

APOORVA SHANTILAL SHAH

v.

COMMISSIONER OF INCOME TAX  
GUJARAT-1, AHMEDABAD

*March 3, 1983*

[P. N. BHAGWATI AND AMARENDRA NATH SEN, JJ.]

*Partial partition—Whether the father in exercise of his right as “patria potestas” or otherwise can effect a partial partition between himself and his minor sons of joint family properties of a Hindu Joint Family governed by the Mitakshara School of Hindu Law—Income Tax Act, 1961, Section 171.*

The assessee is a Hind undivided Family consisting of four members, namely, Sri Apoorva Shantilal Shah, his wife Smt. Karuna and their minor sons Chintan and Tejal. During the assessment pertaining to the assessment year 1975-76. Shri Apoorva as a Karta of the H.U.F. made an application to the Income Tax Officer for recognising partial partition under S. 171 of the Income Tax Act, 1961 (hereinafter referred to as the Act) claiming that two partial partitions had taken place amongst the members of the said family, one on 24.12.1973 in respect of 200 shares of Gujarat Steel Tubes Ltd. and the other on 29.12.1973 in respect of 1777 shares of the same company. The Income Tax Officer refused to record them for three reasons, namely (i) the partitions have not been made at the instance of the minor sons; (ii) after making certain allocations in favour of the two minor sons, the remaining shares were not allotted in their entirety to the remaining third coparcener, namely Apoorva separately or Apoorva and Smt. Karuna jointly describing them as H.U.F. and (iii) the distribution of shares had not been made equally either amongst the three members including the two minor sons or amongst the four members of the H.U.F., as Apoorva's wife Karuna also became entitled to an equal share on partition between the father and sons. The appeal preferred before the Assistant Appellate Commissioner was accepted. The further appeal, by Revenue to the Income Tax Appellate Tribunal was allowed since the Tribunal was of the opinion that the partial partitions in the instant case, being outside the framework of the Hindu Law could not be recognised as valid for the purposes of Section 171 of the Income Tax Act. All the questions referred to in the reference under Section 256 (1) to the High Court were answered against the assessee. The High Court held that under Hindu Law the father has no power or authority to effect any partial partition of joint family properties between himself and his minor sons. Hence the appeal by special leave.

H. Allowing the appeal, the Court

HELD : 1.1. Partial Partition of the shares belonging to the Hindu undivided Family cannot be said to be bad either under the Hindu Law or under the Indian Income Tax Act. [514 H, 515 A] **A**

1.2. Partial partition of properties brought about by the father between himself and his minor sons is valid and binding under the Hindu Law. This right of the father to effect a partial partition of joint family properties between himself and his minor sons, whether in exercise of his superior right as father or in exercise of the right as *patria potestas* has necessarily to be exercised *bona fide* by the father and is subject to the right of the sons to challenge the partition, if the partition is not fair and just. [511 C-E] **B**

1.3. The right of the father to bring about the disruption of the joint family properties in exercise of his superior right, as father or of his rights as *patria potestas* is recognised in ancient Hindu Law. [509 D-E] **C**

1.4. The stand taken by the High Court to the effect that the proposition laid down by judicial decisions to the effect that partial partition of a joint Hindu family *qua* some joint family properties or *qua* some members of the joint family is permissible and valid in law, will apply only when partial partition is effected with the consent of the members of joint family and cannot be extended to a case when partial partition is sought to be brought by father in exercise of his superior rights as father or his right as *patria potestas* is incorrect. [509 F-H] **D**

If the father in exercise of his superior right or of his right as *patria potestas* is entitled to bring about a complete disruption of the joint family and to effect a complete partition of joint family properties of a Hindu joint family consisting of himself and his minor sons even against the wishes of the minors and if partial partition be permissible with the consent of sons when they have all become major, the power or authority of the father to effect the partition of properties cannot be limited only to a case where the partition is total. Even if the test of consent is to apply, the father as the natural guardian of the minor sons will normally be in a position to give such consent and it cannot be said as matter of universal application that in all such cases of partition, partial or otherwise, there is bound to be a conflict of interest between the father and his sons. If the father does not act bonafide in the matter when he effects partition of joint family properties between himself and his minor sons, whether wholly or partially the sons on attaining majority may challenge the partition and ask for appropriate reliefs including a proper partition. In appropriate cases even during minority, the minor sons through a proper guardian may impeach the validity of the partition brought about by the father either in entirety of the joint family properties or only in respect of part thereof, if the partition had been effected by the father to the detriment of the minor sons and to the prejudice of their interest. [510 A-H] **E**

*Charandas Haridas v. Commissioner of Income Tax*, Bombay (1960) 39 I.T.R. 202 (S.C.) *Kalloomal Tapeswari Prasad (HUF) v. Commissioner of Income Tax. Kanpur* (1982) 133 I.T.R. 690 (S.C.) followed: **F**

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A 1.5. The provisions of the Income Tax Act, 1961 before the amendment by Finance Act (No. 2 of 1980) also clearly recognise partial partition. The definition of partial partition in Explanation (b) makes it clear that partial partition as regards the persons constituting the Hindu undivided family or as regards properties belonging to the Hindu Undivided family, or both, is recognised. [514 F-G]

B 2.1. A partial partition of any joint family property by the father between himself and his sons does not become invalid on the ground that there has been no equal distribution amongst the co-sharers. It is expected that the father who seeks to bring about a partial partition of joint family properties will act *bona fide* in the interest of the joint family and its members bearing in mind in particular the interest of the minor sons. If, however, any such partial revision causes any prejudice to any of the minor sons and if any minor son feels aggrieved by any such partial partition, he can always challenge the validity of such partial partition in an appropriate proceeding and the validity of such partial partition will necessarily have to be adjudicated upon in the proceeding on a proper consideration of all the facts and circumstances of the case. Till such partial partition has been held to be invalid by any competent court, the partial partition must be held to be valid. [515 D-F]

D 2.2. It is not open to the Income-tax Authorities to consider a partial partition to be invalid on the ground that shares have not been equally divided and to refuse to recognise the same. It is undoubtedly open to the Income-tax Officer before recognising the partition to come to a conclusion on proper enquiry whether the partition is genuine or not. If the Income-tax Officer on enquiry comes to a finding that the partition is sham or fictitious, he will be perfectly within his right to refuse to recognise the same. [515 F-G]

E 2.3. In the instant case, there is no finding that the partial partition is sham or fictitious or that the partial partition is not a genuine one and has not been acted upon. As there is no finding that the partial partition is sham or fictitious or not a genuine one, on enquiries made by the Income-tax Officer, and as the partial partition is otherwise valid under the Hindu Law, the partial partition has necessarily to be recognised under the provisions of S. 171 of the Income-tax Act and the assessment must be necessarily made on the basis that there is partial partition of the said shares. [515 H, 516 A-B]

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G CIVIL APPELLATE JURISDICTION: Civil Appeal No. 35 of 1982.

Appeal by Special leave from the Judgment and Order dated the 9th July, 1981 of the Gujarat High Court in Income Tax Reference No. 28 of 1980.

H P.H. Parekh, Harish Salva and Gautam Philip for the Appellant.

S.C. Manchanda, Anil Dev Singh and Miss A. Subhashini for the Respondent. **A**

The Judgment of the Court was delivered by

AMARENDRA NATH SEN, J. The principal question for decision in this appeal by Special Leave is whether the father in exercise of his right as *Patria Potestas* or otherwise can effect a partial partition between himself and his minor sons of joint family properties of a Hindu joint family governed by the Mitakshara School of Hindu Law. **B**

The assessee, a Hindu undivided family (hereinafter referred to as H.U.F.), which consists of four members, namely, (1) Shri Apoorva Shantilal Shah, 2) his wife Smt. Karuna and their minor sons (3) Chintan and 4) Tejal, is the appellant before us. The members of the H.U.F. are governed by the Mitakshara School of Hindu Law. The assessment year in question is the year 1975-76. During the assessment pertaining to the assessment year under consideration, Shri Apoorva who is the father of the minor sons and husband of Smt. Karuna and the Karta of the H.U.F. made an application to the Income Tax Officer for recognising partial partition under S. 171 of the Income Tax Act, 1961 (hereinafter referred to as the Act), claiming that two partial partitions had taken place amongst the members of the said family, one on 24.12.1973 in respect of 200 shares of Gujarat Steel Tubes Ltd. and the other on 29.12.1973 in respect of 1777 shares of the same company. **C**

On enquiry the Income-Tax Officer (hereinafter for the sake of brevity referred to as I.T.O.) found that the partial partitions had been embodied in memoranda of agreements of partition. The I.T.O. however, refused to record that there had been a partial partition of joint family properties, as he was of the view that partial partitions in question could not be recognised inasmuch as the remaining shares, after making certain allocations in favour of the two minor sons were not allotted in their entirety to the remaining third coparcener, namely, Shri Apoorva separately or to Shri Apoorva and his wife Karuna jointly, describing them as members of the H.U.F. The I.T.O. further held that the said partitions did not purport to have been made at the instance of the minor children, as this course would require the approval of the Court but the same had been purported to **D**  
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**A** have been made at the instance of Shri Apoorva. The I.T.O. hinted in the order that the distribution of the shares had not been made equally either amongst the three members including the two minor sons or amongst the four members of the H.U.F., as Apoorva's wife Karuna also became entitled to an equal share on partition between the father and the sons.

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Against the order of the I.T.O. the assessee H.U.F. presented an appeal before the Appellate Assistant Commissioner (hereinafter referred to as A.A.C. for the sake of brevity). The A.A.C. allowed the appeal and held that there had been genuine partial partitions between the coparceners in respect of the said shares. The A.A.C. held that it was not necessary to obtain court's sanction even in a case where some of the parties to the partition were minors. As regards the point that the distribution of shareholdings had not been made on equal basis, the A.A.C., taking into consideration some earlier partitions, came to the conclusion that the distribution had been equally made. The A.A.C. further observed that even if the distribution had not been made on equal basis that would not affect the validity of the partitions in question and the minor sons, if they felt aggrieved in this regard, could on attainment of majority seek to avoid the said partitions.

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**E** Aggrieved by the order of the A.A.C., the Revenue went up in appeal to the Income-Tax Appellate Tribunal (referred to as tribunal hereinafter for the sake of brevity) to challenge the A.A.C.'s recognition of the said partitions. The Tribunal held for reasons recorded in the order that partial partitions in the instant case were outside the framework of the Hindu Law and as such they could not be recognised as valid for the purposes of S. 171 of the Act. In that view of the matter the Tribunal set aside the A.A.C.'s order and restored the order of the I.T.O.

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**G** Under S. 256 (1) of the Act, the Tribunal referred the following question to the High Court :—

**H** (1) Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that Shri Apoorva Shantilal could not himself have given consent on behalf of his minor sons to the partitions proposed by him in his individual capacity as father ?

(2) Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the partial partitions were outside the framework of Hindu Law ?

(3) Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the partial partitions could not be recognised as valid for the purpose of section 171 of the Income-tax Act, 1961 ?

(4) Whether on the facts and circumstances of the case, the Tribunal was right in holding that partial partitions made by a Hindu father in exercise of his *patria potestas* cannot be recorded as a valid partitions under section 171 of the Income-tax Act, 1961 ?

(5) Whether on the facts and in the circumstances of the case, the Tribunal was right in holding that the partial partition did not amount to a family arrangement in which the father acted as a natural guardian of the two minors sons after he had exercised his *patria potestas* ?

(6) Whether the Income-tax Department is competent to challenge the exercise of *patria potestas* by a Hindu father in respect of coparcenery property, making a partial partition ?

For reasons recorded in the judgment the High Court answered all the questions in the affirmative and against the assessee. The High Court in its judgment has held that the father under the Hindu Law has no power or authority to effect any partial partition of Joint family properties between himself and his minor sons. The High Court has observed that apart from the decision of the Madhya Pradesh High Court in the case of *Commissioner of Income-tax v. Seth Gopaldas H.U.F.* (1) there was no decision of any court on the point. The High Court also considered other decisions and books and treatises on Hindu Law. The High Court held that on a consideration of the authorities, the following propositions were established :-

1. From the stand point of ancient Hindu Law, what was recognised was only a partition in respect of all the

(1) (1979) 116 I.T.R. 577.

**A** properties of the H.U.F., upon disruption of the status of H.U.F. regardless of whether the properties were actually divided by metes and bounds or whether these were thereafter (after disruption of joint status) held as tenants-in-common.

**B** 2. Partial partition in the sense of division in respect of part of the assets while continuing the status of HUF in respect of rest of the assets was not known to the ancient Hindu Law and was not recognised by ancient Hindu Law.

**C** 3. Partial Partition in the sense of division of some of the properties whilst continuing the status of HUF in respect of other items of property originally belonging to the HUF came to be recognised only later on by evolution of custom and by judge-made law.

**D** 4. Such a partial partition was so recognised only if it was made by consent of all the coparceners. In other words, partial partitions in respect of only some items of property whilst continuing the status of HUF in respect of rest of the items of property could be effected only with the consent of all the coparceners. When there was a disruption of the status of the HUF only one or more of the coparceners could not insist for division of some items of the property without effecting division in respect of all the items of properties except by consent of all the coparceners.

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**F** 5. In respect of a joint family consisting of a father and his sons, the traditional Hindu Law recognised the right of a father in his capacity as *patria potestas* to exercise his extraordinary power to disrupt the status of HUF and to divide his sons *inter se* without their consent subject to the rider that 'all' assets of the HUF were subjected to partition.

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6. The aforesaid extra-ordinary power is subject to the qualification that he gives to his sons an equal share and division is not unfair (vide Gupte's Hindu Law 2nd Edn., Page 259). "The Power of the father to sever the sons *inter se* is a survival of the *patria potestas* and may be exercised

by him without the consent of his sons" ... "Again, in all cases his power must be exercised by him bonafide and in accordance with law; the division must not be unfair and the allotment must be equal. He must give his sons equal share with himself."

7. There is nothing in (1) either ancient Hindu Law or (2) customary or judge-made law which authorises the father in exercise of his extraordinary power to effect a partial partition of HUF consisting of himself and his minor sons by dividing some items of properties whilst continuing the joint status in respect of the rest of the properties.

The High Court observed :—

"The validity of the aforesaid propositions is incapable of being disputed and has not been disputed. What has been contended on behalf of the assessee is that whilst there is no express provision in so many words, either in the ancient Hindu texts or Judge-made law, that the power of a Hindu father to effect partition of a HUF consisting of himself and his sons including minor sons in exercise of his power as *patria potestas* extends even to partition in respect of only some items of property it is required to be inferred by implication. In other words, it is argued that though there is no express reference to the power to effect that partial partition in the sense of division of some items of property while continuing the status of HUF in respect of the rest and though such power is not recognised in terms, it follows as a necessary corollary."

The High Court noted that this contention has been negatived by the Madhya Pradesh High Court in the case of *Gopaldas* (supra) and the High Court for reasons recorded in the judgment rejected this contention. The High Court further held that the transaction in question was in any event invalid in the facts and in the circumstances of this case.

Aggrieved by the judgment of the High Court, the assessee with special leave granted by this Court has preferred this appeal.

A In this appeal before us, two main contentions have been urged on behalf of the appellant. The first contention urged is that the High Court went wrong in holding that the father cannot effect any valid partial partition between himself and his minor sons of joint family property belonging to a Hindu undivided family consisting of himself, his wife and minor sons who are governed by the Mitakshara School of Hindu Law. The other contention raised is that the High Court erred in coming to the conclusion that in the facts and circumstances of this case, the partial partitions were invalid.

C Mr. Desai learned counsel appearing on behalf of the appellant has advanced the following arguments.

D 1. According to the Mitakshara School of Hindu Law, the father has a power to divide ancestral property among his sons and the partition made by him is binding on his sons provided that the power is exercised bonafide and in accordance with law which regulates and restricts it in the interests of his sons. This power on the part of the father is recognised in text books on Hindu Law and has been accepted in a number of decisions beginning with the case of *Kandaswami v. Doraisami Ayyar*.<sup>(1)</sup>

E 2. A father in any such case of ancestral property has the power to separate from all or from even some of his sons remaining joint with the other sons or leaving them to continue as a joint family with each other. The consent of the sons is not necessary for the exercise of that power whether they are majors or minors. In this connection reference is made to para 323 of Hindu Law by D.F. Mulla and para 458 at p. 559 of Mayne's Hindu Law (11th Edn.).

Para 323 of Mulla's Hindu Law, 11th Edn. at page 443 and 444 reads as follows :—

G "The father of a joint family has the power to divide the family property at any moment during his life, provided he gives his sons equal shares with himself, and if he does so, the effect in law is not only a separation of the father from the sons, but a separation of the sons *inter se*.  
H The consent of the sons is not necessary for the exercise

(1) I.L.R. (1880) 2 Mad. 317.

of that power. But a grandfather has no power to bring about a separation among the grandsons. The right of a father to sever sons *inter se* is a part of the *patria potestas* still recognised by the Hindu Law.”

Para 458 of Mayne's Hindu Law and Usage, 11th Edn. at p.559 and 560 reads as follows :—

“Partition may be either total or partial. A partition may be partial either as regards the persons making it or the property divided.

It is open to the members of a joint family to sever in interest in respect of a part of the joint estate while retaining their status of a joint family and holding the rest as the properties of an undivided family.

Any one coparcener may separate from the others, but no coparcener except the father or grandfathers, can compel the others to become separate amongst themselves. A father may separate from all or from some of his sons, remaining joint with the other sons or leaving them to continue a joint family with each other. A separation between coparceners, for instance, between two brothers, does neither necessarily nor even ordinarily involve a separation between either of the coparceners and his own sons.”

3. So extensive and wide is this patriarchal power of the father that it has been recognised even in cases where all the sons were minors or an only son was a lunatic. Reference is made to the decision of the Bombay High Court in the case of *Bapu Hambira Patil v. Shankar Bhau Patil*,<sup>(1)</sup> and to the decision of the Madras High Court in the case of *Venkataswara Pattar v. K. Mankayammal*.<sup>(2)</sup>

4. S. 171 of the Income-tax Act, 1971 and S. 25A of the earlier Act have been all along accepted as machinery provisions and not charging sections. In the earlier Act though there was no express reference to partial partitions, the preferable view expressed in deci-

(1) A.I.R. 1926 Bom. 160.

(2) A.I.R. 1933 Mad. 775.

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sions under that Act was that if there was a partial partition of an asset of the family or an asset of the family was divided and a partnership was constituted and the family continued joint as regards other properties, the assessment on the basis of undivided Hindu family would be confined to the income of the properties so remaining undivided and the income of the property partitioned would be excluded from the computation of the income for assessment. It was only income received from the properties not partitioned that would be considered to be the income of the joint family. Reliance has been placed on the decision in the case of *Charandas Haridas v. C.I.T. Bombay*. (1)

5. This power of the father has been described as his "superior power" or "peculiar power" or "patria potestas". There is neither principle nor authority for the proposition that the exercise of this independent and extensive power of the father even in the context of minor sons could not take into its purview the lesser power to partition only some of the family properties without disrupting the status of the members of the joint family as regards other properties even when it is a genuine exercise of the lesser power. At no time was there recognised any limitation or inhibition on the power of the father, though of course the partition effected by him had to be fair and equitable. There is no text of Hindu Law which prohibits partial partition whether as to person or as to property.

6. The decision of the Privy Council in the case of *Appovier v. Ram Subba Aiyar*, (2) when it speaks of partial partition of the joint family by agreement of the coparcener cannot possibly be read as restricting the patriarchal and superior power of the father to effect division of the entire joint family properties and to exclude operation in case of exercise of the lesser right of division of only some of the family properties.

Mr. Manchanda learned counsel appearing on behalf of the department, has advanced the following arguments :

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(1) [1960] 39 I.T.R. 202.

(2) [1866] 11 M.I.A. 75.

1. Under ancient Hindu Law, partial partition was unknown. Severance of status disrupted the family. The joint family need not necessarily have any property. If it has property, then its separation is only an incidence of the severance of status.

2. Partial partition is judge-made law and the earliest case where this was mooted was in 1846 in the case of *Rewun Prashad v. Radha Beeby*.<sup>(1)</sup> This was followed in *Appovier's case* (*supra*) and then in certain decisions of Indian Courts. Reference is also made to paragraph 458 of Mayne's Book on Hindu Law and Usage for contending that agreement between the parties is a *sine qua non*.

3. The powers of *patria potestas* are confined mainly to the power to sever the status of the joint family as a whole. Judge-made law which has recognised partial partition has attempted to extend the ancient, feudal archaic patriarchal powers of *patria potestas* to joint families so as to include the power of partial partition with the consent of the parties. There could be no justification for now extending it, particularly as the legislature itself, as per the Finance Act (2) 1980 w.e.f. 1.4.80 has de-recognised partial partition altogether. Sub-section (9) has been added to S. 171 of the Act and by this provision partial partition of a HUF effected after 31.12.78 will be de-recognised for income-tax purposes and this sub-section has been incorporated with the object of curbing the creation of multiple HUF by making partial partitions. Where a HUF is taxed in the status of HUF it will continue to be taxed as such unless there has been a total partition of the family properties by metes and bounds and an order to that effect is recorded by I.T.O.

4. The powers of *patria potestas* of a father have always been understood to be restricted and limited to a complete and whole partition. This power can only be exercised with regard to the entire property, provided the property is divided equally and fairly by the father.

We may observe that in course of the hearing, reference was made to a number of decisions of various courts by the learned counsel for the parties.

(2) [1846] 4 M.I.A. 137 @ 165.

A We shall now proceed to consider the decisions which appear to us to have a material bearing on the question involved in the appeal. We shall first refer to the decision of this Court in the case of *Charandas Haridas (supra)*. This decision which appears to have clear bearing on the question and which considers an earlier decision of the Privy Council, does not appear to have been cited before the High Court. The material facts of this case may be briefly noted ;—

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C Charandas Haridas was the Karta of a Hindu undivided family consisting of his wife, Shantaben, three sons and himself. He was a partner in six managing agency firms in six mills. In previous years the income received by him as partner in these Managing Agencies was being assessed as the income of the Hindu undivided family. On December 11, 1945, Charandas Haridas acting for his three minor sons and himself and Shantaben his wife, entered into an oral agreement for partial partition. By that agreement Charandas Haridas gave one pie share to his daughter Pratibha in the managing agency commission from two of the six managing agencies held by the family. The balance together with the other shares in the other managing agencies was divided in five equal shares between Charandas Haridas, his wife and sons. This agreement was to come into effect from 1st January, 1946 which was the beginning of a fresh accounting year. On 11th September, 1946 Charandas Haridas acting for himself and his minor sons and Shantaben executed a memorandum of partial partition in which the above facts were recited, the document purporting to be a record of what had taken place orally earlier. In the assessment year 1947-48 and 1948-49, Charandas Haridas claimed that the income should no longer be treated as income of Hindu undivided family but as separate income of the divided members. The Income-tax Officer declined to treat the income as any but of the Hindu undivided family, and assessed the income as before. An appeal to the Appellate Assistant Commissioner was unsuccessful and the matter was taken to the Income-tax Appellate Tribunal. The Tribunal held that by the document in question, the division, if any, was of the income and not of the assets from which the income was derived inasmuch as “the agreements of the managing agency with the managed companies did not undergo any change whatever as a result of the alleged partition.” The Tribunal, therefore, held that the arrangement to share the receipts from this source of income was not binding on

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the department, if the assets themselves continued to remain joint. It further held that the document was "a farce", and did not save the family from assessment as Hindu undivided family. The following question as directed by the High Court on the application of Charandas Haridas was referred to the High Court :

"Whether there were materials to justify the finding of the Tribunal that the income in the share of the commission agency of the mills was the income of the Hindu undivided family?"

The High Court held that though the finding given by the Appellate Tribunal could not be construed as a finding that the document was not genuine, the method adopted by the family to partition the assets was insufficient to bring about the results intended by it. According to the High Court the Tribunal was right in holding that the document was ineffective and though the income might have been purported to be divided and might, in fact, have been so divided, the source of income still remained undivided as belonging to the Hindu undivided family. The High Court accordingly answered the question in the affirmative holding that there were materials before the Tribunal to enable the Tribunal to reach the conclusion that in so far as these income-bearing assets were concerned, they still belonged to the Hindu undivided family. The assessee Charandas Haridas filed an appeal in this Court with special leave granted by this Court. This Court allowed the appeal. At page 207, this Court referred to the following observations of the Privy Council in *Apoovier v. Rama Subba Aiyar* (supra).

"Nothing can express more definitely a conversion of the tenancy, and with that conversion a change of the status of the family quoad this property. The produce is no longer to be brought to the common chest, as representing the income of an undivided property, but the proceeds are to be enjoyed in six distinct equal shares by the members of the family, who are thenceforth to become entitled to those definite shares."

Thereafter this Court proceeded to hold at page 208 :—

**A** "In our opinion, here there are three different branches of law to notice. There is the law of partnership, which takes no account of Hindu undivided family. There is also the Hindu Law which permits a partition of the family and also a partial partition binding upon the family.

**B** There is then the income-tax law, under which a particular income may be treated as the income of the Hindu undivided family or as the income of the separated members enjoying separate shares by partition. The fact of a partition in the Hindu Law may have no effect upon the position of partner, in so far as the law of partnership is concerned, but it has full effect upon the family in so far as the Hindu Law is concerned. Just as the fact of a karta becoming a partner does not introduce the member of the undivided family into the partnership, the division of the family does not change the position of the partner vis-a-vis the other partner or partners. The Income-tax law before the partition takes note, factually, of the position of the karta, and assessee not him qua partner but as representing the Hindu undivided family. In doing so, the Income-tax law looks not to the provisions of the Partnership Act, but to the provisions of Hindu Law. When once the family has disrupted, the position under the partnership continues as before, but the position under the Hindu Law changes. There is then no Hindu undivided family as a unit of assessment in point of fact, and the income which accrues cannot be said to be of a Hindu undivided family. There is nothing in the Indian Income-tax law or the law of partnership which prevents the members of a Hindu joint family from dividing any asset. Such division must, of course, be effective so as to bind the members; but Hindu law does not further require that property must in every case be partitioned by metes and bounds, if separate enjoyment can otherwise be secured according to the shares of the members. For an asset of this kind, there was no other mode of partition open to the parties if they wished to retain the property and yet held it not jointly but in severalty, and the law does contemplate that a person should do the impossible. Indeed, the result would have been the same, even if the dividing members had said in so many words that they had partitioned

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the assets, because in so far as the firms were concerned, the step would have been wholly inconsequential.”

This Court further observed at p. 209 :—

“No doubt, there were many modes of partition which might have been adopted; but the question remains that if the family desired to partition these assets only and no more, could they have acted in some other manner to achieve the same result? No answer to the question was attempted. It is, therefore, manifest that the family took the fullest measure possible for dividing the joint interest into separate interests. There is no suggestion here that this division was a mere pretence nor has the Appellate Tribunal given such a finding. The document was fully effective between the members of the family, and there was actually no Hindu undivided family in respect of these particular assets.”

In the case of *Kalloomal Tapeswari Prasad (HUF) v. Commissioner of Income-tax, Kanpur*<sup>(1)</sup>, this Court observed at p. 702 :—

“Under Hindu Law partition may be either total or partial. A partial partition may be as regards persons who are members of the family or as regards properties which belong to it. Where there has been a partition, it is presumed that it was total one both as to the parties and property but when there is a partition between brothers, there is no presumption that there has been partition between one of them and his descendants. It is, however, open to a party who alleges that the partition has been partial either as to persons or as to property, to establish it. The decision on that question depends on proof of what the parties intended—whether they intended the partition to be partial either as to persons or as to properties or as to both. When there is partial partition as to property, the family ceases to be undivided as regards properties in respect of which such partition has taken place but continues to be undivided with regard to the

(1) [1982] 133 I.T.R. 690.

A remaining family property. After such partial partition the right of inheritance and alienation differ according as to property in question belongs to the members in their divided or undivided capacity. Partition can be brought about, (1) by a father during his life time between himself and his sons by dividing equally amongst them, (2) by agreement, B or (3) by a suit or arbitration."

These two decisions of this Court clearly state that partial partition under Hindu Law is permissible.

C We may mention that in the case of *Moti Lal Shyam Sunder v. Commissioner of Income-tax, U.P.*<sup>(1)</sup> a division Bench of the Allahabad High Court also recognised the validity of partial partition. R.S. Pathak, J. (as his Lordship then was) who spoke for the Bench held for reasons stated in the judgment that the tribunal was in error in holding that there was no valid partial partition in law on 1st July, 1961.

D It may be noted that in the case of *Charandas Haridas (supra)* decided by this Court and in the case of *Motilal Sham Sunder (supra)* decided by the Allahabad High Court to which we have just referred, all the sons were minor.

E We have earlier quoted the relevant passages on the subject from Mulla's Hindu Law and from Mayne's Hindu Law and Usage. We may now quote the following observations appearing at p. 18 in 'Mitacshare and Daya-Bhaga—Two Treatises on the Hindu Law of Inheritance translated by H.T. Colebrooke, Esq.,' in Ch. I, sec. II (2) :—

F "When a father wishes to make a partition, he may at his pleasure separate his children from himself, whether one, two or more sons".

G In 'History of Dharmashastra' by Shri P.V. Kane (second Edition, 1973) Vol. III at p. 592, it has been stated :—

H "The Manager is called Karta in modern times though the smritis and digests employ words like Kutumbin (Yaj II. 45), Grhin, Grhapali, Prabhupa Kat. 543) and not Karta. He has special powers of disposition (by mortgage,

(1) [1972] 84 I.T.R. 186.

sale or gift) of family property in a season of distress (for debts), for the purposes and benefit of the family (maintenance, education and marriages of members and other dependents) and particularly for religious purposes (Sradhas and the like). The father has the same powers as manager and certain other special powers, which no other coparcener has. The father can separate his sons from himself and also among themselves if he so desires, even if they do not desire to separate (Yaj. II. 114)".

There are observations more or less to the similar effect in the other commentaries on Hindu Law by other learned authors. We do not, therefore, consider it necessary to refer to the comments of the other learned authors placed before us in course of the hearing of the appeal.

The various commentaries on Hindu Law by the various learned authors go to indicate that ancient Hindu Law speaks of complete severance of joint family and partition of joint family properties and does not mention partial partition either with regard to the joint family properties or with regard to some of the members of the joint family. The right of the father to bring about the disruption of the joint family properties in exercise of his superior right as father or of his rights as *patria potestas* is recognised in ancient Hindu Law.

It is, however, well settled by judicial decisions that partial partition of a joint Hindu family *qua* some joint family properties or *qua* some members of the joint family is permissible and valid in law. The High Court appears to have accepted this position but the High Court then proceeds to hold that the proposition laid down by judicial decisions with regard to partial partition will apply only when partial partition is effected with the consent of the members of the joint family and cannot be extended to a case where partial partition is sought to be brought about by father in exercise of his superior rights as father or his right, as *patria potestas*. On an anxious and careful consideration of the matter we are unable to agree with the view expressed by the High Court,

**A** If the father in exercise of his superior right or of his right as *patria potestas* is entitled to bring about a complete disruption of the joint family and to effect a complete partition of joint family properties of a Hindu family consisting of himself and his minor sons even against the wishes of the minors and if partial partition be permissible with the consent of sons when they have all become major, we see no reason to limit the power or authority of the father to effect the partition only to a case where the partition is total. The superior right or the right of *patria potestas* which a father enjoys is always expected to be exercised in the best interest of the members of the family and more particularly his minor sons. The father, undoubtedly, enjoys the right to bring about a complete disruption of the joint family consisting of himself and his minor sons and to effect a complete partition of the joint family properties even against the will of the minor sons. It is also now recognised that partial partition of joint family properties is permissible. When father can bring about a complete partition of joint family properties between himself and his minor sons even against the will of the minor sons and when partial partition under the Hindu Law is now accepted and recognised as valid by judicial decisions, we fail to appreciate on what logical grounds it can be said that the father who can bring about a complete partition of the joint family properties between himself and his minor sons will not be entitled to effect a partial partition of joint family properties between himself and his minor sons if the father in the interest of the joint family and its members feels that partial partition of the properties will be in the best interest of the joint family and its members including the minor sons. Even if the test of consent is to apply, the father as the natural guardian of the minor sons will normally be in a position to give such consent and it cannot be said as a matter of universal application that in all such cases of partition, partial or otherwise, there is bound to be a conflict of interest between the father and his sons. If the father does not act bona fide in the matter when he effects partition of joint family properties between himself and his minor sons, whether wholly or partially, the sons on attaining majority may challenge the partition and ask for appropriate reliefs including a proper partition. In appropriate cases even during minority, the minor sons through a proper guardian may impeach the validity of the partition brought about by the father either in entirety of the joint family properties or only in respect of part thereof, if the partition had been effected by the father to the detriment of the minor sons and to the prejudice of their interests.

We may point out that in the case of *Charandas Haridas* to which we have earlier referred and in which this Court recognised the validity of partial partition brought about by the father of some joint family properties, the sons were all minors. Also in the case of *Motilal Shamsunder* earlier quoted, where the Allahabad High Court recognised the validity of partial partition brought about by the father between himself and his sons, all the sons were minors.

The decision of this Court in the case of *Charandas Haridas* and the observations of this Court in the case of *Kalloomal Tapeswari Prasad (supra)* which we have earlier quoted, in our opinion, clinch the decision of the question.

We must, therefore, hold that partial partition of properties brought about by the father between himself and his minor sons cannot be said to be invalid under the Hindu Law and must be held to be valid and binding. We wish to make it clear that this right of the father to effect a partial partition of joint family properties between himself and his minor sons, whether in exercise of his superior right as father or in exercise of the right as *patria potestas* has necessarily to be exercised *bona fide* by the father and is subject to the right of the sons to challenge the partition if the partition is not fair and just.

S. 171 of the Income-tax Act, 1971 provides as follows :

(1) A Hindu family hitherto assessed as undivided shall be deemed for the purposes of this Act to continue to be a Hindu undivided family, except where and in as far as a finding of partition has been given under this section in respect of the Hindu undivided family.

(2) Where, at the time of making an assessment under sec. 143 or section 144, it is claimed by or on behalf of any member of Hindu family assessed as undivided that a partition, whether total or partial, has taken place among the members of such family, the Income-tax Officer shall make an enquiry thereinto after giving notice of the enquiry to all the members of the family.

**A** (3) On the completion of the enquiry, the Income-tax Officer shall record a finding as to whether there has been a total or partial partition of the joint family property, and, if there has been such a partition the date on which it has taken place.

**B** (4) Where a finding of total or partial partition has been recorded by Income tax Officer under this section, and the partition took place during the previous year—

**C** (a) the total income of the joint family in respect of the period up to the date of partition shall be assessed as if no partition had taken place; and

**D** (b) each member or group of members shall, in addition to any tax for which he or it may be separately liable and notwithstanding anything contained in clause (2) of section 10, be jointly and severally liable for the tax on the income so assessed.

**E** (5) Where a finding of total or partial partition has been recorded by the Income tax Officer under this section, and the partition took place after the expiry of the previous year, the total income of the previous year of the joint family shall be assessed as if no partition had taken place; and the provisions of clause (b) of sub-section (4) shall, so far as may be, apply to the case.

**F** (6) Notwithstanding anything contained in this section if the Income-tax Officer finds, after completion of the assessment of a Hindu undivided family that the family has already effected a partition, whether total or partial the Income-tax Officer shall proceed to recover the tax from every person who was a member of the family before the partition, and every such person shall be jointly and severally liable for the tax on the income so assessed :

**G** (7) For the purposes of this section, the several liability of any member or group of members thereunder shall be computed according to the portion of the joint family property allotted to him or it at the partition, whether total or partial.

**H**

(8) The provisions of this section shall, so far as may be apply in relation to the levy and collection of any penalty, interest, fine or other sum in respect of any period up to the date of the partition, whether total or partial of a Hindu undivided family as they apply in relation to the levy and collection of tax in respect of any such period.

... ..  
 ... ..  
 ... ..

Explanation : In this section,-

(a) "partition" means -

(i) where the property admits of a physical division, a physical division of the property, but a physical division of the income without a physical division of the property producing the income shall not be deemed to be a partition ; or

(ii) where the property does not admit of a physical division then such division as the property admits of, but a mere severance of status shall not be deemed to be a partition ;

(b) "partial partition" means a partition which is partial as regards the persons constituting the Hindu undivided family, or the properties belonging to the Hindu undivided family, or both.

It may be noted that the following further provision was included in the said section as sub-section (9) by the Finance (No. 2) Act, 1980 w. e. f. 1st April, 1980 :-

(9) Notwithstanding anything contained in the foregoing provisions of this section, where a partial partition has taken place after the 31st day of December, 1978 among the members of a Hindu undivided family hitherto assessed as undivided :-

**A** (a) no claim that such partial partition has taken place shall be inquired into under sub-section (2) and no finding shall be recorded under sub-section (3) that such partial partition had taken place and any finding recorded under sub-section (3) to that effect whether before or after the 18th day of June, 1980 being the date of introduction of the Finance (No 2) Bill 1980, shall be null and void ;

**B**

**C** (b) such family shall continue to be liable to be assessed under this Act as if no such partial partition had taken place ;

**D** (c) each member or group of members of such family immediately before such partial partition and the family, shall be jointly and severally liable for any tax, penalty, interest, fine or other sum payable under this Act by the family in respect of any period whether before or after such partial partition;

**E** (d) the several liability of any member or group of members aforesaid shall be computed according to the portion of the joint family property allotted to him or it at such partial partition :

and the provisions of this Act shall apply accordingly.

**F** This sub-section (9) was not in existence at the relevant time and has no retrospective operation and it is of no material consequence in deciding the present case.

**G** The aforesaid provisions of the Income-tax Act, as they stood at the material time, clearly recognise partial partition. The definition of partial partition in explanation (b) makes it clear that partial partition as regards the persons constituting the Hindu undivided family or as regards properties belonging to the Hindu undivided family, or both, is recognised.

**H** In the present case, the partial partition of the shares belonging to the Hindu undivided family cannot, therefore, be said to

be bad either under the Hindu Law or under the Indian Income tax Act. We must, therefore, hold that the High Court went wrong in deciding that partial partition of the joint family properties of the Hindu joint family by the father was invalid and could not be recognised under the Income-tax Act. The subsequent amendment of section 171 by the inclusion of sub-section (9) does not require any consideration as the said sub-section was not in existence in the relevant assessment year and is only operative from 1st April, 1980.

The other question which falls for determination is whether the partition can be said to be bad at the time of the partition there was no equal division of the shares by the father amongst himself and his minor sons and a part of the share holding had not been distributed to the father or to the father and mother jointly. We may point out that the A.A.C. has found that at the time of division of the shares, the shares had been distributed equally taking into consideration the shares which had earlier been distributed amongst the parties. In our opinion, a partial partition of any joint family property by the father between himself and his sons does not become invalid on the ground that there has been no equal distribution amongst the co-sharers. It is expected that the father who seeks to bring about a partial partition of joint family properties will act *bona fide* in the interest of the joint family and its members, bearing in mind in particular the interests of the minor sons. If however, any such partial partition causes any prejudice to any of the minor sons and if any minor son feels aggrieved by any such partial partition, he can always challenge the validity of such partial partition in an appropriate proceeding and the validity of such partition will necessarily have to be adjudicated upon in the proceeding on a proper consideration of all the facts and circumstances of the case. Till such partial partition has been held to be invalid by any competent court, the partial partition must be held to be valid. It is not open to the Income-tax Authorities to consider a partial partition to be invalid on the ground that shares have not been equally divided and to refuse to recognise the same. It is undoubtedly open to the Income-tax Officer before recognising the partition to come to a conclusion on proper enquiry whether the partition is genuine or not. If the Income-tax Officer on enquiry comes to a finding that the partition is sham or fictitious, he will be perfectly within his right to refuse to recognise the same. In the instant case, there is no finding that the partial partition is sham or

**A** fictitious or that the partial partition is not a genuine one and has not been acted upon. As there is no finding that the partial partition is sham or fictitious or not a genuine one, on enquiries made by the Income-tax Officer, and as the partial partition is otherwise valid under the Hindu Law, the partial partition has necessarily to be recognised under the provisions of S. 171 of the Income-tax Act and the assessment must be necessarily made on the basis that there is partial partition of the said shares.

**B**

**C** In the result, the appeal succeeds. The judgment and order of the High Court are hereby set aside. The partial partition is held to be valid and the Income-tax Officer is directed to recognise the same and to proceed to make the assessment on the basis that there has been a partial partition of the said shares between the parties. In the facts and circumstances of this case, we do not propose to make any order as to costs.

**D** S. R.

*Appeal allowed.*