**HIGH COURT OF JUDICATURE FOR RAJASTHAN**
**AT JODHPUR**

D.B. Civil Writ Petition No. 12026/2025
CNR: RJHC010548742025 | URN: CW / 21473U / 2025

M/s Jagdish Prasad Agrawal, A Partnership Firm Having Its Registered Address At 7, New Housing Board, Banswara (Raj.), Through Its Partner Prabhu Dayal Agrawal S/o Shri Jagdish Prasad Agrawal, Aged About 52 Years, R/o 9/10, New Housing Board, Ward No. 3, Banswara- 327001, Rajasthan.

----Petitioner

Versus

1. Union Of India, Through Secretary Finance, Ministry Of Finance, Department Of Revenue, Government Of India, Shastri Bhawan, New Delhi- 110001.
2. State Of Rajasthan, Through Secretary, Ministry Of Finance.
3. Chief Commissioner Gst And Central Excise (Jaipur Zone), Jaipur, Ncr Building, Statue Circle, Jaipur- 302005.
4. Commissioner Cgst, Cgst Bhawan, H- Block, 100 Feat Road, Section No. 14, Udaipur- 313001, Raj.
5. Assistant Commissioner Cgst, Cgst Bhawan, H- Block, 100 Feat Road, Section No. 14, Udaipur- 313001, Raj.
6. Superintendent/appraiser/senior Intelligence Officer, Anti Evasion, Cgst Commissionerate Cgst Bhawan, H- Block, 100 Feat Road, Section No. 14, Udaipur- 313001, Raj.

----Respondents

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| For Petitioner(s) | : | Mr. Sharad Kothari, with<br>Mr. Pranjul Mehta,<br>Mr. Kalpit Shishodia & Mr. Chirag Soni. |
| For Respondent(s) | : | Mr. Kuldeep Vaishnav, with<br>Mr. Nilesh Choudhary.<br>Mr. Vaibhav Bhansali.<br>Mr. Harshvardhan Singh Chundawat,<br>for Mr. Mahaveer Bishnoi, AAG. |

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**HON'BLE DR. JUSTICE PUSHPENDRA SINGH BHATI**
**HON'BLE MR. JUSTICE PRAVEER BHATNAGAR**

**O R D E R**

**20/08/2026**

1. This writ petition under Article 226 of the Constitution of India has been preferred by the petitioner seeking the following reliefs:

> "i. To Issue writ of mandamus and/or any other appropriate writ, order or direction declaring that the action of Respondent blocking Input Tax Credit of IGST with negative balance as illegal, inoperative and void and thus, the same may be quashed and set-aside;
>
> ii. Respondents may be directed to re-credit the petitioner's Electronic Credit Ledger with the amount of Input Tax Credit (ITC) that has been unlawfully set off, if any, against the impugned demand in the intervening period;
>
> iii. Pass any other order/direction may be passed as deemed fit by this Hon'ble Court in the interest of justice."

2. At the outset, learned counsel appearing on behalf of the petitioner submits that, though the blocking of Input Tax Credit (ITC) in the Electronic Credit Ledger has ceased to operate by operation of the statute upon expiry of one year, and the Electronic Credit Ledger has accordingly been reactivated with the said credit, the question that remains for consideration is whether the respondents could have effected such blocking without complying with the mandatory requirements of Rule 86A of the Central Goods and Services Tax Rules, 2017 (for short, 'the Rules of 2017').

3. Learned counsel for the respondents fairly concedes that the Electronic Credit Ledger is now operational. However, the respondents are unable to demonstrate compliance with Rule 86A of the Rules of 2017 prior to effecting the blocking of the Input Tax Credit available in the Electronic Credit Ledger.

4. When asked why Rule 86A of the Rules of 2017 had not been complied with, learned counsel for the respondents submits that

the same was a bona fide mistake. It is further submitted that, although the concerned authority had reasons for taking such action, no proper and reasoned order was passed, nor was an opportunity of hearing afforded to the petitioner prior to effecting such blocking.

4.1. Learned counsel further undertakes, on behalf of the respondents, that, in future, any blocking of the Electronic Credit Ledger shall be effected only by way of a proper and reasoned order passed by the competent authority, strictly in conformity with Rule 86A of the Rules of 2017.

4.2. Learned counsel tenders an unconditional apology on behalf of the concerned officer for the failure to strictly adhere to the requirements of Rule 86A of the Rules of 2017.

5. Heard learned counsel for the parties and perused the material available on record.

6. This Court finds that the narrow issue that remains for consideration is whether, once the Electronic Credit Ledger containing the amount of Input Tax Credit is operational and is no longer blocked, anything further survives for adjudication in the present petition.

7. This Court is conscious of the fact that Rule 86A of the Rules of 2017 prescribes certain mandatory preconditions to be satisfied before the Electronic Credit Ledger can be blocked. Rule 86A(1), read with Rule 86A(1)(d), is extracted hereinbelow for ready reference:

"**86A. Conditions of use of amount available in electronic credit ledger.-** (1) The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in as much as-

(a) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36-

i. issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

ii. without receipt of goods or services or both; or

b) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Government; or

c) the registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

d) the registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document prescribed under rule 36, may, for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under section 49 or for claim of any refund of any unutilised amount."

8. In view of the above, this Court finds that the mandatory requirements contemplated under Rule 86A of the Rules of 2017 were not complied with in the present matter. However, treating the present matter as an exceptional case and accepting the unconditional apology tendered by learned counsel on behalf of the concerned officer, this writ petition is **disposed of** with a clear and categorical warning that, in the event any future action is taken by the respondents without due compliance with Rule 86A of the Rules of 2017, such action shall render the respondents liable

to pay appropriate compensation to the aggrieved party. Pending application(s), if any, also stand disposed of.

(PRAVEER BHATNAGAR),J (DR.PUSHPENDRA SINGH BHATI),J

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