

Commissioner of Income Tax, Bihar and Orissa, Patna v. S. P. Jain

Civil Appeals Nos. 320 to 322 of 1969 — Supreme Court appeal or expressly printed appeal group decided in this judgment and connected proceedings (full list below)

[1973] 2 SCR 334 | 1972-09-19

The Tribunal's factual conclusion could be disturbed because it ignored material evidence and rested on inadmissible material, conjecture and wrong facts; the proved circumstances also linked the name-lender specifically to this assessee.

1922 Act: 66(2)

3 Judges | K. S. Hegde | P. Jaganmohan Reddy | H. R. Khanna

01 FACTS OF THE CASE

For assessment year 1954-55 under the Indian Income-tax Act, 1922, the Income-tax Officer added ₹10,80,000 as S. P. Jain's undisclosed income invested in shares nominally purchased by Kalyan Shum Shere J. B. Rana. The alleged purchases comprised 75,000 sugar-company shares and 60,000 Rohtas shares from two colliery companies; the supposed cash proceeds were said to have been lent to Durga Prasad. The Appellate Assistant Commissioner first remanded for cross-examination and fuller investigation, then upheld the addition. The Tribunal accepted the purchases as genuine and deleted it. The Patna High Court agreed on a section 66(2) reference.

Source: [SCR335H-342F: assessment, shares, remand, Tribunal and reference questions.](#)

02 DISCUSSION BY THE HON'BLE COURT

The Supreme Court required two distinct showings: a recognised legal ground to disturb the Tribunal's factual findings, and evidence identifying Rana as this assessee's name-lender. A reference ordinarily proceeds on the stated facts, but the referred questions here challenged the validity of those findings. Intervention was available for no evidence, contradictory or irrelevant material, conjecture, or a conclusion no properly instructed judicial tribunal could reach. The Court retained established limits rather than adopting an unrestricted second factual opinion. Here the Tribunal treated unproved bank-manager letters as established, assumed facts absent from the record and overlooked the share scrips remaining with the assessee's concern. It also neglected delayed registration and dividend collection, inconsistent loan evidence, non-production of Rana and large bearer-cheque withdrawals through the concern's peon. Taken cumulatively, these circumstances established both nominal ownership and the assessee's connection.

Source: [SCR343-347: reference limits](#); [SCR348-359B: detailed evidentiary defects and separate beneficial-ownership linkage.](#)

03 JUDICIAL DECISION

Questions 2 and 3 were answered in the negative, for the Revenue: the Tribunal's exonerating finding was legally vitiated and deletion of ₹10,80,000 was unjustified. Question 1, separately concerning refusal to consider documents, was not pressed and was left unanswered.

Source: [SCR359C-D: answers to questions2-3 and question1 not pressed.](#)

04 OUTCOME / IN WHOSE FAVOUR

Revenue's appeals allowed with costs in the Supreme Court and High Court; the assessment inference drawn by the Income-tax Officer and Appellate Assistant Commissioner was upheld. The Tribunal's deletion of the ₹10,80,000 undisclosed-income addition was rejected; the separate document question remained unanswered.

Source: [SCR359B-D: Revenue inference sustained; appeals allowed with costs both courts.](#)

05 AKHB REVIEW POINT

Identify both a legally defective finding and evidence linking the money to this taxpayer. Patnaik expressly distinguished Jain because the framed questions differed (SCR 210H-211C). Historical 1961 section 256 references differ from substantial-question appeals under 260A and 2025 section 365; the compared versions do not certify current procedural application. No modern cash-credit charge was decided here. Printed peripheral date/dividend discrepancies remain disclosed.

Source: [SCR343B-E,344C-H,347A-D,357G-H: two-stage proof, proper challenge and fair consideration.](#)

APPEAL AND PROCEEDING NUMBERS

Civil Appeals Nos. 320 to 322 of 1969 — Supreme Court appeal or expressly printed appeal group decided in this judgment / Tax Cases Nos. 16, 17 and 18 of 1965 — Originating High Court appeal/reference docket; not an additional Supreme Court appeal

SOURCE & VERIFICATION

Original reported Supreme Court judgment

26-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 pages 1-26/SCR334-359: caption, dockets, complete Jagannathan Reddy J judgment, facts/evidence, reference-jurisdiction analysis, complete numbered evidentiary conclusions and final costs disposition. Every page text and image personally read.

Open cited source rendition

SCR 337 prints dividends of ₹21 lakhs; SCR 353 and 357 describe approximately ₹2 lakhs. The decisive investment addition is consistently ₹10,80,000.

SCR 338 prints notice date 28 February 1968 before response 13 March 1958; chronology anomaly retained, no silent correction.

Rana letter is dated 26 August 1958 at SCR 338 but 26 August 1956 at SCR 354. SCR 337 duplicates a 1955 deposit/withdrawal passage and prints 1955 again for a subsequent calendar year.

SCR 336 initially states assessment 30 September 1958; SCR 351 refers to order 30 August 1958. Neither conflicting date is adopted as decisive.

Frozen source-index INSC citation is metadata; printed SCR identity controls.

Modern statutory evidence is limited to the exact versions and scopes in sources; retained capture hashes are not original website/PDF hashes unless expressly labelled. No present-tax-year or full savings determination.

STATUTORY SCOPE

Indian Income-tax Act, 1922; 66(2)

Section 256, displayed 2025, is the historical reference comparator, expressly tied to pre-1 October 1998 Tribunal orders. Section 260A, displayed 2024 (No. 2), instead requires a substantial question of law, framing and bounded appeal powers. Whole sections were read; unavailable 2025-labelled 260A was not substituted silently.

Section 365, displayed 2026, provides substantial-question appeals, formulation, reasoned further-question power and issue-determination powers. Whole 365(1)–(10) read. The 1972 reference ruling does not directly adjudicate this modern route or sections 68/69.

Legacy 1922 Act holding; comparison versions and personally read scopes are explicit. No automatic precedent carryover or exhaustive present-law/repeal/savings determination.

Other provisions addressed: 1922 Act section 37 summons discussed

LATER TREATMENT

Source checked 2026-10-07. Patnaik & Co. (16 July 1986), [1986] 3 SCR 207 at 210H–211C, expressly distinguishes Jain: Jain's references challenged fact findings, while Patnaik's assumed Tribunal facts. Patnaik vacates the High Court's substituted facts and allows the assessee appeal on its own business-loss facts at 211–213.

Comprehensive subsequent history and present-law applicability are not certified.

One specific later Supreme Court use personally verified through full retained original text and all images; comprehensive subsequent history remains unverified.

IDENTIFIED SOURCE LINKS

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

Official departmental rendition displayed 2025 Identity/version lines38–58; full section 256(1)–(3), including(2A), lines63–71. Fresh personal bounded read of exact retained official tool-text capture. No inherited actor read, original HTML/PDF-byte or image claim; no full present-law, tax-year or repeal/savings determination.

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

Official departmental rendition displayed 2024 (No. 2) Identity/version lines38–58; full section 260A(1)–(7), including(2A) and(4) proviso, lines63–88. Fresh personal bounded read of exact retained official tool-text capture. No inherited actor read, original HTML/PDF-byte or image claim; no full present-law, tax-year or repeal/savings determination.

[Income-tax Act, 2025: selected provision](#)

Official departmental rendition displayed 2026 Identity/version lines38–58; full section 365(1)–(10), lines61–83. Fresh personal bounded read of exact retained official tool-text capture. No inherited actor read, original HTML/PDF-byte or image claim; no full present-law, tax-year or repeal/savings determination.

[Patnaik & Co.Ltd.v.The Commissioner of Income Tax, Orissa — \[1986\]3SCR207](#)

All7 physical pages/SCR 207–213, caption/headnote, complete Pathak Judgment, reference-question context, actual Jain distinction, Aluminium citation, merits and outcome. Fresh complete personal read of retained original PDF text and every page image, before/after PDF and derivative hashes verified. No exhaustive subsequent-history certification. Frozen source-index acquisition URL; present endpoint availability not rechecked. Text pages read: 1–7. Image pages read: 1–7.

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