

Sasadhar Chakravarty and Another v. Union of India and Others

Writ Petition (Civil) No. 1640 of 1986

[1996] Supp. 8 SCR 356 | 1996-11-04

Validity of the approved-superannuation-fund rules requiring LIC annuities and whether later fund improvements extended to existing annuitants

Income-tax Act, 1961: section 2(6), section 36(1)(iv), Fourth Schedule Part B clauses 3 and 11(cc) | Income-tax Rules, 1962: rules 82-97, particularly rules 89 and 91 | Constitution of India: Articles 14 and 19(1)(g)

Three-judge bench; judgment delivered by Sujata V. Manohar, J. | A. M. Ahmadi, C.J. | K. S. Paripoornan, J. | Sujata V. Manohar, J.

Historical ruling; verify current law

The result concerns the then-approved non-contributory superannuation fund, its LIC annuity mechanism and the statutory rules reviewed in 1996. It does not certify the present tax treatment, regulatory framework or terms of a different pension or annuity product.

01 FACTS OF THE CASE

Indian Oxygen Ltd. maintained an approved, non-contributory staff pension fund. Employer contributions attributable to each employee were accumulated and used on retirement, death or incapacity to purchase an LIC annuity. A retired employee and a pensioners' society sought the benefit of 1985 improvements made for serving employees and challenged the Board's rule-making power, the compulsory LIC-annuity structure and the beneficiary restrictions in Rules 89 and 91.

Source: [Primary judgment: facts and procedural setting](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished a funded LIC annuity from a pension paid from general revenue. Once the employee retired and the accumulated contribution bought an annuity, the employee's right and quantum crystallised under that contract; the money no longer remained in the employer fund. Part B of Schedule IV pursued security of approved funds, giving adequate policy and guidance for regulating investments. Requiring an LIC-backed annuity rationally protected beneficiaries. The annual payment combined return of capital and interest, so Rule 91 did not confer an unjust windfall on LIC.

Source: [Primary judgment: reasoning](#)

03 JUDICIAL DECISION

Clause 11(cc) did not confer arbitrary or excessive power, Rules 89 and 91 were not unreasonable, and the 1985 fund improvements did not extend to persons whose contributions had already been withdrawn to purchase annuities.

Source: [Primary judgment: holding](#)

04 OUTCOME / IN WHOSE FAVOUR

The writ petition was dismissed, with no order as to costs. The Court noted LIC's later option allowing existing annuitants to switch to a different annuity structure, but did not rewrite the historical fund.

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

05 AKHB REVIEW POINT

AKHB analysis: identify whether a retirement benefit is an employer-funded continuing pension or an annuity already purchased from accumulated contributions before applying equality principles to later improvements. Separately test the enabling provision, investment-safety objective and the exact product terms.

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

SOURCE & VERIFICATION

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

Complete 13-page SCR report read in page-preserving text and every page image inspected, from the reported opening page through the operative disposition.

[Open cited source rendition](#)

Exact catalogue SHA-256 and 13-page count verified; every page was read and visually inspected.

STATUTORY SCOPE

Historical statutory provisions are described as they appeared in the report. Verify current enactments, amendments and later judicial treatment before reliance.

LATER TREATMENT

Source checked 2026-10-12. No comprehensive later-treatment or present-law clearance is represented. The note reports the historical statutory text and result in this primary report only.

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.

PROFESSIONAL DISCLAIMER

General legal and tax research only; not legal or tax advice. Verify the complete judgment, governing statutory version and subsequent judicial treatment before reliance. The AKHB REVIEW POINT is editorial analysis, not the Court's holding, and no current-law clearance is claimed.