IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 6714 OF 2009

State of Uttar Pradesh & Ors. .. Appellant(s)

Versus

M/s. Aryaverth Chawl Udyoug & Ors. .. Respondent(s)

WITH

Civil Appeal No.3947 of 2010

Civil Appeal Nos.5909-5913 of 2011

Civil Appeal No.5917 of 2011

Civil Appeal No.7889 of 2011

Civil Appeal No.6186 of 2013

Civil Appeal No.6187 of 2013

Civil Appeal No.7458 of 2013

Civil Appeal No.7459 of 2013

Civil Appeal No.660 of 2014

Civil Appeal No.9139 of 2014

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Civil Appeal No.9193 of 2014

O R D E R

1. These appeals are directed against the common judgment and order passed by the High Court of Judicature at Allahabad, Bench at Lucknow in Civil Misc. Writ Petition No.2344 (MB) of 2008, dated 22.05.2008, whereby and whereunder, the High Court, while upholding the legality of the Circular No.137,

dated 29-30.03.2007 issued by the Commissioner of Trade Tax, has quashed the re-assessment proceedings initiated under Section 21 of the U.P. Trade Tax Act, 1948 (for short "the Act").

2. Since these appeals arise out of a common judgment and order of the High Court and factual matrix in all the appeals is also identical, while disposing of these appeals by this common judgment and order, we would only notice facts in the lead matter, Civil Appeal No.6714 Of 2009, in respect to respondent-assessee, M/s. Aryaverth Udyog, Gauhanna, Akbarpur, District Ambedkar Nagar, Uttar Pradesh.

3. Briefly stated, the facts in the lead case are: the relevant assessment year involved in this appeal is 2001-02. The respondent-assessee is a registered dealer under the Act and the Central Sales Tax Act, 1956 (for short "the Act, 1956"). It is engaged in the business of manufacture of rice from paddy in the State of Uttar Pradesh. The assessee consumes paddy

purchased within the State of Uttar Pradesh to manufacture rice at their rice mills and sells the rice so manufactured within the State and outside in course of inter-State trade under the Act, 1956.

4. Under Section 14 of the Act, 1956, rice and paddy are 'declared goods' as goods of special importance. The said goods are liable to be taxed at the point of first purchase under the notification issued under Section 3-D(i) of the Act. During the relevant assessment year, the assessee has purchased paddy within the State of Uttar Pradesh and paid purchase tax at the rate of 2%.

5. Section 15(c) of the Act, 1956 provides for restrictions and conditions in regard to tax on sale or purchase of declared goods within a State. Under Section 8 of the Act, 1956, the tax liability of a registered dealer is 4% on the inter-State sales of rice. The assessee claimed set-off under Section 15(c) of the Act, 1956 in respect of purchase tax already

paid on the purchase of paddy within the State of Uttar Pradesh against the tax liability created under the Act, 1956. The assessing Authority allowed the aforesaid claim and deducted the tax deposited on the purchase of paddy within the State of Uttar Pradesh from the total tax liability of the assessee, by assessment order dated 31.12.2003.

6. Thereafter, the Commissioner of Trade Tax, Uttar Pradesh, Lucknow has issued Circular No.137 (Vidhi. 2(i)-Nyay-2006-07 of 2313), dated 29-30.03.2007 (for short, "the Circular") and clarified the position of law under Section 15(c) of the Act,1956 to the effect that the said provision does not contemplate set-off of tax liability on paddy purchased within the State of Uttar Pradesh with the tax liability on the inter-State sale of rice. Further, that no deduction in respect of tax deposited by the assessee on the purchase of paddy within the State of Uttar Pradesh from tax liability on the sale of rice under the Act,

1956 manufactured from such paddy is permissible and directed that the aforesaid assessment orders be revived in consonance with the instructions under the Circular.

7. In light of the aforesaid, since the period of limitation for initiation of proceedings under Section 21(1) of the Act had lapsed, the assessing Authority forwarded a proposal for obtaining legal sanction of Additional Commissioner of Trade Tax to reopen the assessment under Section 21(2) of the Act in respect of the assessee. Consequently, the Additional Commissioner of Trade Tax issued a notice to the assessee to show cause as to why permission for re-assessment of their case should not be granted to the assessing Authority.

8. Being aggrieved by the circular dated 29-30.03.2007 and aforesaid show-cause notice, the assessee filed Writ Petition(s) before the High Court.

9. During the pendency of the aforesaid petition, the Additional Commissioner of Trade Tax accorded its permission to the assessing Authority to reopen the case of assessee for re-assessment.

10. The assessing Authority issued a notice under Section 21(2) of the Act to the assessee to show cause as to why should the claim of deduction of the purchase tax as paid on purchase of paddy, within the State of Uttar Pradesh, from the tax liability as computed on the inter-state sales of rice manufactured from such paddy not be inquired into and an order of reassessment ought not be passed accordingly, dated 26.03.2008.

11. The assessing Authority in its re-assessment order, dated 31.03.2008, rejected the claim of deduction of purchase tax already paid on the purchase of paddy within the State of Uttar Pradesh and created a demand of Rs.72,408/- in addition to the demand under original assessment order. However, keeping in

view the pendency of writ petition before the High Court, the demand notice was not enforced.

12. While disposing of the Writ Petition, the High Court has noticed the intervening re-assessment order passed by the assessing Authority and framed the following issues:

> **(a) whether under Section 15(c) of the Act, 1956 the tax leviable under the Act,1956 on the sale and inter-State sales of rice procured out of such paddy is liable to be reduced by the amount of tax levied on the paddy under the Act;**
>
> **(b) whether the Circular No. 137, dated 29.03.2007 issued by the Commissioner of Trade Tax expressing his opinion that such reduction is not permissible is legally correct; and**
>
> **(c) whether the initiation of proceedings under Section 21 of the Act is merely based on change of opinion and therefore, bad in law.**

13. The High Court, while rejecting the case of writ petitioner/assessee on the first two issues, has partly allowed the Writ Petition of the assessee in

respect of the third issue. The High Court opined that the initiation of re-assessment proceedings by the assessing Authority is bad in law as change of opinion of an assessing Authority would not be a valid ground and justification to issue such orders for re-assessment under the Act and therefore, quashed the re-assessment proceedings so initiated by the assessing Authority.

14. The appellant-State, aggrieved by the aforesaid judgment and order of the High Court, is before us in this appeal.

15. We have heard learned counsel for the parties to the *lis*.

16. This appeal requires our consideration and decision on the limited question of whether the High Court was justified in quashing the re-assessment proceedings initiated under Section 21(2) of the Act

on grounds that it was merely based on change of opinion and therefore, bad in law.

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17. The relevant Section of the Act is reproduced hereunder for convenience of our discussion:

> **"21. <u>Assessment of tax on the turnover not assessed during the year</u>.—(1) If the Assessing Authority has reason to believe that the whole or any part of the turnover of the dealer, for any assessment year or part thereof, has escaped assessment to tax or has been under assessed or has been assessed to tax at a rate lower than that at which it is assessable under this Act, or any deductions or exemptions have been wrongly allowed in respect thereof, the Assessing Authority may, after issuing notice to the dealer and making such inquiry as it may consider necessary assess or reassess the dealer or tax according to law:**
>
> **Provided that the tax shall be charged at the rate at which it would have been charged had the turnover not escaped assessment, or full assessment, as the case may be:**
>
> **Explanation I.—Nothing in this sub-section shall be deemed to prevent the Assessing Authority from making an assessment to the best of its judgment.**

Explanation II.—For the purposes of this section and Section 22, 'Assessing Authority' means the officer or authority who passed the earlier assessment order, if any, and includes the officer or authority having jurisdiction for the time being to assess the dealer.

Explanation III.—Notwithstanding the issuance of notice under this sub-section, where an order of assessment or reassessment is in existence before the issuance of such notice, it shall continue to be effective as such, until varied by an order of assessment or reassessment made under this section in pursuance of such notice.

(2) Except as otherwise provided in this section, no order of assessment or reassessment under any provision of this Act for any assessment year shall be made after the expiration of two years from the end of such year or 31-3-1998, whichever is later:

Provided that if the Commissioner on his own or on the basis of reasons recorded by the Assessing Authority, is satisfied that it is just and expedient so to do authorises the Assessing Authority in that behalf, such assessment or reassessment may be made after the expiration of the period aforesaid but not after the expiration of four years, from the end of such year notwithstanding that such assessment or reassessment may involve a change of opinion."

18. Section 21(1) of Act provides, that, if the assessing Authority has reason to believe that the whole or any part of the turnover of a dealer, from any assessment year or part thereof, had escaped assessment of tax or has been under assessed or has been assessed to tax at a rate lower than that at which it is assessable under the Act, or any deductions or exemptions have been wrongly allowed in respect thereof, the assessing Authority may, after issuing notice to the dealer and making such inquiry as it considers necessary, assess or reassess the dealer to tax according to law.

19. Section 21(2) provides for period of limitation for such order of assessment or re-assessment under the Act. The proviso to this section empowers the Commissioner on his own or on the basis of the reasons recorded by the assessing Authority to re-open an assessment notwithstanding that such assessment or re-assessment may involve a change of opinion.

20. Under Section 21(1) of the Act, the re-assessment proceedings can only be initiated if the assessing Authority has "*reason to believe*" that there is a case of escaped assessment and not otherwise. It is now trite law that whenever a statute provides for "reason to believe", either the reasons should appear on the face of the notice or they must be available on the materials which have been placed before him. (See: *Aslam Mohd. Merchant v. Competent Authority and Ors*, (*2008) 14 SCC 186*)

21. In context of Section 21 of the Act, the position of law was explained succinctly by this Court in *CST v. Bhagwan Industries (P) Ltd., (1973) 3 SCC 265* as follows:

> **"11. The controversy between the parties has centered on the point as to whether assessing Authority in the present case had reason to believe that any part of the turnover of the respondent had escaped assessment to tax for Assessment Year 1957-58. Question in the circumstances arises as to <u>what is the import of the words "reason to believe", as used in the</u>**

section. In our opinion, these words convey that there must be some rational basis for the assessing Authority to form the belief that the whole or any part of the turnover of a dealer has, for any reason, escaped assessment to tax for some year. If such a basis exists, the assessing Authority can proceed in the manner laid down in the section. To put it differently, if there are, in fact, some reasonable grounds for the assessing Authority to believe that the whole or any part of the turnover of a dealer has escaped assessment, it can take action under the section. Reasonable grounds necessarily postulate that they must be germane to the formation of the belief regarding escaped assessment. If the grounds are of an extraneous character, the same would not warrant initiation of proceedings under the above section. If, however, the grounds are relevant and have a nexus with the formation of belief regarding escaped assessment, the Assessing Authority would be clothed with jurisdiction to take action under the section. Whether the grounds are adequate or not is not a matter which would be gone into by the High Court or this Court; for the sufficiency of the grounds which induced the assessing Authority to act is not a justiciable issue. What can be challenged is the existence of the belief but not the sufficiency of reasons for the belief. At the same time, it is necessary to observe that the belief must be held in good faith and should not be a mere pretence.

> **12. It may also be mentioned that at the stage of the issue of notice the consideration which has to weigh is whether there is some relevant material giving rise to prima facie inference that some turnover has escaped assessment. The question as to whether that material is sufficient for making assessment or reassessment under Section 21 of the Act would be gone into after notice is issued to the dealer and he has been heard in the matter or given an opportunity for that purpose. The assessing Authority would then decide the matter in the light of material already in its possession as well as fresh material procured as a result of the enquiry which may be considered necessary."**
>
> **(emphasis supplied)**

22. In *CIT v. Kelvinator of India Ltd.,* (2010) 2 SCC 723, a three judge bench of this Court has considered the meaning of expression "reason to believe" in the context of change of language in Section 147 of the Income Tax Act, 1961 (for short, "the IT Act"). The said provision provides for income that has escaped assessment and lays down the test for ascertainment of the case where reassessment should be performed by the assessing Authority. The test being "*if the assessing*

officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year…". **This Court in *Kelvinator case (supra)* has referred to the legislative intent behind reintroduction of condition of "reason to believe" in the said Section and observed that:**

> **"5. On going through the changes, quoted above, made to Section 147 of the Act, we find that, prior to the Direct Tax Laws (Amendment) Act, 1987, reopening could be done under the above two conditions and fulfillment of the said conditions alone conferred jurisdiction on the assessing officer to make a back assessment, but in Section 147 of the Act (with effect from 1-4-1989), they are given a go-by and only one condition has remained viz. that where the assessing officer has reason to believe that income has escaped assessment, confers jurisdiction to reopen the assessment. Therefore, post 1-4-1989, power to reopen is much wider. <u>However, one needs to give a schematic interpretation to the words "reason to believe" failing which, we are afraid, Section 147 would give arbitrary powers to the assessing officer to reopen assessments on the basis of "mere change of opinion", which cannot be per se reason to reopen</u>.**
>
> **6. We must also keep in mind the**

conceptual difference between power to review and power to reassess. The assessing officer has no power to review; he has the power to reassess. But reassessment has to be based on fulfillment of certain precondition and if the concept of "change of opinion" is removed, as contended on behalf of the Department, then, in the garb of reopening the assessment, review would take place.

7. One must treat the concept of "change of opinion" as an in-built test to check abuse of power by the assessing officer. Hence, after 1-4-1989, the assessing officer has power to reopen, provided there is "tangible material" to come to the conclusion that there is escapement of income from assessment. Reasons must have a live link with the formation of the belief. Our view gets support from the changes made to Section 147 of the Act, as quoted hereinabove. Under the Direct Tax Laws (Amendment) Act, 1987, Parliament not only deleted the words "reason to believe" but also inserted the word "opinion" in Section 147 of the Act. However, on receipt of representations from the companies against omission of the words "reason to believe", Parliament reintroduced the said expression and deleted the word "opinion" on the ground that it would vest arbitrary powers in the assessing officer."

(emphasis supplied)

23. This Court in *Aslam Mohd. Merchant case (supra)*

has reaffirmed the earlier view taken in *Phool Chand Bajrang Lal v. ITO,* (1993) 4 SCC 77 where, this Court, after a detailed analysis of the import of the words "reason to believe" in the phraseology of Section 147 of the IT Act, has observed thus:

> **"25. From a combined review of the judgments of this Court, it follows that an Income-tax Officer acquires jurisdiction to reopen an assessment under Section 147(a) read with Section 148 of the Income-tax Act, 1961, only if on the basis of specific, reliable and relevant information coming to his possession subsequently, he has reasons, which he must record, to believe that, by reason of omission or failure on the part of the assessee to make a true and full disclosure of all material facts necessary for his assessment during the concluded assessment proceedings, any part of his income, profits or gains chargeable to income-tax has escaped assessment. He may start reassessment proceedings either because some fresh facts had come to light which were not previously disclosed or some information with regard to the facts previously disclosed comes into his possession which tends to expose the untruthfulness of those facts. In such situations, it is not a case of mere change of opinion or the drawing of a different inference from the same facts as were earlier available but acting on fresh**

> **information. Since the belief is that of the Income-tax Officer, the sufficiency of reasons for forming this belief is not for the court to judge but it is open to an assessee to establish that there in fact existed no belief or that the belief was not at all a bona fide one or was based on vague, irrelevant and non-specific information. To that limited extent, the court may look into the conclusion arrived at by the Income-tax Officer and examine whether there was any material available on the record from which the requisite belief could be formed by the Income-tax Officer and further whether that material had any rational connection or a live link for the formation of the requisite belief."**

(*See: Income Tax Officer v. Lakhmani Mewal Das*, 1976 SCR (3) 956*; Chhugamal Rajpal v. S.P. Chaliha,* 1971 SCR (3) 342*; Calcutta Discount Co. Ltd. v. Income-Tax Officer,* 1961 SCR (2) 241 *and S. Narayanappa & Ors. v. Commissioner of Income Tax,* 1967 SCR (1) 590).

24. It would be profitable to refer to the observations of this Court in *Assistant Commissioner of Income Tax v. Rajesh Jhaveri Stock Brokers Pvt. Ltd.,* (2008) 14 SCC 208. In the said case, this Court has considered the import of the phrase "reason to

believe" as provided under Section 247(a) of the IT Act. While interpreting the phrase, this Court considered both Section 147 and Section 247(a) of the IT Act and observed as follows:

> **"9. Section 147 authorises and permits the assessing officer to assess or reassess income chargeable to tax if he has reason to believe that income for any assessment year has escaped assessment. The word "reason" in the phrase "reason to believe" would mean cause or justification. If the assessing officer has cause or justification to know or suppose that income had escaped assessment, it can be said to have reason to believe that an income had escaped assessment. The expression cannot be read to mean that the assessing officer should have finally ascertained the fact by legal evidence or conclusion. The function of the assessing officer is to administer the statute with solicitude for the public exchequer with an inbuilt idea of fairness to taxpayers."**

25. The import of the words "reason to believe" has also been examined by this Court in cases arising out of proceedings under Section 34 of the Indian Income Tax Act, 1922 which also has the same phraseology. It deals with income escaping assessment and confers

jurisdiction on the income tax officer to make assessment or re-assessment if he had reason to believe that income, profits or gains chargeable to income tax had been under-assessed and that such under-assessment had occurred by reason of either omission or failure on the part of the assessee to make a return of his income or to disclose fully and truly all material facts necessary for his assessment. Since other provisions of the said Section 34 are not relevant for present discussion, we would not saddle the judgment by elaborating on them.

26. Dealing with the said provision, this Court in *S. Narayanappa v. CIT,* (1967) 1 SCR 590, this Court had observed that:

> **"But the legal position is that if there are in fact some reasonable grounds for the Income Tax Officer to believe that there had been any non-disclosure as regards any fact, which could have a material bearing on the question of under assessment, that would be sufficient to give jurisdiction to the Income Tax Officer to issue the notice under Section**

> **34. Whether these grounds are adequate or not is not a matter for the Court to investigate. In other words, the sufficiency of the grounds which induced the Income Tax Officer to act is not a justiciable issue. It is of course open for the assessee to contend that the Income Tax Officer did not hold the belief that there had been such non-disclosure. In other words, the existence of the belief can be challenged by the assessee but not the sufficiency of the reasons for the belief. *Again the expression* "reason to believe" in Section 34 of the Income Tax Act does not mean a purely subjective satisfaction on the part of the Income Tax Officer."**
>
> **(emphasis supplied)**

27. Therefore, the said satisfaction ought to be a satisfaction reached by the assessing authority on the basis of facts or materials available before it. The said position is also discussed in earlier decisions of this Court in *Calcutta Discount Co. Ltd. v. Income Tax Officer, Companies District I, Calcutta,* (1961) 2 SCR 241*; Sheo Nath Singh v. Appellate CIT,* (1972) 3 SCC 234*; CIT v. Kurban Hussain Ibrahimji Mithiborwala,* (1972) 4 SCC 394 *and CIT v. Bhanji Lavji,* (1972) 4 SCC 88.

28. This Court has consistently held that such material on which the assessing Authority bases its opinion must not be arbitrary, irrational, vague, distant or irrelevant. It must bring home the appropriate rationale of action taken by the assessing Authority in pursuance of such belief. In case of absence of such material, this Court in clear terms has held the action taken by assessing Authority on such "reason to believe" as arbitrary and bad in law. In case of the same material being present before the assessing Authority during both, the assessment proceedings and the issuance of notice for re-assessment proceedings, it cannot be said by the assessing Authority that "reason to believe" for initiating reassessment is an error discovered in the earlier view taken by it during original assessment proceedings. (See: *DCM v. State of Rajasthan,* (1980) 4 SCC 71).

29. The standard of reason exercised by the assessing Authority is laid down as that of an honest and prudent person who would act on reasonable grounds and come to a cogent conclusion. The necessary *sequitur* is that a mere change of opinion while perusing the same material cannot be a "reason to believe" that a case of escaped assessment exists requiring assessment proceedings to be reopened. (*See: Binani Industries Ltd., Kerala vs. Respondent: Assistant Commissioner of Commercial Taxes, VI Circle, Bangalore and Ors.,* (2007) 15 SCC 435*; A.L.A. Firm v. CIT,* (1991) 2 SCC 558). If a conscious application of mind is made to the relevant facts and material available or existing at the relevant point of time while making the assessment and again a different or divergent view is reached, it would tantamount to "change of opinion". If an assessing Authority forms an opinion during the original assessment proceedings on the basis of material facts and subsequently finds it to be erroneous; it is not a

valid reason under the law for re-assessment. Thus, reason to believe cannot be said to be the subjective satisfaction of the assessing Authority but means an objective view on the disclosed information in the particular case and must be based on firm and concrete facts that some income has escaped assessment.

30. In case of there being a change of opinion, there must necessarily be a nexus that requires to be established between the "change of opinion" and the material present before the assessing Authority. Discovery of an inadvertent mistake or non-application of mind during assessment would not be a justified ground to reinitiate proceedings under Section 21(1) of the Act on the basis of change in subjective opinion (*CIT v. Dinesh Chandra H. Shah,* (1972) 3 SCC 231; *CIT v. Nawab Mir Barkat Ali Khan Bahadur,* (1975) 4 SCC 360).

31. The above observations regarding the import of

the words "reason to believe" though made in the context of different statutes have, in our opinion, equal bearing on the construction of those words in Section 21 of the Act.

32. In the instant case, while the approval under Section 21(2) of the Act could be granted on the subjective change of opinion, no proceeding under Section 21(1) of the Act can be initiated on the ground of change in opinion of the assessing Authority *dehors* any material on record which justifies such change requiring re-assessment. The requirement of "reason to believe" in Section 21(1) qualifies the phrase "change in opinion" as contained in Section 21(2).

33. At this juncture, it would be necessary to extract the relevant directions of the Commissioner of Trade Tax as contained in the Circular for the convenience of discussion. The said directions are as

follows:

> **"Hence it is directed that the files of Rice Millers be scrutinized and it should be ensured that no deduction in respect of purchase tax paid on the purchase of paddy is allowed from the tax leviable on central sales of rice made under the Sales Tax Act. *If facts contrary to it are discovered, legal action, as permissible under Law be initiated under Section 21/ 21(2) within the prescribed period of limitation*"**

34. A perusal of the show cause notice and also the order issued by both, the Additional Commissioner while exercising jurisdiction under Section 21(2), and the assessing Authority while re-opening assessment proceedings under Sections 21(1) and 21(2) would clarify that both the Authorities have only noticed and reiterated the contents of the Circular. The assessing Authority has substantiated its "reason to believe" by placing reliance on the change in position of law under Section 15(c) of the Act, as contained in the Circular and thus, issued the show cause notice. It is trite that subsequent change in law according to

which the assessment proceedings were conducted, cannot constitute "change in opinion" of the assessing Authority so as to initiate re-assessment proceedings. In fact, the same is impermissible if the Act does not specify the operation of law as retrospective.

35. It would be relevant here to notice the observations of Constitution Bench of this Court in *S.C. Prashar v. Vasantsen Dwarkadas,* (1964) 1 SCR 29. Kapur, J., in a separate judgment, quoting Privy Council in *Delhi Cloth & General Mills Co. Ltd.* v. *ITC*, 54 IA 421, has brought home the point that if after change in law, the period of time prescribed for action by the tax authorities has already expired, then subsequent change in the law does not make it so retrospective in its effect as to revive the power of the tax authority to take action under the new law. The relevant observations are as follows:

> **"35. …In *Delhi Cloth & General Mills Co. Ltd.* v. *ITC*, *54 IA 421*, it was held that no appeal lay against the decision of a**

High Court if it was given before appeals to the Privy Council were provided for. In that connection *Lord Blanesburgh* observed at p. 425:

"Their Lordships can have no doubt that provisions which, if applied retrospectively, would deprive of their existing finality orders which, when the statute came into force, were final are provisions which touch existing rights."

In all these cases the Privy Council proceeded on the principle that if the right of action had become barred according to the law of limitation in force, subsequent enlargement of the period of time does not revive the remedy to enforce the rights already barred. The same principle, <u>in my opinion, would apply to the periods specified in Section 34 of the Act and if the period prescribed for taking action had already expired, subsequent change in the law does not make it so retrospective in its effect as to revive the power of an Income Tax Officer to take action under the new law.</u> It is one of the canons of construction of statute of limitation that in the absence of express words a necessary intendment no change in the period of limitation can revive the right to sue which has became barred nor can it impair the immunity from any action which had become final after the lapse of a specified period of time."

(emphasis supplied)

36. In the instant case, reliance placed on the

change in law as specified under the Circular and action taken on the basis of directions issued by the Commissioner of Trade Tax, the assessing Authority has reached the purported "reason to believe" that re-assessment proceedings are required to be initiated. The material in existence remains the same during both, the assessment and the reassessment proceedings and no additional material or facts have been referred to explaining such "reason to believe" as per the mandate of Section 21(1) of the Act before initiating reassessment proceedings. In fact, the assessing Authority has not indicated any material at all that has given rise to such reason and thus, on the basis of mere "change of opinion" concluded that exemption on purchase tax has wrongly been allowed.

37. Thus, we are of the considered opinion that the High Court has not committed any error, whatsoever, and therefore, these civil appeals being devoid of any merit require to be dismissed.

38. In the result, these appeals are dismissed, accordingly. No costs.

Ordered accordingly.

.....CJI.
[H.L. DATTU]

.....J.
[MADAN B. LOKUR]

.....J.
[A.K. SIKRI]

NEW DELHI,
NOVEMBER 27, 2014.

ITEM NO.3 COURT NO.1 SECTION IIIA

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Civil Appeal No. 6714/2009

STATE OF U.P. & ORS. Appellant(s)

VERSUS

M/S. ARYAVERTH CHAWL UDYOG & ORS. Respondent(s)
(With office report)

WITH
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(With Interim Relief and Office Report)
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(With Office Report)
C.A. No. 9158/2014
(With Office Report)
C.A. No. 9159/2014
(With Office Report)
C.A. No. 9160/2014
(With Office Report)
C.A. No. 9161/2014
(With Office Report)
C.A. No. 9162/2014
(With Office Report)
C.A. No. 9163/2014
(With Office Report)
C.A. No. 9164/2014
(With Office Report)
C.A. No. 9165/2014
(With Office Report)
C.A. No. 9166/2014
(With Office Report)
C.A. No. 9167/2014
(With Office Report)
C.A. No. 9168/2014
(With Office Report)
C.A. No. 9169/2014
(With Office Report)
C.A. No. 9170/2014
(With Office Report)
C.A. No. 9171/2014
(With Office Report)
C.A. No. 9172/2014
(With Office Report)

C.A. No. 9173/2014
(With Office Report)
C.A. No. 9174/2014
(With Office Report)
C.A. No. 9175/2014
(With Office Report)
C.A. No. 9176/2014
(With Office Report)
C.A. No. 9177/2014
(With Office Report)
C.A. No. 9178/2014
(With Office Report)
C.A. No. 9179/2014
(With Office Report)
C.A. No. 9180/2014
(With Office Report)
C.A. No. 9181/2014
(With Office Report)
C.A. No. 9182/2014
(With Office Report)
C.A. No. 9183/2014
(With Office Report)
C.A. No. 9184/2014
(With Office Report)
C.A. No. 9185/2014
(With Office Report)
C.A. No. 9186/2014
(With Office Report)
C.A. No. 9187/2014
(With Office Report)
C.A. No. 9188/2014
(With Office Report)
C.A. No. 9189/2014
(With appln.(s) for direction/stay and Interim Relief and Office Report)
C.A. No. 9190/2014
(With Interim Relief and Office Report)
C.A. No. 9191/2014
(With Interim Relief and Office Report)
C.A. No. 9192/2014
(With Office Report)
C.A. No. 9193/2014
(With Office Report)
C.A. No. 9194/2014
(With Interim Relief and Office Report)

Date : 27/11/2014 These appeals were called on for hearing today.

CORAM :
HON'BLE THE CHIEF JUSTICE
HON'BLE MR. JUSTICE MADAN B. LOKUR
HON'BLE MR. JUSTICE A.K. SIKRI

For Appellant(s)/
Respondent(s) Mr. Ravi Prakash Mehrotra,Adv.
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Mr. Nikhar, Adv.

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Mr. Pawanshree Agrawal,Adv.

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For Respondent(s) Ms. Shweta Garg,Adv.

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Mr. Vivek Sharma, Adv.
Mr. T. Sunder Ramanathan, Adv.

Mr. Gaurav Jain, Adv.
Ms. Abha Jain,Adv.
Mr. Jaivir Singh, Adv.
Mr. N.K. Jain, Adv.

Mr. Dhruv Agarwal, Sr. Adv.
Mr. Praveen Kumar,Adv.
Ms. Sunaina Kumar, Adv.

Mr. Sunil Kumar Singh, Adv.
Mrs. Mukti Singh, Adv.
Dr. Kailash Chand,Adv.

Mr. Vikram Gulati, Adv.
Mr. Abhishek Atrey,Adv.

Mr. Rahul Kaushik,Adv.
Ms. Bhuneshwari Pathak Kaushik, Adv.

Mr. Sunil Kumar Jain,Adv.
Mr. Pawan Shree Agrawal, Adv.

UPON hearing the counsel the Court made the following
O R D E R

C.A. NOS. 6717-6720 of 2009, 9132 of 2014 9189 of 2014, 9190 of 2014, 9194 of 2014

Delinked.

List after four weeks.

In Rest of the matters

The appeals are dismissed. No costs.

[Charanjeet Kaur]
Court Master

[Vinod Kulvi]
Asstt. Registrar

[Signed order is placed on the file]