

Commissioner of Income-Tax, Madhya Pradesh v. Maharaja Bahadur Singh & Others

Civil Appeal Nos. 1681–1684 of 1974

[1986] 3 SCR 1020 | 1986-10-13

Whether the beneficiaries received the property and its income in their individual capacity or as kartas of their respective Hindu undivided families under two identically worded trust deeds.

Two-judge bench | R.S. Pathak, J. | Sabyasachi Mukharji, J.

Assessment years: 1961-62, 1962-63

Deed-specific mixed-period income-status ruling; statutory and date limits

The four appeals concern Raja Bahadur (AY 1962-63), Maharaja Bahadur (AY 1961-62) and Jambukumar (both years). The judicial body identifies no governing Act or section; a separate historical commencement/savings check supplies context, but no particular charging or reference provision is verified. The deeds conferred individual interests on their particular terms, with legality assumed. Judicial deed date 21 March 1952 conflicts with the headnote's partition-date account. Appeals allowed with costs; later treatment, current law and 2025 mapping remain unverified.

01 FACTS OF THE CASE

Sir Hukumchand Seth and his family owned extensive property and carried on businesses in Indore. A partition dated 31 March 1950 divided family properties equally among him, his wife Lady Kanchanbai and their son Raj Kumar Singh. Each of the two parents later settled his or her separate share by identically worded trust deeds, naming their son and five grandsons as beneficiaries. The judicial narrative dates both trust deeds 21 March 1952; the editorial headnote instead describes them as executed on the partition date. This source conflict is not silently reconciled (physical pages 1 and 4–5).

The beneficiaries originally returned the property income as individuals, then claimed that they had received the property as kartas of their own HUFs. The four appeals concerned Raja Bahadur Singh for AY 1962-63, Maharaja Bahadur Singh for AY 1961-62, and Jambukumar Singh for both years. The Income Tax Officer, first appellate authority and Tribunal assessed them individually. On four income-tax references, the Madhya Pradesh High Court held in favour of HUF status. Neither side disputed the legality of the deeds or the settlors' capacity to settle these properties; the Supreme Court proceeded on that assumption (physical pages 3–5).

Clause 1 divided the net income equally among six beneficiaries, subject to the specified minor-beneficiary and death contingencies. On a beneficiary's death before final distribution, the trustees had absolute discretion over maintenance of his widow and male issue and accumulation of surplus. Clause 3 permitted discretionary advances, loans or corpus payments for special expenses. Clause 4 postponed final division until the youngest beneficiary reached thirty; if a beneficiary died leaving only a widow and no son, she received half his share and the other half went to the remaining beneficiaries and entitled heirs (physical pages 6–7).

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

02 DISCUSSION BY THE HON'BLE COURT

The Court treated the question as one of construing the particular settlements. The assessees' declarations dated 19 October 1964, seeking to treat income from Diwali 1959 as HUF income, could not determine the meaning of the unambiguous deeds. Under C.N. Arunachala Mudaliar, a donor could make a gift exclusively to a son or for his family branch; express terms controlled. If the document did not clearly state the interest conferred, donor intention had to be gathered from its language and surrounding circumstances, without a presumption in either direction (physical page 7 to page 8 A).

The identical instruments showed a common intention on the part of a male and a female settlor. Because the relevant Hindu-law courses of devolution would materially differ for their respective property, the Court rejected treating both deeds simply as property descending from father to son and grandsons. The terms of the actual grants controlled (physical page 8 B–C).

Two features contradicted receipt in a representative HUF capacity. First, the trustees' absolute discretion over a deceased beneficiary's share and its surplus was inconsistent with an obligation to hand that share to the members of his HUF. Secondly, the direction giving a sonless beneficiary's widow only half and diverting the other half elsewhere was inconsistent with the asserted HUF ownership. The Court consequently construed the grants as intended for the beneficiaries individually (physical page 8 D–H).

The argument that the scheme resembled a family settlement designed to protect grandsons did not change that conclusion. The grandsons were themselves beneficiaries whose interests were already protected; after distribution they could deal with their shares at their own discretion. The prescribed death contingencies did not require the beneficiaries to be treated as karta. The Court decided the construction and assessment-status question, not the validity of the settlements or every possible later transfer or blending of assets (physical page 9 A–D).

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

03 JUDICIAL DECISION

The Court held that the Tribunal's individual-capacity conclusion was right and the High Court's construction was erroneous. It answered the referred question affirmatively in each case, in favour of the Revenue and against the assessees, and allowed all four appeals with costs (physical page 9/SCR 1028 D–E).

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

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Revenue on individual rather than HUF assessment status under these trust deeds

Civil Appeal Nos. 1681–1684 of 1974 allowed with costs; reference question answered affirmatively in each case

Final substantive construction and income-status holding across the four identified assessee/year combinations

The legality of the deeds and settlors' competence were assumed because undisputed. The decision is deed-specific and does not establish that every parental settlement, gift or receipt must be individual property.

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

05 AKHB REVIEW POINT

Read the beneficial-interest clauses before attaching a tax status to a family relationship. The maintenance discretion and redistribution on death were inconsistent with the asserted HUF receipt here. A family-protection purpose alone did not override those terms, and a later declaration could not rewrite what the settlements had originally conferred. This is not a universal rule that a gift from a parent is necessarily individual property, nor a determination of a separately proved later transaction.

The judicial body expressly decides substantive assessment status for two AY 1962-63 combinations alongside AY 1961-62 combinations. Those actual post-commencement years and the Department-hosted historical commencement/savings text in sections 1(3) and 297 supply the historical context. The report gives no return dates or governing charging or reference provision; none is inferred. The precise year-specific procedural routes remain unverified.

Use the Court's 21 March 1952 deed date with its disclosed conflict against the headnote's same-as-partition account. Keep the four assessee/year combinations separate and do not guess their appeal-number allocation. Comprehensive later judicial treatment, present-law status and 2025 mapping are not verified.

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

PROPOSITION-SPECIFIC SOURCE PARAGRAPHS AND PDF PAGES

1.

Topic: Identity, appeal group and headnote/judicial date conflict

Source url: [Open cited source](#)

Pdf pages: 1; 3; 4

Paragraphs: SCR 1020 A–D; 1022 E–H; 1023 F–H

Source role: reported metadata and judicial text

2.

Topic: Actual assessee/year combinations and uncontested settlement validity

Source url: [Open cited source](#)

Pdf pages: 5

Paragraphs: SCR 1024 A–H

Source role: judicial text

3.

Topic: Material trust terms

Source url: [Open cited source](#)

Pdf pages: 6; 7

Paragraphs: SCR 1025 A–1026 D

Source role: judicial text

4.

Topic: Declarations, donor intention and deed-specific construction

Source url: [Open cited source](#)

Pdf pages: 7; 8

Paragraphs: SCR 1026 D–1027 H

Source role: judicial text

5.

Topic: Family-settlement argument and exact result/costs

Source url: [Open cited source](#)

Pdf pages: 9

Paragraphs: SCR 1028 A–E

Source role: judicial text

6.

Topic: Editorial historical-transition check, not a section decided by this judgment

Source url: [Open cited source](#)

Pdf pages: 42; 1004; 1005; 1006

Paragraphs: Sections 1(3) and 297; amendment-history footnotes distinguished

Source role: bounded historical statutory text

JUDICIAL AUTHORSHIP AND SEPARATE OPINIONS

R.S. Pathak, J.

ASSESSMENT-YEAR GROUPS

1.

Assessee: Raja Bahadur Singh

Assessment years: 1962-63

2.

Assessee: Maharaja Bahadur Singh

Assessment years: 1961-62

3.

Assessee: Jambukumar Singh

Assessment years: 1961-62; 1962-63

OTHER STATUTORY CONTEXT

Hindu-law principles governing the construction of gifts and settlements, considered through C.N. Arunachala Mudaliar; Income-tax Act, 1961, sections 1(3) and 297 independently checked for editorial transition/scope assessment only; not analysed in the judgment

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax legislation: mixed-period individual-versus-HUF assessment status; the judicial body does not identify a governing Act or section

SCOPE OF THE TAX-RECOVERY AND CROSS-LAW ISSUE

MIXED PERIOD SUBSTANTIVE STATUS WITH PRIMARY CONFIRMED 1962 63 APPEALS

SOURCE & VERIFICATION

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

Identified source rendition: 9 PDF pages; SHA-256

4548740338a880830407f4ec2ed5388ee5d2d45aea0c81359d37422ba3d1f502. Original bytes preserved.

Unnumbered judicial body begins physical page 3/SCR 1022 G and ends physical page 9/SCR 1028 E. Headnotes and appellate metadata precede it; no neighbouring judgment. The genealogical diagram on physical page 4 was read visually.

[Open cited source rendition](#)

Only the editorial Act line identifies the Income-tax Act, 1961; the complete judicial body names no governing Act or section. The mixed-period setting rests on the actual four appeal/year combinations and separately checked commencement/savings context, not that headnote alone.; The source gives all four civil appeals, but the High Court metadata lists three Civil Case numbers (240, 238 and 239 of 1971) and describes the date as 1/6 February 1974. The judicial opening nevertheless expressly says four references. No missing reference number or precise High Court date is invented.; The partition date is 31 March 1950. The judicial narrative gives 21 March 1952 for both trust deeds, while the headnote says on the same date as partition. Both versions were visually checked.; The beneficiaries' retrospective declaration is relevant to construing these deeds; the judgment does not comprehensively determine whether any independently effective later transfer or blending could ever occur.; Settlor competence and deed legality were undisputed assumptions, not contested issues resolved in the Revenue's favour.

Physical page 5/SCR 1024 C-D identifies Raja Bahadur Singh for AY 1962-63, Maharaja Bahadur Singh for AY 1961-62, and Jambukumar Singh for AYs 1961-62 and 1962-63. The report does not assign individual appeal numbers to those four assessee/year combinations. These are the actual appeals, not quoted precedent years.

STATUTORY SCOPE

No automatic mapping to the Income-tax Act, 2025 and no present-law certification. Historical substantive and procedural provisions require separate, year-specific verification.

LATER TREATMENT

Source checked 2026-10-04. not_verified. The only supplementary check for this note is the bounded historical sections 1(3)/297 commencement-and-savings comparison. It is not a citator search, a decision on the year-specific reference route, or present-law verification. Web discovery returned reproductions of the same editorial Act label; these were not used as independent statutory proof.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 9](#)

SHA-256: 4548740338a880830407f4ec2ed5388ee5d2d45aea0c81359d37422ba3d1f502

[official department hosted historical statutory compilation - PDF pages: 1251](#)

SHA-256: 1ec6e4c38dc1d524d1d40b1fd35d13ac1336c8fc549cef2af1bf723a999c822b

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