

Avadh Sugar Mills Ltd.

Vs

The Sales Tax Officer, Sitapur and Another

Civil Appeal No. 1352 of 1970

(K.S. Hegde, P. Jagmohan Reddy, H.R. Khanna JJ)

22.01.1973

JUDGEMENT

HEGDE, J. -

1. This an appeal by certificate. The only question that arises for decision is whether groundnut is oil-seed. The High Court has come to the conclusion that the groundnut is oil-seed. The question as to the nature of groundnut came up for consideration in connection with the levy of purchase tax on the purchase of oil-seed. The assessee in this case is a manufacture of oil and the assessee appears to have purchased groundnuts in large quantity for the manufacture of oil. It contended before the assessing authorities as well as before the High Court, unsuccessfully, that groundnut is not oil-seed. In support of that contention, it relied on the decision of the Madhya Pradesh High Court in Commissioner of Sales-tax, Madhya Pradesh, Indore vs. Bakhat Rai & Co. (1) and the decision of a single Judge of the Punjab and Haryana High Court in Hansraj Choudhry vs. J. S. Rajyana, Excises Taxation Officer (2). These two decisions undoubtedly support its contention. The learned Judges of the Allahabad High Court have not accepted those decisions as laying down the law correctly and we are in agreement with the view taken by the learned Judges of the Allahabad High Court.
2. The petitioner in his writ petition has definitely stated that he purchased groundnuts mostly from cultivators for the manufacture of oil. Hence, there is no doubt that he purchased groundnut for the purpose of manufacturing oil.
3. We shall now proceed to consider whether groundnuts are seeds and further whether they are oil seeds. In finding out the true meaning of the term "oil-seeds" found in the sales tax law in question, we are not to refer to dictionaries. We are to find out the meaning ascribed to that term in commercial parlance. (See the decision of this court in Commissioner of Sales Tax, Madhya Pradesh, Indore vs. Jaswant Singh Charan Singh (3). There can hardly be doubt that in commercial circles groundnut is dealt with as an oil seed. The commercial journals and newspapers while quoting the market price of oil-seeds list groundnut is treated as oil-seed.
4. A seed is one which germinates. It is not disputed that the groundnut germinates. Hence it is undoubtedly seed. The next question is whether it is generally used for manufacture of oil. Here again, there can hardly be any doubt that groundnut is mostly used for the manufacture of groundnut oil which is used in the manufacture of dalda and other cooking media. Groundnut in one of the items which is mostly used in this country for the manufacture of cooking media.
5. In our opinion, both the Madhya Pradesh High Court and the Punjab and Haryana High Court were wrong in holding that groundnut is not oil-seed.

6. For the reason mentioned above, this appeal is dismissed with costs.

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