

Purtabpore Company Ltd. v. State of Uttar Pradesh

Civil Appeals Nos. 1192 and 1276 of 1966

[1971] 1 SCR 426 | 1970-04-28

Agricultural Income-tax: farm-management and support expenditure can qualify as cultivation expenses, subject to proof and apportionment.

United Provinces Agricultural Income-tax Act, 1948: sections 6(2)(b)(iv), 6(2)(b)(vii) and 24(2) | Indian Income-tax Act, 1922: section 2(1), in the distinguished agricultural-income authorities

Three-judge bench; judgment delivered by A. N. Grover, J. | J. C. Shah, J. | K. S. Hegde, J. | A. N. Grover, J.

State agricultural Income-tax scope

The Court interpreted the historical U.P. cultivation-expense provision. It did not grant a general central Income-tax deduction or decide present agricultural-income exemption.

Eligibility is conditional, not a blanket allowance

Each item still had to be examined for its farming purpose. Mixed expenditure could require apportionment; the Court did not quantify an automatic deduction for every claim.

01 FACTS OF THE CASE

The company operated a sugar factory with large-scale sugarcane farms in Deoria. It claimed that farm managers and technical, clerical and supporting staff were employed exclusively for farming and required accommodation, medical facilities and allowances. In the facts stated for assessment year 1357 Fasli, the authorities disallowed management, establishment and miscellaneous expenses, including provident-fund contributions, vehicle maintenance, periodicals and communications. The High Court answered the referred deductibility question against the company, treating the expenses as too remote from raising crops.

Source: [SCR427D-429C / PDFpp.2-4](#)

02 DISCUSSION BY THE HON'BLE COURT

The statutory inquiry was whether expenditure was incurred for the whole operation of raising crops, making them fit for market and transporting them to market. Modern large-scale farming requires organisation, supervision, technical knowledge and supporting staff; cultivation is not confined to ploughing, sowing and harvesting. Staff accommodation, medical care, provident fund, supervisory transport and technical information can serve that activity. The Court distinguished *Bacha F. Guzdar* and *Raja Benoy Kumar Sahas Roy*: those cases concerned what constitutes agricultural income, not this expense-deduction issue. It broadly approved the earlier Allahabad view of farm-related expenditure.

Source: [SCR429C-432H / PDFpp.4-7](#)

03 JUDICIAL DECISION

Section 6(2)(b)(iv) permits the claimed management and miscellaneous expenditure if, and only to the extent, it was incurred for management, supervision, organisation, technical knowledge, assistance or allied matters for raising, marketing and transporting crops. The authorities had approached the issue too narrowly. Each disputed item required examination of whether it was wholly or partly spent for those purposes; apportionment might be necessary.

Source: [SCR432C-433C / PDFpp.7-8](#)

04 OUTCOME / IN WHOSE FAVOUR

The appeals were allowed and the High Court judgment was set aside, with costs in the Supreme Court and one hearing fee. The reference was answered in the qualified terms stated by the Court. This was success for the assessee on the governing legal test, not a quantified final allowance of every expense.

Source: [SCR433A-C / PDFp.8](#)

05 AKHB REVIEW POINT

AKHB analysis: document the actual connection between each management or support cost and the crop operations. Keep staff duties, farm-use records and a defensible allocation for mixed expenditure. Do not substitute an income-classification precedent for the wording of the deduction provision. Before using the principle today, verify the applicable state enactment, tax year and later treatment; this historical ruling does not itself settle current central Income-tax treatment.

Source: [AKHB analysis based on SCR432C-433C / PDFpp.7-8](#)

SOURCE & VERIFICATION

Supreme Court Reports scan - public eSCR mirror

Complete 8-page SCR report read. Reporter headnote occupies PDF p.1 and the beginning of p.2. Judicial text begins at SCR427 / PDFp.2 and ends at SCR433 / PDFp.8. The judgment has no numbered paragraphs; SCR page and column pinpoints are used.

Open cited source rendition

All 8 source pages were read; PDF pp.1,2,8 were visually checked. Title, date, bench, appeal numbers and exact SHA-256 match the source.

Published and archived records disclosed no matching judgment identity or whole-file hash. The heading on SCR427 confirms appeal 1276 of 1966; OCR in the body can misread that year.

STATUTORY SCOPE

This is a state agricultural Income-tax decision under the historical U.P. Act, not an allowance under section 37 of the central Income-tax Act, 1961. Do not infer that all agri-business income is agricultural income or that all management spending qualifies.

LATER TREATMENT

Source checked 2026-10-14. Historical agricultural Income-tax decision. No comprehensive subsequent-treatment, review, stay or present-law verification was performed.

IDENTIFIED SOURCE LINKS

[reported judgment - PDF pages: 8](#)

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