P. Kropivnik v. Commissioner of Income Tax, Patiala

ITR 117/1987

ITR 117/1987 | 2007-01-15

Investment allowance denied for timber-transport ropeway equipment

32A

High Court of Punjab and Haryana | Chandigarh | M.M. Kumar | Rajesh Bindal

Assessment years: 1980-81

01 FACTS OF THE CASE

Mrs. P. Kropivnik sought 25% investment allowance for AY 1980-81 on wire ropes, engines, pulleys, hangers and related equipment installed for transporting timber under a September 1979 contract. The assessee argued that she manufactured or assembled ropeways through a small-scale industrial undertaking. The Tribunal had rejected the allowance after the first appellate authority granted it.

Source: PDF pp.1–3

02 DISCUSSION BY THE HON'BLE COURT

The Court distinguished machinery used to manufacture an article from the assembled goods on whose value the allowance was claimed. The equipment here was used for timber transport; there was no material establishing its installation for manufacturing or assembling another article. A proposed redrafted question about factory plant did not arise from the Tribunal's record. Decisions recognising assembly as manufacture did not resolve this different asset-use question.

Source: PDF pp.3–7

03 JUDICIAL DECISION

The referred questions were answered against the assessee and in favour of Revenue. The Tribunal's denial of investment allowance remained intact.

Source: PDF pp.6–7

04 OUTCOME / IN WHOSE FAVOUR

Revenue-favourable answer concerning the particular assets and their proved use under the historical section 32A. The Court did not hold that assembly can never constitute manufacture or decide a universal rule for all ropeway installations.

Source: PDF pp.3–7

05 EXPERT COMMENTS

Identify the asset on which investment allowance is claimed — The claim concerned the value of the installed ropeway components used to transport timber, not proved factory machinery used to manufacture those components. Calling the assessee a manufacturer does not establish the qualifying use of every asset owned. The reasoning turns on the distinction between machinery producing an article and the article produced or assembled.

An assembly precedent cannot replace proof of the statutory use — The Court did not dispute that assembly may constitute manufacture, as illustrated by the cited Tata Locomotive, Beehive Engineering and Elemech decisions. Those propositions did not show that the assets claimed here were installed for manufacture. Small-scale registration and the ultimate industrial use of timber by others did not bridge that evidentiary gap.

Respect the reference record and historical provision — The proposed factory-plant question lacked a factual foundation in the Tribunal's record and was not permitted. A new factual account cannot be introduced by redrafting a referred question. The decision applies the version of section 32A relevant to AY 1980-81; this note does not represent a current eligibility opinion or classify ropeways categorically as excluded road-transport vehicles.

Source: Editorial analysis; source references in the structured comments

SOURCE & VERIFICATION

Punjab and Haryana High Court order; verified source copy

Complete source PDF reviewed: 7 physical pages.

All 7 original pages read and visually inspected; source hash verified. AI-assisted substantive correction.

Open cited source rendition

Source bytes and identity checked; see panel-specific references and disclosed source anomalies.

STATUTORY SCOPE

Sections and disposition are recorded only to the extent stated in this source order.

LATER TREATMENT

Source checked 2026-10-21. Subsequent treatment not independently verified.

AI DISCLOSURE

AI-assisted research checked against the identified source. Extraction, interpretation or omission errors remain possible. Source review does not mean independent approval by a practising professional. Verify every material statement against the complete original judgment.

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