IN THE SUPREME COURT OF INDIA

APPELLATE JURISDICTION / LANDMARK PRECEDENT

State of Maharashtra v. Tapas D. Neogy

Registry Status : REPORTED PRECEDENT -- OFFICIAL RECORD

1. EXECUTIVE SUMMARY & KEY HIGHLIGHTS

In this critical criminal procedure decision authored by Justice G.B. Pattanaik, the Supreme Court settled an important divergence of opinion among High Courts regarding the scope of police seizure powers under Section 102 CrPC (now Section 106 BNSS, 2023). The Court authoritatively ruled that the phrase 'any property' in Section 102 is wide enough to encompass bank accounts, credit balances, and financial deposits. An investigating police officer has the power to seize/freeze bank accounts if there is a reasonable nexus between the funds and the alleged commission of a cognizable offence. The Court held that police must report the freezing forthwith to the jurisdictional Magistrate under Section 102(3).

* 'Any Property' Includes Bank Accounts:Section 102 CrPC applies not only to tangible physical movables but equally to bank deposits and credit balances.
* Reasonable Nexus Required:Police must establish a direct link or reasonable suspicion connecting the funds in the bank account to the commission of the offence.
* Mandatory Reporting to Magistrate:Freezing of an account must be reported forthwith to the jurisdictional Magistrate under Section 102(3) CrPC / Section 106(3) BNSS.
* Prevention of Asset Dissipation:Account freezing is a vital investigative tool to prevent fraudsters and corrupt public servants from siphoning off crime proceeds.
* Remedy of the Account Holder:Account holders can approach the Magistrate under Section 451/457 CrPC for conditional defreezing upon furnishing bank guarantees.

2. FACTUAL MATRIX & IMPUGNED PROCEEDINGS

An FIR was registered by the Anti-Corruption Bureau, Maharashtra against Tapas D. Neogy, an officer of the Maharashtra State Financial Corporation, and others for offences under Sections 120-B, 409, 420, 467, 468, 471 IPC and the Prevention of Corruption Act, 1988, alleging massive financial embezzlement.

During investigation, the Investigating Officer discovered several bank accounts held in the names of the accused and their family members containing large unexplained cash deposits traced to the embezzled funds.

The police officer issued orders to the respective banks under Section 102 CrPC directing them to freeze the accounts and disallow withdrawals.

The accused challenged the freezing before the Bombay High Court, which held that bank accounts do not constitute 'property' capable of seizure under Section 102 CrPC, quashing the freeze orders.

The State of Maharashtra appealed to the Supreme Court.

5. POINTS OF LAW FRAMED & ANSWERED

Legal Issue Framed	Supreme Court's Holding
Does the police power of seizure under Section 102 CrPC extend to freezing bank accounts?	Yes. 'Any property' in Section 102 CrPC is wide enough to include bank accounts and credit balances connected to the offence.
What statutory procedural condition must police fulfill upon freezing a bank account?	The police officer must report the seizure/freezing forthwith to the jurisdictional Magistrate under Section 102(3) CrPC / Section 106(3) BNSS.
What remedy is available to an account holder whose bank account is frozen by police?	The account holder can apply to the Magistrate under Section 451 / 457 CrPC for defreezing or partial operation against a bank guarantee or indemnity bond.

6. STATUTORY FRAMEWORK & MODERN LEGISLATIVE ALIGNMENT

Precedent Reference / Former Statute	Modern Act (BNSS / BNS / BSA / CPA)	Doctrinal & Procedural Analysis
CrPC Section 102 (Seizure of Property)	BNSS Section 106	Power of police officer to seize property; BNSS Section 106 explicitly retains the power to seize property and report to the Magistrate.
CrPC Section 457 (Procedure Upon Seizure)	BNSS Section 503	Magistrate's jurisdiction to order release, custody, or conditional operation of seized bank accounts.
Prevention of Corruption Act Section 13	BNS Section 318 / 316	Offences of cheating and breach of trust; Tapas D. Neogy provides the legal basis to freeze illicit crime proceeds.

7. SUBSEQUENT JUDICIAL TREATMENT & LINEAGE

* Teesta Atul Setalvad v. State of Gujarat (2018) 2 SCC 372:Reaffirmed Tapas D. Neogy, holding that bank accounts of NGOs and trustees can be frozen under Section 102 CrPC.
* Shento Varghese v. Jincy Das (2024) 4 SCC 702:Reasserted the mandatory nature of reporting the seizure forthwith to the Magistrate under Section 102(3).
* Nevada Properties Pvt. Ltd. v. State of Maharashtra (2019) 20 SCC 119:Distinguished Tapas Neogy by holding that 'property' under Section 102 CrPC does not include immovable property.

8. PRACTICAL LITIGATION PLAYBOOK & STRATEGIC CHECKLIST

* Document Transactional Nexus:In white-collar crimes, prepare a clear chart mapping diverted funds from victim accounts to the target frozen account.
* Report Forthwith to the Magistrate:Submit a formal compliance report under Section 106(3) BNSS / 102(3) CrPC to the jurisdictional Magistrate within 24-48 hours of issuing the freeze notice.
* Oppose Blanket Defreezing:If the accused moves for defreezing, insist on maintaining a freeze on the quantified proceeds of crime or demand an equivalent bank guarantee.
* Challenge Non-Compliance with Section 102(3) / 106(3):Verify whether police reported the freeze order forthwith to the Magistrate; unexplained delay vitiates the freezing.
* Apply for Partial Operation of Account:File a Section 503 BNSS / 457 CrPC application offering an indemnity bond or bank guarantee to pay legitimate staff salaries and taxes.
* Demonstrate Disproportionate Freezing:If the alleged scam is Rs. 10 lakhs and the frozen account holds Rs. 5 crores, petition the court to restrict the freeze strictly to the disputed amount.