connected to the gifted cash. Prem Bhai Parakh concerned a remote connection between gifts and minors' partnership income and was distinguished.

Source: [SCR pp. 884-886](#) / [PDF pp. 2-4](#)

03 JUDICIAL DECISION

All appeals failed and were dismissed with costs, one set. Inclusion of the disputed dividends and interest in the donor assessee's income was upheld.

Source: [SCR p. 886](#) / [PDF p. 4](#)

04 OUTCOME / IN WHOSE FAVOUR

In favour of Revenue on inclusion of the specified income under the historical clubbing provision. The ruling is not a blanket finding that every income item of a spouse must be clubbed.

Source: [SCR pp. 885-886 / PDF pp. 3-4](#)

05 AKHB REVIEW POINT

AKHB analysis: trace the gift, investment and resulting receipt through bank and investment records. Changing the form of the gifted asset did not sever the demonstrated nexus here. Distinguish income from substituted assets from receipts with an independent or remote source, and identify the exact statutory version before applying the decision.

Source: [AKHB analysis based on SCR pp. 884-886 / PDF pp. 2-4](#)

SOURCE & VERIFICATION

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

Full four-page SCR report read, separating editorial headnote from judicial reasoning; no neighbouring case text used.

[Open cited source rendition](#)

Full source read; page pinpoints used because judgment paragraphs are unnumbered. Exact original bytes match the catalogue SHA-256.

STATUTORY SCOPE

This decision applies the Indian Income-tax Act, 1922 to the stated historical assessment years. Current statutory applicability and any Income-tax Act, 1961 or 2025 crosswalk are not determined.

LATER TREATMENT

Source checked 2026-10-10. Comprehensive subsequent treatment has not been verified; no current citator clearance is represented.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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