

आयकर अपीलिय अधिकरण, 'सी' न्यायपीठ, चेन्नई
**IN THE INCOME TAX APPELLATE TRIBUNAL
'C' BENCH: CHENNAI**

श्री मनु कुमार गिरि, न्यायिक सदस्य एवं
श्री एस. आर. रघुनाथा, लेखा सदस्य के समक्ष

**BEFORE SHRI MANU KUMAR GIRI, JUDICIAL MEMBER AND
SHRI S.R.RAGHUNATHA, ACCOUNTANT MEMBER**

आयकर अपील सं./ITA No.1051/Chny/2025
निर्धारण वर्ष/Assessment Year: 2017-18

Kalyanasundaravalli Premanandhan, 52/A1, Amaravathy Nagar, Chennai-600 106.	v.	The ITO, Non-Corporate Ward-8(2), Chennai.
[PAN: AVXPK 9343 G]		
(अपीलार्थी/Appellant)		(प्रत्यर्थी/Respondent)
अपीलार्थी की ओर से/ Appellant by	:	Mr.J. Saravanan, Advocate
प्रत्यर्थी की ओर से /Respondent by	:	Ms.Anitha, Addl.CIT
सुनवाईकीतारीख/Date of Hearing	:	31.07.2025
घोषणाकीतारीख /Date of Pronouncement	:	25.08.2025

आदेश / ORDER

PER MANU KUMAR GIRI, JM:

The captioned appeal filed by the assessee is directed against order of the Ld. Commissioner of Income Tax (Appeals)/NFAC, Delhi ['CIT(A)' in short] dated 11.02.2025 for Assessment Year 2017-18.

2. Grounds of appeal raised by the assessee are as under:

1. The Learned Commissioner of Income Tax (Appeals) has erred in Question of Facts.
2. The Learned Commissioner of Income Tax (Appeals), NFAC, erred in law and on facts in upholding the addition of ₹15,30,000/- as unexplained money under section 69A of the Income-tax Act, 1961, without properly appreciating the source of such cash deposit, which was duly explained and substantiated by documentary evidence.



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3. The Ld. CIT(A) failed to appreciate that the appellant had withdrawn ₹14,00,000/- from her own bank account on 07.03.2016 for the intended purchase of agricultural land, and due to the deal not materializing, the cash was held in hand and subsequently re-deposited during demonetization.

4. The Ld. CIT(A) grossly erred in rejecting the explanation of the appellant on the presumption that it was improbable to hold cash for such duration, without bringing on record any material evidence to rebut the claim or establish that the cash deposit was from an undisclosed source.

5. The Ld. CIT(A) failed to consider the judicial precedents cited before him which recognize the concept of personal household savings (pin money), especially by women in Indian society, which was part of the cash deposited and forms a legitimate source of income.

6. The Ld. CIT(A) acted in violation of the binding direction of the Hon'ble ITAT in ITA No. 32/Chny/2024 dated 16.04.2024, wherein the appeal was remanded for de novo adjudication, but the CIT(A) reiterated the earlier order without fresh or independent application of mind.

7. The Ld. CIT(A) erred in concluding that there was no nexus between the earlier withdrawal and the deposit, when the bank statements clearly establish the withdrawal of ₹14,00,000/- on 07.03.2016 and along with pin money savings, redeposit on 30.11.2016.

8. The Ld. CIT(A) erred in law in relying on isolated judicial precedents favoring the Revenue while ignoring binding and relevant judicial precedents submitted by the Appellant that supported her explanation and factual position.

9. The addition made under section 69A is based on mere conjecture and surmise and not on any credible material or evidence brought on record, which is impermissible in law.

10. To consider the submission made before your goodselves and render justice.

11. For the foregoing ground and for the grounds that may be raised at the time of appellate hearing the addition of Rs. 15,30,000/- may be deleted.

3. Brief facts of the case are as under:

The Appellant is an individual assessee, being a salaried employee, deriving income solely from salary and interest from savings and time deposits. She does not have any source of income from business, profession, or other speculative activity. The Appellant filed her return of income for the Assessment Year (A.Y.) 2017-18 under section 139(1) of the Act on 25.06.2018, declaring a total income of ₹5,71,350/-. The



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return was selected for scrutiny under CASS, and notice under section 143(2) was issued, primarily to verify cash deposits made during the demonetization period. During the course of the assessment proceedings, the AO noted a cash deposit of ₹15,30,000/- made by the Appellant in her IDBI Bank account on 30.11.2016. The Appellant furnished a detailed explanation supported by bank statements, wherein she explained that the amount deposited included:

- ₹14,00,000/- withdrawn by her on 07.03.2016 for the intended purchase of agricultural land, which did not materialize, and
- ₹1,30,000/- being her accumulated household savings over several years, known colloquially and judicially as "pin money".

The assessee, due to the failure of the land transaction, retained the funds in cash, which were later deposited during the demonetization initiative launched by the Government of India in November 2016. The explanation for the source and nature of the funds was consistently furnished during the assessment and appellate proceedings.

However, the AO disregarded the explanation and treated the deposit as unexplained money under section 69A of the Act. It is pertinent to note that the AO issued notice initially under section 69 and subsequently invoked section 69A, without a clear basis or distinction between the two provisions, which pertain to different legal standards.



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The assessee's submissions were supported by documentary evidence, including bank statements highlighting the relevant transactions. Judicial precedents recognizing the concept of household savings or "pin money" maintained by Indian women were also cited, such as:

- CIT v. Paramanand Uttamchand [(1984) 146 ITR 430 (Mad.)],
- R.B.N.J. Naidu v. CIT [(1956) 29 ITR 194 (Nag.)], and
- R. Dalmia (decd.) v. CIT [(1981) 133 ITR 169 (Del.)].

The Id. Counsel for the assessee submitted that in haste and under pressure during peak demonetization, provided a letter to the bank manager indicating that the deposited cash was a repayment of a hand loan from a third party. This was done merely to comply with sudden demands from bank officials and should not be construed as a contradiction of the factual source of the funds, especially when the withdrawals were clearly documented. The Id. Counsel stated that the Ld. Commissioner of Income-tax (Appeals), NFAC, without properly appreciating the factual matrix and evidentiary support furnished, dismissed the appeal. The Ld. CIT(A) erroneously held that the nexus between the earlier withdrawal and subsequent deposit was not satisfactorily established and that the absence of documentation for the proposed land transaction rendered the explanation untenable. The Appellant preferred an appeal before the Hon'ble ITAT, Chennai, and the Hon'ble Tribunal, vide its order dated 16.04.2024 in ITA No.



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32/Chny/2024, was pleased to set aside the order of the CIT(A) and remand the matter for de novo adjudication, clearly directing the first appellate authority to afford an opportunity of being heard and to decide the matter afresh on merits.

4. The Id. Counsel submitted that despite the specific directions of the ITAT, the CIT(A), vide the impugned order dated 11.02.2025, reiterated the earlier findings and dismissed the appeal again on similar grounds, without offering adequate reasoning or fresh consideration of the submissions and judicial precedents cited. He further contended that the action of the AO and CIT(A) in disregarding the valid and plausible explanation, despite documentary evidence, is contrary to principles of natural justice, equity, and fair play, and is based purely on surmise, conjecture, and suspicion rather than on material facts or evidence.

5. The Appellant submits that the addition under section 69A is unjustified, unsubstantiated, and unsustainable in law, particularly in light of:

- the documentary trail of the funds,
- the Appellant's consistent explanation of facts,
- the absence of any contrary evidence,
- the principles upheld in judicial pronouncements that allow for cash retention where earlier withdrawals are proven, and



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- recognition of traditional savings habits under Indian social practices.

6. The Id. Counsel for the assessee now is in appeal before us, seeking relief against the impugned addition of ₹15,30,000/- made under section 69A of the Act and requests that the addition be deleted in the interest of justice and fair adjudication on the following grounds:

1. The appellant (assessee) is an individual and is a salaried employee in the private sector. The appellant is living with her in-laws and has a son, after being abandoned by her husband. The appellant filed her return of income for the AY 2017-18 on 25.07.2017, declaring a total income of Rs.3,82,610/- which comprised of income from salary' and 'income from other sources' (interest income).

2. During the financial year 2015-16 (AY 2016-17), the appellant was trying to purchase an agricultural land and hence, to pay any advance for purchase of such property, the appellant consistently was withdrawing amounts from her IDBI Bank Ltd. savings account (account no.1085104000041450), Porur branch, Chennai. The withdrawals for the above purpose started from 30.09.2015. Bank statement showing the cash withdrawals during the FY 2015-16 (AY 2016-17) enclosed, along with bank statement for the FY 2016-17 (AY 2017-18). Cash flow statement for the period 30.09.2015 to 30.11.2016 (date of impugned cash deposit of Rs.15,30,000/-) is also enclosed.

3. The opening cash balance sourced from such cash withdrawals was Rs.46,10,000/-, i.e., as on 01.04.2016. This amount sourced from withdrawals on various dates was kept by the appellant in her residence, the primary withdrawal amounts being Rs.22,00,000/- on 30.09.2015, Rs.10,00,000/- on 07.11.2015 and Rs.14,00,000/- on 07.03.2016. In fact, even after announcement of demonetisation, on the night of 08.11.2016, the appellant did not make any cash deposit of demonetized notes, since, she was confident that she could purchase some land out of the cash available with her.

4. In the meantime, the appellant's husband decamped with cash of Rs.29,70,000/-(which was kept in a particular place in her house)



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on the night of 27.11.2016 /28.11.2016 and the appellant was left with cash-in-hand of Rs.14,00,000/- as on 28.11.2016, which may be apparent from the cash flow statement enclosed.

5. Finding that no worthwhile purchase of land could be made out of the cash of Rs.14,00,000/-, the appellant deposited this cash (Rs.14,00,000) along with PIN money savings of Rs.1,30,000/- in her IDBI Bank account no. 1085104000041450 on 30.11.2016.

6. The cash deposit in the appellant's bank account on 30.11.2016 (Rs.15,30,000) caused the Income-Tax department to select the appellant's case for scrutiny assessment. In the course of scrutiny assessment, the Ld. Assessing Officer (AO) did not accept the appellant's explanation for the cash deposit and added the cash deposit amount of Rs.15,30,000/- to her returned income under section 69 / 69A of the Income-Tax Act, 1961 (Act). This assessment order was passed on 20.12.2019.

7. The appellant preferred an appeal against this assessment order before the Ld. CIT(A) on 06.01.2020, which was decided ex parte. On further appeal before the Hon'ble ITAT, the Tribunal was pleased to remit the matter back to the Ld. CIT(A) for disposal on merits, after affording opportunity of hearing to the appellant.

8. In the course of remitted back appeal proceedings, the Ld. CIT(A) dismissed the assessee's appeal on two counts :

i. nexus between cash withdrawals and cash deposit not explained, since, no one will draw money from bank before finalisation of land deal;

ii. the appellant before the Bank Manager submitted that the amount of Rs.15,30,000 (cash deposit on 30.11.2016) was proceeds from a hand loan given to one, Shri. Rajagopal;

9. On the first aspect, it may be seen that the Chennai bench of the ITAT in the case of Ganapathy Pannerselvam v. ITO (ITA No.609/Chny/2025 dated 27.06.2025), on similar set of facts, held the issue in favour of the assessee. To the same effect is the decision of the Hon'ble Delhi Tribunal in the case of ACIT v. Baldev Raj Charla. Further, the averment of the Ld. CIT(A) that no one will withdraw cash before finalisation of land deal is only a presumption and there is no hard and fast rule to support the version of the Ld. CIT(A).



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10. As regards the second aspect, it may be seen that at the relevant time of cash deposit, ie, on 30.11.2016, the Bank Manager insisted that he will allow the cash deposit only if reason of hand loan is given and on his insistence, a letter was given to the Bank Manager by the appellant that the source of cash deposit of Rs.15,30,000/- was proceeds from loan given to one, Shri. Rajagopal. In this regard, it may be seen that during demonetisation period, Bank Managers held sway and many persons were left with no other option but to comply to the directions of Bank Managers to make cash deposit of demonetized notes.

11. Further, it may also be noted that the concept of PIN money savings by a wife in Indian society has been recognised by the Nagpur Bench of the Bombay High Court in the case of R.B.N.J. Naidu v. CIT (29 ITR 194) and the Delhi High Court in the case of R. Dalmia (decd.) v. CIT (133 ITR 169). In fact, the potential of PIN money savings by Indian wives was mentioned by the Indian Prime Minister himself, in his speech during Parivartan rally in Ghazipur, Uttar Pradesh, on November 13/14, 2016 (during demonetization period).

12. In the light of the above, it may be seen that the source of cash deposit of Rs.15,30,000/- was only out of previous cash withdrawals (Rs.14,00,000) and PIN money savings (Rs.1,30,000) and hence, the addition u/s 69/69A cannot be sustained.

The Id. Counsel for the assessee also filed paper book containing IDBI Bank statement and Cash Flow Statement of the assessee from pages (5-14).

7. Per contra, the Id. DR for the revenue supported the orders of the authorities below and pleaded for the dismissal of the appeal of the assessee.

8. We have gone through the opposing submissions and examined the records, paper book, and relevant case laws cited. It



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is evident from the bank statement reflecting the cash withdrawals made during the financial year 2015-16 (AY 2016-17), along with the bank statement for the financial year 2016-17 (AY 2017-18) that during the financial year 2015-16, the assessee was in the process of acquiring agricultural land. Consequently, to facilitate any advance payment for the purchase of such property, the assessee consistently withdrew funds from her IDBI Bank Ltd. savings account (A/c no. 1085104000041450) at the Porur branch in Chennai. The withdrawals for this purpose commenced on 30.09.2015. Additionally, a cash flow statement for the period from 30.09.2015 to 30.11.2016 (the date of the disputed cash deposit of Rs. 15,30,000/-) is also included. The initial cash balance derived from these withdrawals amounted to Rs.46,10,000/- as of 01.04.2016. This sum, obtained from withdrawals on various dates, was stored by the assessee at her residence, with the primary withdrawal amounts being Rs.22,00,000/- on 30.09.2015, Rs. 10,00,000/- on 07.11.2015, and Rs.14,00,000/- on 07.03.2016. Notably, even after the announcement of demonetization, on the night of 08.11.2016, the assessee refrained from depositing any demonetized notes, as she was confident in her ability to purchase land using the cash she had on hand. In the interim, the assessee's



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husband absconded with Rs.29,70,000/- in cash (which had been stored in a specific location within her home) on the night of 27.11.2016/28.11.2016, leaving the assessee with Rs.14,00,000/- in cash as on 28.11.2016, as can be seen from the enclosed cash flow statement in paper book filed. Realizing that no significant land purchase could be made with the remaining cash of Rs.14,00,000/-, the appellant deposited this amount, along with her PIN money savings of Rs.1,30,000/-, into her IDBI Bank account no. 1085104000041450 on 30.11.2016. We observe that the assessee has a prudent explanation for the cash deposit in bank account. Therefore, we find that the above submissions and cash flow and Bank statement and case laws, the cash deposit of Rs.15,30,000/- in the assessee's bank account on 30.11.2016 is genuinely explained by the assessee. Hence, we direct the AO to delete the addition u/s 69A of the Act.

9. In result, appeal of the assessee is allowed.

Order pronounced on the 25th day of August, 2025, in Chennai.

Sd/-

(एस. आर. रघुनाथा)

(S.R.RAGHUNATHA)

लेखा सदस्य/**ACCOUNTANT MEMBER**

Sd/-

(मनु कुमार गिरि)

(MANU KUMAR GIRI)

न्यायिक सदस्य/**JUDICIAL MEMBER**



ITA No.1051/Chny/2025 (AY 2017-18)
Kalyanasundaravalli Premanandhan

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चेन्नई/Chennai,
दिनांक/Dated: 25th August, 2025.

TLN, Sr.PS

1. अपीलार्थी/Appellant
2. प्रत्यर्थी/Respondent
3. आयकरआयुक्त/CIT, Chennai / Madurai / Salem / Coimbatore.
4. विभागीयप्रतिनिधि/DR
5. गार्डफाईल/GF