Pingle Industries Ltd., Secunderabad v. Commissioner of Income-tax, Hyderabad

Civil Appeal No. 190 of 1955

[1960] 3 SCR 681 | 1960-04-26

Historical interpretation: Hyderabad Income-tax Act: section 12(2)(xv)

Hyderabad Income-tax Act: section 12(2)(xv) | Indian Income-tax Act, 1922: corresponding section 10(2)(xv)

3-judge bench | S. K. Das | J. L. Kapur | M. Hidayatullah

Historical statutory scope and source qualifications

Full majority and dissent read. Current treatment not checked. Printed amounts differ slightly between opinions; note avoids treating those OCR/printing variations as separate assessments.

01 FACTS OF THE CASE

A flag-stone dealer obtained exclusive long-term quarrying rights, principally for twelve years, against a fixed consideration paid partly upfront and partly in instalments. It claimed deductions for payments as the cost of materials or working expenses.

Source: Primary report: SCR 682–684, 695–697

02 DISCUSSION BY THE HON'BLE COURT

Kapur and Hidayatullah JJ treated the acquisition as an enduring source from which stones had to be won; unextracted stones were not trading stock. Instalments did not turn the capital price into rent or royalty. S. K. Das J dissented, construing the transaction commercially as purchase of raw materials with permission to remove them.

Source: Primary report: Dissent SCR 685–695; majority SCR 698–713

03 JUDICIAL DECISION

By majority, the payments were capital expenditure and not deductible under section 12(2)(xv). The High Court’s answer stood.

Source: Primary report: SCR 711–713

04 OUTCOME / IN WHOSE FAVOUR

The assessee appeal was dismissed with costs under the majority judgment. The dissent would have allowed the claim but was not the operative order.

Source: Primary report: SCR 695, 713

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05 AKHB REVIEW POINT

Examine the nature of the right acquired and reason for payment, not periodicity alone. Distinguish purchase of raw material from acquisition of its enduring source; the Court emphasised fact-specific analysis rather than a universal lease-duration test.

Source: Primary report: SCR 698–705, 708–713

SOURCE & VERIFICATION

Supreme Court Reports primary scan — public eSCR mirror

Complete 33-page Supreme Court Reports scan. Any adjoining report fragments remain in the unchanged original and are excluded from this analysis.

Open cited source rendition

STATUTORY SCOPE

Historical legislation expressly identified in this note. This is not a decision under the Income-tax Act, 1961 or the Income-tax Act, 2025. Verify enacted wording, commencement, transition and subsequent judicial treatment independently before modern reliance.

LATER TREATMENT

Source checked 2026-10-23. Subsequent treatment and present-law applicability have not been comprehensively checked.

AI DISCLOSURE

This AKHB research note uses AI assistance and a preserved full-primary review, with refreshed exact original-byte verification. Independent human review is not represented.

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