IN THE HIGH COURT AT CALCUTTA
CONSTITUTIONAL WRIT JURISDICTION
APPELLATE SIDE

Before:
The Hon'ble Justice Om Narayan Rai

WPA 25602 of 2025
Shri Miraj Digvijay Shah
Vs.
The Assistant Commissioner of Income Tax, Central Circle I (1), Kolkata & Ors.

For the Petitioner : Mr. J. P. Khaitan, Sr. Adv.
Mr. Abhratosh Majumdar, Sr. Adv.
Mr. Avra Mazumder, Adv.
Mr. Pratyush Jhunjhunwala, Adv.
Ms. Alisa Das, Adv.
Ms. Shruti Dutta, Adv.
Ms. Sakshi Singhi, Adv.

For the Respondents : Mr. Dhiraj Kumar Trivedi, Ld. DSGI.
Mr. Aryak Dutt, Adv.
Mr. Prithu Dudhoria, Adv.
Mr. Amit Sharma, Adv.
Mr. Abhishek Kr. Agrahari, Adv.

Hearing Concluded on : 08.01.2026

Judgment on : 28.01.2026

Om Narayan Rai, J.:-

1. This writ petition assails three notices dated October 24, 2025, October 29, 2025 and November 07, 2025 whereby the respondent revenue authorities have intimated the petitioner about their intent to inspect the jewellery, gold bars etc., seized during a search and seizure operation conducted on June 21, 2022 under Section 132 of the Income Tax Act, 1961 (hereafter "the said Act of 1961").

FACTS OF THE CASE:

2. Briefly summed up, the relevant facts gathered from the writ petition are as follows:-

a) On June 21, 2022 and on other dates subsequent thereto a search operation under Section 132 of the said Act of 1961 was conducted at the residence and office of the petitioner as well as at the bank lockers of the petitioner and the petitioner's family members.

b) In course of the search and seizure operation, the entire jewellery/bullion (hereafter "the seized assets") were seized upon being inspected, measured, serially numbered and valued by the valuers approved by the Income Tax Department in accordance with the prescribed search and seizure procedure and the Search and Seizure Manual issued by the Central Board of Direct Taxes.

c) Subsequently, the petitioner filed its Return of Income (hereafter "ITR") for the assessment year 2023-24. The same was processed under Section 143(1) of the said Act of 1961 on September 17, 2023.

d) The said ITR was thereafter selected for compulsory assessment and notices dated October 04, 2023 were issued under Sections 143 (2) and 142(1) of the said Act of 1961 thereby calling upon the petitioner to reconcile the seized assets with his books of accounts and wealth tax return, if applicable.

e) The petitioner filed his reply thereto on January 03, 2024 along with reconciliation and a master list explaining the sources of the seized assets. It was submitted by the petitioner that the same belonged to him and his family members. It was the petitioner's case that a bulk of the

seized assets belonged to the petitioner's father-in-law who had kept the same in the custody of the petitioner's wife, owing to a family dispute between the petitioner's father-in-law and the petitioner's brother-in-law.

f) After considering the petitioner's reply, the Assessing Officer passed the assessment order on March 30, 2024 thereby partly accepting the petitioner's explanation and reducing the unexplained value of the seized assets from Rs.14,00,31,943/- to Rs.12,33,34,445/-. The petitioner has carried the said assessment order in appeal before the appellate authority under Section 246A of the said Act of 1961. The said appeal is pending and it is the petitioner's contention that the entire issue of addition of jewellery and bullion seized in course of the search operation is subject matter of the said appeal.

g) During pendency of the appellate proceedings, a notice dated March 07, 2025 was issued to the petitioner under Section 263(1) of the said Act of 1961 by the Principal Commissioner of Income Tax (hereafter "PCIT") thereby asserting that the assessment order dated March 30, 2024 had been passed without inquiring/verifying the issue of the source of the seized assets and that such aspect rendered the assessment order erroneous insofar as it was prejudicial to the interest of the revenue within the meaning of Section 263 of the said Act of 1961. By the said notice, the petitioner was asked to show cause as to why the order passed by the Assessing Officer should not be revised under Section 263 of the said Act of 1961.

h) The petitioner furnished a detailed reply to the said notice to show cause on March 07, 2025.

i) Subsequently a notice dated October 24, 2025 was served upon the petitioner thereby informing the petitioner that inspection of the seized assets had been scheduled to be taken on October 29, 2025. The petitioner was requested to be present personally or through his authorised person along with two independent witnesses at the strong room of Aayakar Bhawan, Annex Building, 1st Floor, P-7, Chowringee Square, Kolkata-700069, at 12 P.M. on the said date.

j) The petitioner replied to the said notice by a letter October 28, 2025 thereby indicating his inability to be present during the inspection on account of *"a medical condition"* as result whereof the petitioner was *"bleeding from his legs, arms and other parts of the body"*.

k) On October 29, 2025 another letter was issued to the petitioner thereby re-fixing the date of inspection on November 04, 2025. By the said letter two more alternative dates i.e. November 06, 2025 and November 07, 2025 were suggested to the petitioner with a request to be present for inspection either personally or through authorised representative.

l) On November 04, 2025 the petitioner once again pleaded inability to attend inspection on any of the scheduled dates for medical reasons and reminded the department that the seized assets had been lying in the custody of the Income Tax Department for thirty eight months by then and that in such view of the matter there was no such urgency that could not await the petitioner's recovery and ability to participate in the process meaningfully. The petitioner further indicated that *"in matters of this nature"*, the petitioner's presence could not be substituted by the presence of an authorised representative since the authorised

representative should not be acquainted with factual aspects of the seized items. The petitioner further asserted thereby that his *"inability to comply is purely on account of genuine medical reasons and not an attempt to delay or avoid proceedings in any manner"*. The petitioner undertook to inform the office of the revenue authorities once he was medically fit as advised by his attending physicians.

m) On the same date i.e. November 04, 2025 itself, the petitioner wrote another letter through e-mail to the respondent revenue authorities objecting to the proposed inspection of the seized assets. It was also asserted that since the issue of *"source/ownership of seized jewellery, mapping to the owners, their explanation and addition u/s 69A"* of the said Act of 1961 was pending consideration in appeal before the Commissioner of Income Tax (Appeals), therefore the PCIT could not exercise powers of revision on the said issues in view of the bar contained in Explanation 1(c) to Section 263 of the said Act of 1961.

n) The said letter also referred to Rule 112(13) of the Income Tax Rules, 1962 (hereafter "the said Rules") and contended that the notice of inspection dated October 24, 2025 and October 29, 2025 neither disclosed any statutory basis nor any specific purpose for the said inspection and that the said notice was not referable to any pending proceeding before the Assessing Officer. The petitioner further averred that the inspection was an attempt to revisit the seized assets that had already been inventoried and valued in terms of the departmental procedure. The petitioner claimed that the inspection put to risk the chain-of-custody inasmuch as the same would entail needless handling of

valuable articles that had already been valued, sealed and deposited as per procedure.

o) In response thereto, the respondent Income Tax authorities issued an e-mail dated November 07, 2025 thereby informing the petitioner that since the assessment order was erroneous insofar as it was prejudicial interest of the revenue, therefore, proceedings under Section 263 of the said Act of 1961 had been initiated and that such error in the assessment order was independent of the subject matter of appeal. It was further put across to the petitioner that the PCIT was "*competent to make or cause to be made any inquiry as it deemed necessary*" before passing an order under Section 263 of the said Act of 1961 and that the department was in possession of certain information for which inspection of the seized assets kept in the strong room was required. It was further asserted that such exercise was relevant and useful for the purpose of Income Tax Act.

p) Feeling aggrieved by the aforesaid notices the petitioner has approached this Court by filing the instant writ petition.

3. On the first day when the matter was taken up, Mr. Dudhoria, learned Advocate appearing for the revenue had submitted that the inspection was sought to be conducted on the basis of certain confidential information that had been obtained by the revenue and that such inspection was relevant for the purpose of a proceeding under Section 263 of the said Act of 1961. This Court had then directed the respondent revenue authorities to file a report bringing on record the reason/purpose of the inspection sought to be conducted.

4. During the next hearing, a report was sought to be tendered to Court in a sealed cover. The same was, however, vehemently objected to by Mr. Khatian learned Senior Advocate, appearing for the petitioner by citing the judgment of the Hon'ble Supreme Court in the case of ***Madhyamam Broadcasting Ltd. vs. Union of India & Ors.***[1] Relying on the said judgment it was submitted by Mr. Khaitan that accepting a report in a sealed cover would lead to negation of the principles of natural justice as well as open justice.

5. In the wake of such objection, the Court did not open the sealed cover and returned the same to the learned Advocates representing the respondent revenue authorities. The Court then proceeded to hear the parties on the issue as to whether or not the petitioner was required to be supplied the information and reasons wherefor inspection of the seized assets was sought to be conducted by the revenue authorities.

SUBMISSIONS ON BEHALF OF THE PETITIONER:

6. Mr. J. P. Khaitan, learned Senior Advocate appearing for the petitioner made the following submissions: -

a) The notice for inspection lacks statutory basis as no purpose in terms of Rule 112(13) of the said Rules has been stated in any of the notices impugned. The purpose of the Act for which such inspection was needed was required to be established before any inspection could be done and without it, no inspection of seized articles could be permitted.

b) The notice/e-mail dated November 07, 2025 indicated that there was some information in possession of the respondent Income Tax authorities on the basis whereof the seized assets were sought to be inspected but no

[1] (2023) 13 SCC 401

such information was furnished to the petitioner. The information that has catalysed the inspection must be supplied to the petitioner.

c) The inspection would disturb the chain of custody and the same should not be permitted.

d) The inspection was not referable to the proceeding under Section 263 of the said Act of 1961 since the same was only limited to enquiring or verifying the source of the seized assets.

SUBMISSIONS ON BEHALF OF THE RESPONDENTS:

7. Mr. Trivedi, learned Deputy Solicitor General of India (hereafter "DSGI") appearing for the revenue authorities, submitted as follows:-

a) In terms of the provisions of Section 263 of the said Act of 1961 the PCIT or the revising authority is competent to make or cause to be made any inquiry that he deems necessary and pass such order thereon as the circumstances of the case may justify.

b) For the purpose of passing an order the revising authority has power to examine the record of any proceeding under the Act.

c) The articles that had been seized during the course of search and seizure operation also form part of the records and that for the purpose of inspection of the record, it is not incumbent on the revenue authorities to indicate any reason. In support of the contention that reasons for inspection are not required to be supplied prior to inspection a judgment of the Hon'ble Supreme Court in the case of ***Commissioner of Income Tax, Mumbai vs. Amitabh Bachchan***[2] was pressed into service**.**

[2] (2016) 11 SCC 748

d) Another judgement of the Hon'ble Supreme Court in the case of ***Commissioner of Income Tax, Bangalore vs. Shree Majunatheaware Packing Products & Camphor Works***[3] and a judgment of the Hon'ble High Court of Gujarat in the case of ***Commissioner of Income-Tax vs. Vallabhdas Vithaldas & Anr.***[4] were cited for to demonstrate that seized assets also form the part of the records.

e) It was next submitted that affording an opportunity to the petitioner to be present during the inspection fully satisfies the requirement of the provisions of the said Act of 1961 and the said Rules.

f) It was further argued that the revenue had the authority to inspect the seized assets and such authority could not be fettered.

REJOINDER BY THE PETITIONER:

8. Mr. Khaitan, learned Senior Advocate appearing for the petitioner re-joined by making the following submissions: -

a) The petitioner must be made aware of the information that has tipped off the inspection. It was submitted that the same would be necessary for the petitioner to attend the inspection well-prepared and that the petitioner must know what steps the petitioner must take.

b) The articles had been seized upon following a proper procedure and after making proper valuation thereof. It was reiterated that inspection of articles which have been seized and put under the custody of an Officer could not be inspected without stating the purpose therefor and doing so would violate the provisions of Rule 112(13) of the said Rules.

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[3] (1998) 1 SCC 598
[4] (2002) 253 ITR 543

c) It was contended that the content of the e-mail dated November 07, 2025 clearly indicated that the inspection is not intended to be done on the basis of any query in the mind of the PCIT but on the basis of something extraneous and that being so the information must be supplied to the petitioner.

d) It was asserted that the inventory and Panchnama that records the seized articles/ seized assets would form part of the records and the expression *"records"* would not include the seized articles.

e) It was contended that an element of surprise is involved when the search and seizure operation is conducted but when an inspection of seized assets is sought to be carried out or conducted in terms of Rule 112(13) of the said Rules, there is no room for any surprise anymore and that being so the information in possession of the revenue authorities must be made over to the petitioner as well.

f) The notices impugned have left the petitioner puzzled as to the purpose of the inspection.

g) Mr. Khaitan invited the attention of this Court to Rule 112(10) and Rule 112(11) of the said Rules to indicate the meticulousness with which an article is seized and sealed in packages. The Court was also taken through Rule 112(13) of the said Rules and it was submitted that inspection should not be made a regular affair.

h) It was further submitted that if the information and reasons are not indicated in the notice, the same would be rendered arbitrary.

ANALYSIS & DECISION:

9. Two questions fall for consideration by this Court. Firstly, as to whether the information or the reason that have prompted the inspection of seized assets should be supplied to the petitioner and secondly whether the impugned notices informing the petitioner about the inspection intended to be conducted have been issued for *"any of the purposes of the Act"*.

10. It is the petitioner's case that the information and reasons that have induced the inspection must be supplied to the petitioner. It was submitted that while non-furnishing of information at the stage of search and seizure is understandable since the same involves an element of surprise, the same cannot be justified in the present case where the revenue seeks to inspect the seized assets kept inside sealed packages. The argument is attractive but its appeal gets tempered by the clear statutory provisions.

11. A search under Section 132 of the said Act of 1961 must be based on "*information*" that gives rise to "*reason to believe"* that either all or any of the conditions mentioned in clauses (a), (b) and (c) of Section 132 (1) of the said Act of 1961 exist. Such aspect would be clear from a bare perusal of Section 132 (1) of the said Act of 1961 itself. Constitutional Courts consistently held that search and seizure operations are invasive acts. The Courts have therefore ruled that such act(s) must be based on some material or information in possession of the revenue that justifies the operation.

12. If any jewellery, bullion or other valuable article is seized during the search operation, the same is required to be inventoried/inventorised and secured in sealed packages in the manner prescribed in Rule 112(10) of the said Rules. The said Rule reads thus:-

"(10) The authorised officer shall place or cause to be placed the bullion, jewellery and other valuable articles and things seized during the search in a package or packages which shall be listed with details of the bullion, jewellery and other valuable articles and things placed therein; every such package shall bear an identification mark and the seal of the authorised officer or any other income-tax authority not below the rank of Income-tax Officer and the occupant of the building, place, vessel, vehicle or aircraft, including the person in charge of such vessel, vehicle or aircraft, searched or any other person in his behalf shall also be permitted to place his seal on them. A copy of the list prepared shall be delivered to such occupant or person. A copy shall be forwarded to the Chief Commissioner or Commissioner and where the authorisation has been issued by any officer other than the Chief Commissioner or Commissioner, also to that officer."

13. The manner, in which a sealed package containing seized jewellery, bullion and other valuable article may be reopened, is provided in Rule 112(13) of the said Rules. The same is extracted hereinbelow:-

"(13)(i) Whenever any sealed package is required to be opened for any of the purposes of the Act, the authorised officer may, unless he is himself the Custodian, requisition the same from the Custodian and on receipt of the requisition, such package or packages, as the case may be, shall be delivered to him by the Custodian. The authorised officer may break any seal and open such package in the presence of two respectable witnesses after giving a reasonable notice to the person from whose custody the contents were seized to be present.

(ii) Such person shall be permitted to be present till all or any of the contents of such package are placed in a fresh package or packages and sealed in the manner specified in sub-rule (1) or delivered to such person or the Custodian, as the case may be."

14. A meaningful reading of Rule 112(13) of the said Rules would indicate that a sealed package can always be reopened *"for any of the purposes of the Act"* and that the same can be done *"in the presence of two respectable witnesses after giving a reasonable notice to the person from whose custody the contents were seized to be present"*. Evidently, the power of reopening a sealed package is not predicated on any information in possession of the revenue and/or any *"reason to believe"* that might trigger an inspection. Such power

can be exercised even in absence of any information provided the same is required *"for any of the purposes of the Act"*.

15. Indeed, while the surprise element that is there at the stage of search and seizure is not there at the stage of a subsequent inspection of the seized assets but that by itself would not entitle the person from whose custody the assets were seized to the information and reasons that might have induced an inspection.

16. Such information or reason to take inspection of the seized assets is not a piece of evidence. It is only a trigger for inspection. Inspection of a seized article is not an invasive act like search since it does not constitute any intrusion into someone's private and untainted space. Inspection is usually verificatory in nature and the power to inspect a seized article can therefore be exercised even without "*information"* and *"reason to believe"* which are the *sine qua non* for a search operation. Accordingly unlike in a search operation, in cases of inspection of a seized asset "*information*" and "*reason to believe*" cannot be said to be jurisdictional facts for undertaking the exercise of inspection.

17. If an inspection is done for *"any of the purposes of the Act"*, the statutory criterion is met; once the statutory criterion gets fulfilled there can be no warrant for interference. Likewise if a notice is issued in terms of the statutory provisions, the same cannot be termed arbitrary. In such view of the matter there is nothing that may persuade the Court to direct the revenue to part with the information and reason that might have induced the inspection.

18. It was submitted on behalf of the petitioner that supply of the information and reason would enable the petitioner to attend the inspection well-prepared. Here again, this Court is unable to agree with such submission. The information and reason whatever they may be are only prompts for the inspection. The petitioner would have to be ready to meet the points that would require consideration/determination by the relevant authorities post the inspection. Such points would definitely have to be communicated to the petitioner and the petitioner's response thereto would have to be sought by the revenue authorities. As would be evident from the Rules quoted hereinabove the petitioner's participation in the inspection is only to ensure transparency of the process and to weed out any apprehension of tampering with the valuables sealed in packages.

19. It is, therefore, little wonder that there is no requirement indicated anywhere either in the said Rules or in any of the provisions of the said Act of 1961 that any information and/or reason based on which the requirement for reopening the sealed package may have been felt or may have arisen would be required to be communicated to the person *"from whose custody the contents were seized"* (hereafter "the person concerned"). All that the person concerned is required to be communicated is a *"reasonable notice……. to be present"*.

20. It is true that none of the notices has stated, with the desired specificity, that the inspection of the seized assets is required for the purpose of the pending proceeding under Section 263 of the said Act of 1961 but on a careful reading of the notice dated November 07, 2025 issued by the revenue in the light of the pleadings in the writ petition (i.e. paragraphs 26 and 30

thereof) and the submissions made on behalf of the respective parties it is almost clear that the impugned inspection is sought to be conducted for the purpose of pending Section 263 proceeding only. This Court is cognizant of the fact that the petitioner has questioned the nexus of the proposed inspection with the pending 263 proceeding in the writ petition especially in the pleadings in paragraphs 26 and 30 thereof but the very assertion that the proposed inspection has no nexus of with the said proceeding indicates that the petitioner has understood the notice have been issued in respect of or for the purpose of the said proceeding itself.

21. Before proceeding further, the relevant provisions of Section 263 of the said Act of 1961 may be noticed.

> ***"263.*** *(1) The Principal Commissioner or Commissioner may call for and examine the record of any proceeding under this Act, and if he considers that any order passed therein by the Assessing Officer is erroneous in so far as it is prejudicial to the interests of the revenue, he may, after giving the assessee an opportunity of being heard and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment, or cancelling the assessment and directing a fresh assessment;……"*

22. Thus in a proceeding under Section 263 of the said Act of 1961, the PCIT is empowered to make such inquiry as he deems necessary and inspection of seized assets may very well form part of such inquiry.

23. Now the next question that would arise is whether a notice issued to the person concerned indicating that the same has been issued in connection with a pending 263 proceeding would satisfy the requirement of the notice contemplated under Rule 112(13) of the said Rules?

24. Rule 112(13) of the said Rules requires a *"reasonable notice to the person from whose custody the contents were seized to be present".* The expression *"reasonable notice"* to the person concerned would thus mean such a notice to the person concerned which to enable the person to arrange his affairs and remain present at all times right from the moment the seized articles would be inspected upon de-sealing the packages till the time the packages would be resealed upon the inspection being complete. If any query is required to be raised or any decision based on such inspection is required to be taken, the person concerned would have to be put on notice and heard. The notice dated November 07, 2025 clearly indicates about an inquiry to be done by the PCIT under Section 263 of the said Act of 1961 and requests for the petitioner's attendance. In such view of the matter, the notice cannot be said to be in violation of Rule 112(13) of the said Rules.

25. In this context the observations of the Hon'ble Supreme Court in the judgment in the case of ***Amitabh Bachchan*** (supra) at paragraph 12 thereof deserve notice:-

> *"**12.** It may be that in a given case and in most cases it is so done a notice proposing the revisional exercise is given to the assessee indicating therein broadly or even specifically the grounds on which the exercise is felt necessary. But there is nothing in the section (Section 263) to raise the said notice to the status of a mandatory show-cause notice affecting the initiation of the exercise in the absence thereof or to require CIT to confine himself to the terms of the notice and foreclosing consideration of any other issue or question of fact. This is not the purport of Section 263. Of course, there can be no dispute that while CIT is free to exercise his jurisdiction on consideration of all relevant facts, a full opportunity to controvert the same and to explain the circumstances surrounding such facts, as may be considered relevant by the assessee, must be afforded to him by CIT prior to the finalisation of the decision."*

26. In the light of the said observations a notice of inspection like the one at hand cannot be impeached on the ground of it lacking reasons or information. The said observations of the Hon'ble Supreme Court also take care of the petitioner's submission that the notice has no nexus with the pending Section 263 proceeding. While it may appear, (a primary reading of the show cause notice issued in the said Section 263 proceeding) that the proposed inspection is not relevant, the result of the inspection may very well lead to something important and relevant for the purpose of the said Section 263 proceeding. As observed by the Hon'ble Supreme Court in the case of ***Amitabh Bachchan*** (supra), the PCIT in exercise of its power under Section 263 of the said Act of 1961 is not fettered and tethered to the points raised in the show cause notice only. Therefore, at this stage it cannot be said that the inspection is not referable to the Section 263 proceeding.

27. While dealing with the said judgment, it was pointed out by Mr. Khaitan that in the said case the assessee was given full opportunity to be present at all stages and contest the proceedings. Paragraph 15 of the said report is relevant for the present purpose. The same is extracted hereinbelow:-

> *"**15.** To determine the above question we have read and considered the order of the assessing officer dated 30-3-2004; as well as the order of the learned CIT dated 20-3-2006. From the above consideration, it appears that the learned CIT in the course of the revisional proceedings had scrutinised the record of the proceedings before the assessing officer and noted the various dates on which opportunities to produce the books of account and other relevant documents were afforded to the assessee which requirement was not complied with by the assessee. In these circumstances, the revisional authority took the view that the assessing officer, after being compelled to adjourn the matter from time to time, had to hurriedly complete the assessment proceedings to avoid the same from becoming time-barred. In the course of the revisional exercise relevant facts, documents, and books of account which were overlooked in the assessment proceedings were considered. On such re-scrutiny it was*

revealed that the original assessment order on several heads was erroneous and had the potential of causing loss of revenue to the State. It is on the aforesaid basis that the necessary satisfaction that the assessment order dated 30-3-2004 was erroneous and prejudicial to the interests of the Revenue was recorded by the learned CIT. At each stage of the revisional proceeding the authorised representative of the assessee had appeared and had full opportunity to contest the basis on which the revisional authority was proceeding/had proceeded in the matter. If the revisional authority had come to its conclusions in the matter on the basis of the record of the assessment proceedings which was open for scrutiny by the assessee and available to his authorised representative at all times it is difficult to see as to how the requirement of giving of a reasonable opportunity of being heard as contemplated by Section 263 of the Act had been breached in the present case. The order of the learned Tribunal insofar as the first issue i.e. the revisional order going beyond the show-cause notice is concerned, therefore, cannot have our acceptance. The High Court having failed to fully deal with the matter in its cryptic order dated 7-8-2008 [CIT v. Amitabh Bachchan, 2008 SCC OnLine Bom 1544] we are of the view that the said orders are not tenable and are liable to be interfered with."

28. In the case at hand also, the petitioner is being given full opportunity to appear and be present during the inspection. The petitioner would definitely have to be given an opportunity to meet the queries that might arise or may be raised by the revenue upon inspection of the seized assets. The inspection would be conducted and concluded in his presence. The result of the inspection would have to be laid bare before him and would have to be made available to him. It would then be open to him to either accept the same or contest it.

29. The argument of the petitioner that the chain of custody will be disturbed does not appeal. It is the common case of the parties that the seized articles have been kept in sealed covers in the strong room. The same are to be inspected there only, in the presence of the petitioner. There is no reason to apprehend that there would be a disturbance in the chain of custody as the

custodian is not getting changed at all. In any case if an inspection is being conducted in terms of the said Rule 112(13) of the said Rules, there is no reason to derail the same on the plea of disturbance of chain of custody.

30. Inspection or inquiry conducted by statutory authorities can seldom be interfered with in situations where the person against whom such inspection or inquiry is directed or to whom the same is relevant, has opportunity to state his case before the appropriate authority prior to the final decision being taken. A notice calling upon a person to attend an inspection of a seized article cannot be treated as a decision and made justiciable. It may be remembered that what is required to be issued in terms of Rule 112(13) of the said Rules is a *"reasonable notice to the person from whose custody the contents were seized to be present"* and not a reasoned notice. Of course if a statutory authority acts arbitrarily or in contravention of the law, the same would certainly be liable to be dealt with by the Courts but not otherwise.

31. In the case at hand there is a pending proceeding under Section 263 of the said Act of 1961 and a notice of inspection issued for such purpose has to be seen as one for *"any of the purposes of the Act"*. If there had been no proceeding pending or the revenue could not connect the notice to *"any of the purposes of the Act"* even otherwise, the notice could certainly be interfered with on the ground of arbitrariness.

32. For all the reasons aforesaid, this Court does not find any reason to hold that the notices impugned have been issued *dehors* the law. The writ petition being WPA 25602 of 2025 therefore stands dismissed. However, since the notices impugned have lost their shelf life (i.e. the dates of inspection indicated therein have long lapsed), the respondents shall be at

liberty to issue fresh notice of inspection strictly in accordance with law if they deem it necessary. No costs.

33. Since the impugned notices have been found to be valid on the grounds and for reasons detailed hereinabove the additional grounds raised by the revenue as regards the "seized assets" forming part of the records and the judgments in support thereof, are not being dealt with.

34. Urgent photostat certified copy of this judgment, if applied for, be supplied to the parties upon compliance of all formalities.

(Om Narayan Rai, J.)

Later:-

35. After delivery of the judgment and order today, Mr. Mazumdar, learned Advocate appearing for the petitioner seeks stay of operation of this order. The same is opposed by Mr. Dutt, learned Advocate appearing for the respondent revenue authorities. Considering the facts of the case, operation of this order is stayed for a period of seven days from date.

(Om Narayan Rai, J.)