

**IN THE INCOME TAX APPELLATE TRIBUNAL  
AMRITSAR BENCH, AMRITSAR.**

**BEFORE SH. MANOJ KUMAR AGGARWAL, ACCOUNTANT MEMBER  
AND  
SH. UDAYAN DASGUPTA, JUDICIAL MEMBER  
(Hybrid Hearing)**

**I.T.A. No. 512/Asr/2024  
Assessment Year: 2015-16**

Sh. Dharmendra Narula, Prop. M/s Sai Baba Trader, Sabji Mandi, Ferozepur, City. [PAN:-ADQPN3208G] <b>(Appellant)</b>	Vs.	ITO, Ward 3(2), Ferozepur.  <b>(Respondent)</b>
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<b>Appellant by</b>	Sh. P. N. Arora, Adv.
<b>Respondent by</b>	Sh. Charan Dass, Sr. DR

<b>Date of Hearing</b>	07.07.2025
<b>Date of Pronouncement</b>	21.07.2025

**ORDER**

**Per: Udayan Dasgupta, J.M.:**

This appeal filed by assessee against order of Ld. CIT (A), NFAC, Delhi, passed u/s 250 of the Act 1961, dated 01.08.2024 which has emanated from the order of the ITO, Ward 3(2), Ferozepur, dated 24/12/2019, passed u/s 143(3) r.w.s. 147 of the Act.

2. The grounds of appeal in Form No. 36 are as under:

“1. That the Learned Assessing officer, Ward 3(2), Ferozepur has wrongly made the addition to the tune of Rs. 12,62,000/- on account of bank deposits in the axis bank on the plea that it was not accounted for in the books of accounts whereas the assessee has filed both the bank statement of the accounts with the axis bank and Punjab national bank along with the ledger copy of the books of the accounts explaining each and every entry deposit and withdrawal of the bank in the books of accounts maintained during the financial year 2014-15 relevant to the asst year 2015-16 without seeing the documentary evidence filed online by the assessee during the assessment proceeding . Hence it is humbly prayed that the addition made on this account may kindly be deleted.

2. That the Learned Assessing officer, ward 3(2), Ferozepur has wrongly made the addition on account of goods (vegetables & fruits ) sold by M/S Suresh Chander Kalra & company, amounting to Rs. 12,44,129/- without any basis and documentary evidence as the assessee has already accounted for the dammi/commission charged from all the persons who sold the goods through our agency M/S SAI /n BABA TRADERS, Ferozepur City where has assessee has shown the total profit on commission amounting to Rs. 14,17,820/-. Hence it is humbly prayed that the addition made on this account may kindly be deleted.

3. *That the assessee craves to grant any other relief which your honour may deem fit in the interest of law of natural Justice.”*

3. The brief facts emerging from record are that the assessee is engaged in the business of commission agent from sale of fruits and vegetables and his business is carried out under the proprietorship name of M/s Sai Baba Traders. The assessee has filed his return of income disclosing taxable income at Rs.5,15,770/- as income from commission of fruits wholesale.

3.1 On the basis of information gathered by the AO that the assessee has entered into financial transactions with Axis Bank and Yes Bank totalling Rs.26,82,000/-, which does not match with the income declared by the assessee proceedings were initiated u/s 148 after necessary approval obtained from higher authorities.

3.2 In course of assessment proceedings, the assessee has responded by filing online replies alongwith written submissions, and with necessary documentary evidences including computation of income trading profit and loss account, balance sheet and copies of bank statements alongwith ledger a/c of traders with whom the assessee was engaged in the business of trading fruits and vegetable, (*the assessee being the commission agent*). It was also found by the AO that the assessee was engaged mainly with one party for the purpose of his wholesale business of earning

commission i.e. with *M/s Suresh Chandra Kalra and Co.* and the total transactions executed with the said party amounting to Rs.1.55 crores. It was further observed by the AO that in spite of having such a huge turnover the books of account has not been audited u/s 44AB of the Act. Subsequently, on the basis of documents and submission available in assessment records, the AO completed the assessment on a total income of Rs. 30.21 lakhs which included additions of Rs.12.44 lakhs on account of trading of vegetables and fruits supposed to have been earned from dealing with *M/s Suresh Chandra Kalra and Co.*, plus an addition of Rs.12.61 lakhs on account of deposits in Axis Bank A/c XXXXX40416.

4. The matter was carried in appeal and the Id. CIT(A) has examined the documentary evidences and submissions filed by the assessee including ledger copies and has deleted the addition of Rs.12,44,129/- on account of business transactions with *M/s Suresh Chandra Kalra and Co.*, by observing as follows:

*“Even otherwise, several deficiencies are noticed in approach of the AO in so far as additions in relation to transactions with M/s Suresh Chander Kalra & Co. are concerned. For example, while adding 8% net profit rate on transactions of Rs. 1,55,51,616/- with M/s Suresh Chander Kalra & Co. (as per ledger accounts of this party furnished by the appellant), the AO arrived at addition of Rs. 12,44,129/- without considering the fact that as*

*per the commission ledger account of the same party, the appellant had offered and credited his P/L account by Rs. 7,02,565/- (which amounts to 4.52% commission on Rs. 1,55,51,616/-). Without even deducting the amount of Rs. 7,02,565/- already offered by the appellant on account of this party and without mentioning any comparable profit figures of similarly placed assesseees, the AO went ahead to make addition of entire amount of Rs. 12,44,129/-.*

He further observed:

*“(a) The claim of the appellant was acceptable and no additions were required to be made to his income in respect of transactions of Rs.1,55,51,616/- with M/s Suresh Chander Kalra & Co. Additions of Rs.12,44,129/- made on this account are hereby deleted.”*

4.1 However, the Id. CIT(A) sustained the addition of Rs.12,61,845/- on account of unexplained cash deposit in Axis Bank A/c XXXXX40416 by observing as follows:

*“(b) The claim of the appellant is not acceptable on the issue of unexplained cash deposits of Rs. 12,61,845/- in Axis bank account no. 40416. Addition of Rs. 12,61,845/- made by the AO on this account is hereby upheld. It is also noted that the AO*

*treated such cash deposits as unexplained but mentioned the addition made under section 68 of the Act.”*

4.2 He further observed as follows:

*“However, the addition of Rs. 12,61,845/- made by the AO u/s 68 of the Act on account of unexplained cash deposits in Axis Bank account no. 40416 has been upheld, albeit u/s 69A of the Act. It is also noted that there is nothing in the Act which prevents the AO from adding the unexplained credits in the hands of the assessee without rejecting books of accounts. Hence, this ground of appeal is dismissed.’*

5. Now the assessee is in appeal before the tribunal regarding the addition of Rs.12,61,845/- on account of alleged unexplained cash deposit in Axis Bank A/c XXXXX40416. The assessee has filed a paper book containing the bank statement of Axis Bank for the entire financial year and copy of Axis Bank ledger A/c in the books of the assessee where it is found that the total deposits for the year in Axis Bank A/c under appeal was Rs.12,62,991/- in cash on various dates throughout the entire financial year and corresponding withdrawals from the same bank a/c on various dates total to Rs.12,61,845/-, leaving a meagre balance of Rs.1,145/- as on 31<sup>st</sup> March 2015 and it is seen that the total deposits and withdrawals in this Axis Bank A/c XXXXX40416 for the year under appeal are almost the same.

5.1 He further submitted copies of license issued by *Mandi Karan Board of Katcha and pakka Arthiya* in support of his contention that he is engaged in the business of earning commission from wholesale trading of fruits and vegetables.

5.2 The Id. AR of the assessee further submitted that the total cash deposit made on various dates in this Axis Bank A/c is basically collection of sale proceeds from various retailers to whom fruits and vegetables has been supplied. It is the retailers who deposit the money in cash in the assessee's bank account from various places where the goods has been supplied and the said amount is withdrawn by the assessee by cheques and payments are made to the various suppliers from whom the goods has been collected.

5.3 He further submitted that since fruits and vegetables are fast moving items the same cannot be held in one place for long, and it has to be distributed immediately since the goods are perishable. As a result, distribution of goods are generally made on arrival and collection is made at the end of the day and cash is deposited directly into the bank account, by the party, next morning.

5.4 He further submitted that the entire deposit in the account for the year has been added back by the AO on account of unexplained cash deposit and he has totally ignored the withdrawals from the said bank account throughout year which is utilised for payments, which not legally acceptable and he prayed for deleting the said

addition considering the fact that he is just a commission agent and his income is restricted to the percentage of the total billings.

6. The ld. DR relied on the order of the ld. CIT(A) and has also pointed out from *page 'M'* of the paper book to submit that it is already recorded by the AO that the information filed by the assessee was verified from documentary evidences furnished where it is found that the assessee has not accounted the bank a/c of Axis Bank in the original return and has prayed for sustaining the order of the appellate authority.

7. We have heard the rival submissions and considered the materials on record and we find that the total cash deposit in Axis Bank A/c XXXXX40416, which is sustained by the ld. first appellate authority is Rs.12,62,991/-, and at the same time we find that the total withdrawals through the entire year tantamount to Rs.12,61,845/-, which means the cash deposits and cash withdrawals are almost the same. As such, for proper appreciation of facts, we find that the entire cash deposits in the said bank account cannot be sustained, and it is also admitted that the assessee is engaged as a trader in trading of fruits and vegetables and has also admitted to have been earning commission. As such, in our opinion we determine the assessee to have earned profits from this transaction as recorded in Axis Bank A/c XXXXX40416 @ 8% of the *total deposits* which comes to Rs.1,01,039/-. As such,

we restrict the addition on this ground to Rs.1,00,000/- (one lakh only) instead of Rs.12.61 lakhs and the assessee gets consequential relief.

8. In the result, the appeal of the assessee is partly allowed.

**Order pronounced on 21.07.2025 under Rule 34(4) of the Income Tax Appellate Tribunal Rules 1963.**

Sd/-

**(MANOJ KUMAR AGGARWAL)**  
**Accountant Member**

Sd/-

**(UDAYAN DASGUPTA)**  
**Judicial Member**

AKV

Copy of the order forwarded to:

- (1) The Appellant
- (2) The Respondent
- (3) The CIT
- (4) The CIT (Appeals)
- (5) The DR, I.T.A.T.

True Copy  
By order

