Indian Economy · GS - III

Administrative safeguards during tax searches must balance the prevention of tax evasion with the protection of individual property rights. Examine this balance in the context of the guidelines governing seizure of gold jewellery in India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 12/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

CBDT Instruction No. 1916, search and seizure powers, prescribed jewellery limits, distinction between non-seizure and tax exemption, burden of explaining source, protection of women and family assets, procedural fairness, prevention of tax evasion, accountability of tax authorities.

Model Answer

Introduction

Search and seizure powers are important instruments for detecting undisclosed income and tax evasion. However, their exercise must remain proportionate and consistent with individual rights.

Regulatory Framework

CBDT Instruction No. 1916 (1994) provides guidelines for non-seizure of gold jewellery up to specified quantities during income-tax searches: 500 grams for a married woman, 250 grams for an unmarried woman and 100 grams for a male family member. These are administrative safeguards, not statutory ownership limits or automatic tax exemptions.

Balancing Competing Interests

The guidelines recognise customary possession of jewellery and protect families, particularly women, from arbitrary seizure. At the same time, possession within prescribed limits does not necessarily establish the source of acquisition. Authorities may examine disclosed income, inheritance, family circumstances and supporting evidence.

Way Forward

Search operations should follow transparent procedures, maintain proper inventories and provide reasoned assessments. Tax authorities must distinguish genuine household assets from unexplained wealth. Clear communication and accessible grievance-redressal mechanisms can strengthen public confidence.

Conclusion

A fair tax administration must combine effective enforcement with proportionality, procedural safeguards and respect for property rights.

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