

Supreme Court of India

Afzalunnissa Begum vs Union Of India (Uoi) And Ors. on 12 March, 1992

Equivalent citations: 1992 195 ITR 612 SC, 1992 (1) SCALE 803, 1995 Supp (4) SCC 510

Bench: S Ranganathan, V Ramaswamy, Y Dayal

ORDER S. Ranganathan, V. Ramaswami and Yogeshwar Dayal, JJ.

1. In these appeals, the Income-tax Department seized from one of the appellants a certain sum of money. In the other appeal, the money was seized from the safe deposit of a bank and the appellant states that the amount had been deposited by him with the Manager of the bank for safe custody. These amounts have been seized by the department under Section 132(1) of the Income-tax Act, 1961. The appellants, however, claim that these amounts had been intended, for purchasing Special Bearer Bonds and that the department has seized the amounts before this intention could be carried into effect. The question is whether there is anything in law which prohibits the department from seizing these amounts merely because they are, even accepting the appellant's case, intended to be invested in Special Bearer Bonds. This question has been answered in negative by the High Court of Andhra Pradesh.

2. We have heard counsel at great length. We consider it unnecessary to discuss the matter elaborately because, in our opinion, as rightly pointed out. by the counsel for the Union of India, the question is covered by the decision of this Court in R.K. Garg v. Union of India . The observations at pages 260 and 261 particularly deal with situations of the present type. As has been clearly set out in that decision, the immunity conferred by the Special Bearer Bonds (Immunities and Exemptions) Act, 1981 is a very limited one. It only provides that, where a person has invested in the bearer bonds, the department cannot question the sources of acquisition thereof. The immunity does not extend to the moneys which are discovered by the department otherwise in pursuance of the normal provisions of the Act. The Special Bond Scheme, as has been clearly set out in the Press Note as well as in the Statute, is completely independent of, and does not affect the remedies and processes available to the Department under, the provisions of the Income-Tax Act.

3. We are, therefore, of the opinion that the High Court was right in dismissing the writ petitions filed by the appellants. The appeals fail and are dismissed with costs, Rs. 2500/- in each of the appeals.