

**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**NAGPUR BENCH, NAGPUR**

**BEFORE SHRI V. DURGA RAO, JUDICIAL MEMBER AND**  
**SHRI K.M. ROY, ACCOUNTANT, MEMBER**

**ITAs no.45 & 46/Nag./2018**  
(Assessment Year : 2012-13 & 2013-14)

Rajkumari Dharampal Agarwal  
216, Devi Kripa Society  
Wardhaman Nagar, Nagpur 440 008  
PAN – ABHPA2472J

..... Appellant

v/s

Dy. Commissioner of Income Tax  
Circle-2(2), Nagpur

..... Respondent

Assessee by : Shri Sachin V. Luthra  
Revenue by : Shri Harshad S. Vengurlekar

Date of Hearing – 14/05/2025

Date of Order – 15/05/2025

**ORDER**

**PER K.M. ROY, A.M.**

These appeals by the assessee are emanating from the impugned orders of even date 29/12/2017, passed by the learned Commissioner of Income Tax (Appeals)-3, Nagpur, [*learned CIT(A)*], for the assessment year 2012-13 and 2013-14 respectively.

Grounds raised by the assessee in its appeal being ITA no.45/Nag./2018, for the assessment year 2012-13, are as under:-

*"1. On the facts and in the circumstances of the case, the learned CIT(A) erred in maintaining addition of ₹ 11,90,950, made by the A.O. to the extent of ₹ 5,60,590, on account of agricultural income.*

*2. Any other ground of appeal that may be raised at the time of hearing of the appeal."*

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Grounds raised by the assessee in its appeal being ITA no.46/Nag./2018, for the assessment year 2013-14, are as under:-

*"1. On the facts and in the circumstances of the case, the learned CIT(A) erred in maintaining addition of ₹ 8,01,703, made by the A.O. to the extent of ₹ 1,71,343, on account of agricultural income.*

*2. Any other ground of appeal that may be raised at the time of hearing of the appeal."*

2. The sole issue raised by the assessee in both the appeals, except variation in figures, as could be seen from the respective grounds of appeal, relates to estimation of agricultural income.

3. Facts in Brief:- On 16/03/2011, a search was conducted under section 132 of the Income Tax Act, 1961 ("*the Act*") was carried out at the office premises of the assessee company as well as the residential premises of the Directors and family members in the group cases of Shree Agrawal Coal India Pvt. Ltd. Pursuant to search and seizure operation under section 132, vide order dated 27/02/2015 (for A.Y. 2012-13) and order dated 26/02/2016 (for A.Y. 2013-14). The assessment in assessee's case was completed under section 143(3) of the Act. For the years under consideration, the assessee

filed its returns of income on 30/07/2012, declaring total income of ₹ 11,90,950, for A.Y. 2012-13 and ₹ 8,44,940, for A.Y. 2013-14 claiming agricultural income of ₹ 11,90,950, to the extent of ₹ 5,60,590 for A.Y. 2012-13 and ₹ 8,01,703 to the extent of ₹ 1,71,343, for A.Y. 2013-14 respectively.

4. We are narrating the facts as they appear in assessee's appeal being ITA no.45/Nag./2018, for A.Y. 2012-13, the decision of which shall mutatis mutandis apply to the other appeal as well.

5. The Assessing Officer required the assessee to explain the same. It was explained that the assessee owns 52.53 acres of agricultural and for the same, 7/12 extract was submitted by assessee along with ledger, bills, etc. The A.O, however, held that the assessee failed to submit documentary evidence in the form of crops cultivated, name of the purchaser, etc. in respect of agricultural income and hence he treated such agricultural income of ₹ 11,90,950 as Income from other sources. The assessee being aggrieved, filed appeal before the first appellate authority.

6. Before the learned CIT(A), the assessee contended that agricultural income was regularly shown by her in earlier years which was accepted by the Department in search assessment under section 153A of the Act. The assessee contended that the agricultural income shown is ₹ 11,90,950, which works out to ₹ 22,670 per acre (total land 52.53 acres). Therefore the same may please be accepted. The assessee had also claimed that it had shown agricultural income of ₹ 7,92,113, in A.Y. 2010-11 which was found reasonable while framing the assessment order for A.Y. 2010-11. The learned

CIT(A), found that the requisite documentary evidences were not furnished. However, considering the area of cultivable land owned by the assessee and nature of the agricultural produce, an average yield of ₹ 12,000, per acre was found reasonable as against ₹ 22,670, per acre shown by the assessee. Accordingly, he treated the agricultural income of ₹ 6,30,360, as exempt and confirmed the addition to the extent of ₹ 5,60,590 [i.e., ₹ 11,90,950 (-) ₹ 6,30,360 = ₹ 5,60,590). Consequent upon issuance of the first appellate order, the assessee preferred further appeal before the Tribunal.

7. Before us, the learned Counsel for the assessee narrated the facts and reiterated the submissions made before the authorities below and also drew our attention to the order passed by the Co-ordinate Bench of the Tribunal in the following cases:-

*i) Smt. Ruksana Begum v/s ITO, (ITA No.1/Nag/2008) dated 26.06.2009, wherein the Tribunal has accepted that per acre of ₹ 30,500/- appears to be reasonable looking into the quantum of land owned and agricultural income shown by the appellant in the case.*

*ii) Landmark Innovation (P) Ltd. v/s Department of Income Tax, ITAT Agra Bench, in ITA No.26/Agr/2009 wherein it has been held that the income shown by the assessee is the revenue derived from the land which is situated in India and used for agricultural purposes. No iota of evidence to the contrary is brought on record. The assessee has incurred the expenditure in cash and has sold the agriculture produce in cash cannot be the basis to conclude that the assessee has not derived the agricultural income.*

8. The learned Counsel for the assessee further submitted that the same yardstick as applied in the above cases could be applied in the assessee's case also. The learned CIT(A) estimated agricultural income at ₹ 12,000 per acre instead of ₹ 22,670 per acres which is based on agricultural income declared in A.Y. 2010-11 and the same was found reasonable while framing

the assessment order for A.Y. 2010-11. It is stated that the agricultural income cannot be constant as it is highly variable due to factors like monsoon, which affects rainfall and crop growth, and the types of crops grown, which have different risks and rewards. Additionally, yield can fluctuate depending on weather conditions, soil quality, and farming practices. Market demand for crops also influences prices, meaning that per acre income is subject to change. As a result, agricultural income is unpredictable and cannot remain constant. The estimate made on a mathematical exponential model has no scientific basis and needs to be ignored.

9. The learned Departmental Representative, on the other hand, placed strong reliance on the order of the learned CIT(A) and vehemently contended that looking to various factors, the agricultural income estimated by the learned CIT(A) was fair and reasonable as the same was exponentially increased from ₹ 1,47,000 in A.Y. 2006-07 to ₹ 11,90,950 in A.Y. 2012-13.

10. We have given a thoughtful consideration to the arguments made by the rival parties and perused the material available on record. It is not in dispute that the assessee is owning agricultural land, where agricultural operations have been carried on. No iota of evidence to the contrary is brought on record. The agricultural income has been declared by the assessee in earlier years and in subsequent years as well. No addition can be sustained merely on the basis of the suspicion howsoever is strong it may be. In the year under consideration, the carrying of agricultural activities is not in dispute and only quantum of income from such activities is in dispute. We are

of the considered opinion that Revenue had not brought out any material on record to justify reduction of income declared by the assessee by 48% and add it as other source income. The Assessing Officer has rejected the total agricultural income claimed by the assessee wherein the learned CIT(A) has accepted the claim of the assessee of earning agricultural income to the extent of ₹ 12,000 per acre as against ₹ 22,670 claimed by the assessee based on the income of the earlier years. The estimation is unsustainable in the absence of any empirical scientific formula. The re-characterisation of agricultural income is unsustainable. The claim of the assessee has been accepted consistently and unless the nature of income is dislodged by irrefutable evidence, the ad-hoc addition cannot be sustained. Consequently, the assessee gets relief of ₹ 5,60,590, for the A.Y. 2012-13 and ₹ 1,71,343, for A.Y. 2013-14.

11. In the result, assessee's appeals for A.Y. 2012-13 and 2013-14 are allowed.

Order pronounced in the open Court on 15/05/2025

**Sd/-**  
**V. DURGA RAO**  
**JUDICIAL MEMBER**

**Sd/-**  
**K.M. ROY**  
**ACCOUNTANT MEMBER**

**NAGPUR, DATED: 15/05/2025**

Copy of the order forwarded to:

- (1) The Assessee;
- (2) The Revenue;
- (3) The PCIT / CIT (Judicial);
- (4) The DR, ITAT, Nagpur; and
- (5) Guard file.

Pradeep J. Chowdhury  
Sr. Private Secretary

True Copy  
By Order

Sr. Private Secretary  
ITAT, Nagpur