

Raja Ram Kumar Bhargava (Dead) by Legal Representatives v. Union of India

Civil Appeal No. 4034 of 1983

[1988] 2 SCR 352 | 1987-12-11

Whether interest was payable on income-tax and excess-profits-tax refunds after the 1961 Act transition, what counted as a completed assessment under section 297(2)(i), and whether the civil suit could yield relief

Income-tax Act, 1922: sections 66(5), 66(7) | Income-tax Act, 1961: sections 297(2)(a), 297(2)(i) | Excess Profits Tax Act, 1940: section 21 | Code of Civil Procedure, 1908: section 9 | Constitution of India: article 226

Two-judge bench; judgment delivered by M. N. Venkatachaliah, J. | S. Natarajan, J. | M. N. Venkatachaliah, J.

Historical transition and mixed result

Do not read the partial monetary relief as allowing interest on the income-tax refund or as deciding civil-suit jurisdiction. The ruling applies historical repeal and excess-profits-tax provisions.

01 FACTS OF THE CASE

For AY 1947-48, Raja Ram Kumar Bhargava, assessed as karta of an HUF, paid Rs.2,57,383.87 after assessment and appellate orders. References later produced refunds of Rs.2,01,146.62 income tax and Rs.19,126.16 excess profits tax. After repeal of the 1922 Act, the Department rejected interest. The assessee sued for Rs.1,17,358.87 income-tax interest and Rs.12,282.11 excess-profits-tax interest. The Single Judge dismissed the suit; the Division Bench sustained dismissal under the 1961 Act transition.

Source: [Primary judgment: assessment, refunds and suit history](#)

02 DISCUSSION BY THE HON'BLE COURT

Following Panchanatham Chettiar, the Court held that an assessment is “completed” for section 297(2)(i) when the Income-tax Officer passed the pre-1961 assessment order; appellate finality was unnecessary. The income-tax interest claim therefore failed. The excess-profits-tax claim differed: section 21 of the 1940 Act incorporated section 66 of the 1922 Act, and section 66(7) mandated refund interest while leaving discretion over its rate. The Court outlined implied exclusion of civil jurisdiction but did not finally decide maintainability.

Source: [Primary judgment: transition, incorporated right and jurisdiction discussion](#)

03 JUDICIAL DECISION

The Court upheld rejection of Rs.1,17,358.87 income-tax interest. To end decades-old litigation, it awarded Rs.12,282.11 excess-profits-tax interest without deciding civil-suit jurisdiction.

Source: [Primary judgment: holdings and tailored relief](#)

04 OUTCOME / IN WHOSE FAVOUR

Appeal allowed in part. The dismissal remained undisturbed for the income-tax interest claim. The decree was reversed only for Rs.12,282.11, with pendente lite and further interest at six per cent per annum from institution until realisation; appellants received costs proportionate to success.

Source: [Primary judgment: operative disposition](#)

05 AKHB REVIEW POINT

AKHB analysis: separate each refund by its charging and machinery statute before applying a repeal transition. A pre-commencement Income-tax Officer order can satisfy the historical "completed assessment" rule even if appellate or reference proceedings later alter quantum. Do not generalise the excess-profits-tax relief: it depended on statutory incorporation, special case-management relief, and provisions no longer forming ordinary current-law refund practice.

Source: [Primary judgment: review-point basis](#)

SOURCE & VERIFICATION

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

Complete eleven-page SCR report read in page-preserving text and every page image inspected (SCR 352-362).

[Open cited source rendition](#)

Exact catalogue SHA-256 and eleven-page count verified; all pages were read and visually inspected.

Only the Rs.12,282.11 excess-profits-tax interest claim succeeded; the Court left civil-suit maintainability undecided.

STATUTORY SCOPE

Historical provisions only: 1922 Act sections 66(5)/(7), 1961 Act section 297(2)(a)/(i), and Excess Profits Tax Act section 21. The six-per-cent award was case-specific relief, not current refund-interest law.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The judgment applies the repeal transition from the 1922 Act and the historical Excess Profits Tax Act, 1940.

AI DISCLOSURE

This AKHB research note was prepared with AI assistance from the identified primary report and has not been represented as independently human-reviewed.

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