

INCOME TAX APPELLATE TRIBUNAL
AGRA BENCH "SMC": AGRA
BEFORE SHRI M. BALAGANESH, ACCOUNTANT MEMBER
(Through virtual hearing)

ITA No. 101/AGR/2025
(Assessment Year: 2011-12)

Anil Kumar Agarwal, 44, R. S. Residency, Dayal Bagh, Agra, UP	Vs.	Dy. CIT, Circle-2(1)(1), Agra
(Appellant)		(Respondent)
PAN: AAMPA3335J		

Assessee by :	Shri Rajni Kant Verma, Adv
Revenue by:	Shri Anil Kumar, Sr. DR
Date of Hearing	17/09/2025
Date of pronouncement	19/11/2025

ORDER

1. The appeal in ITA No. 101/AGR/2025 for AY 2011-12, arises out of the order of the JCIT(A)-9, Mumbai [hereinafter referred to as 'ld. JCIT(A)', in short] dated 30.12.2024 against the order of assessment passed u/s 143(3) r.w.s. 147 of the Income-tax Act, 1961 (hereinafter referred to as 'the Act') dated by the Assessing Officer, DCIT, Circle-2(1)(1), Agra (hereinafter referred to as 'ld. AO').
2. The only issue to be decided on merits in this appeal is as to whether the Learned JCIT(Appeals) was justified in confirming the addition of Rs. 11 lakhs on account of cash deposits made in the bank account in the facts and circumstances of the instant case.
3. I have heard the rival submissions and perils of materials available on record. The assessee is an individual and had filed his return of income for the assessment year 2011-12 on 14-10-2011 declaring total income of Rs.

2,29,550/-. On the basis of AIR information stating that there was cash deposit made by the assessee to the extent of Rs. 13 lakhs in the bank account maintained with HDFC bank, Sanjay Place, Agra, notice under Section 148 of the Act stood issued to the assessee on 27-03-2018 on the ground, cash deposit represent income escaping assessment of the assessee. The Learned AO on receipt of the AIR information issued notice under Section 133(6) of the Act on 18-01-2018 asking for the source of cash deposits, to the assessee. The assessee enclosed the copy of income tax return together with the computation of income and stated that cash was deposited out of funds available with him. Since the reply given was very general, the Learned AO formed a belief that income of the assessee had escaped assessment and accordingly proceeded to reopen the assessment of the assessee. The reasons recorded for reopening the assessment were duly supplied to the assessee and assessee filed objections to the same. The Learned AO disposed of the objections for reopening the assessment by way of a separate speaking order dated 6-12-2018 which is reproduced in pages 4 to 7 of the assessment order. The Learned AO issued a final show-cause notice asking for the source of cash deposits of Rs. 13 lakhs and also suggesting why the said cash deposits be not treated as unexplained income under Section 68 of the Act in the hands of the assessee. The reply given by the assessee was very vague and accordingly, the Learned AO concluded that assessee could not satisfactorily explain the source for cash deposits made in the bank account in the sum of Rs. 13 lakhs and proceeded to treat the same as unexplained credit under Section 68 of the Act and completed the assessment on 24-12-2018.

4. The Learned JCIT(A) on perusal of the bank statement of the assessee and the explanations offered by the assessee with regard to receipt of cash on sale of property in the sum of Rs. 2 lakhs reproduced the availability of

cash funds in a tabular column in page 5 of the order. The Learned JCIT(A) was convinced with the documentary evidence submitted by the assessee for receipt of Rs. 2 lakhs in cash from Smt Gashkin Begum on sale of property. The assessee also submitted that he had earned income from speculative transactions and the same were duly offered to tax. The assessee submitted that he had received monies from Adroid Securities in the sum of Rs. 2,95,000 on 5-3-2011, Rs 1,05,000 on 13-11-2010 and Rs. 85,000 on 1-1-2011. In support of this, the assessee furnished the ledger account of Adroid Securities as appearing in his books before the Learned JCIT(A). The Learned JCIT(A) noted that the evidentiary value of such ledger account was NIL as it neither contained the PAN of Adroid Securities nor contained any confirmation of Adroid Securities for having made payment in cash to the assessee. The Learned JCIT(A) also noted that for commodity trading, it is very unlikely that the transactions could have been carried out in cash. The Learned JCIT(A) also noted that the withdrawals made on 21-2-2011 in the sum of Rs 6 lakhs represent cheque withdrawals and the same cannot be construed as cash withdrawals. Accordingly, the Learned JCIT(A) gave relief to the assessee only to the extent of Rs. 2 lakhs and confirmed the addition made for the remaining sum of Rs. 11 lakhs made by the Learned AO.

5. With regard to withdrawal of Rs 6 lakhs made on 21-2-2011, the assessee claimed the same to be cash withdrawals made from HDFC Bank by issuing a self cheque. In support of this, the assessee enclosed the certificate from HDFC Bank. Hence the same is hereby treated as cash withdrawals made by the assessee. Further the assessee had furnished the Cash Book for the whole financial year 2010-11 covering all the cash transactions and monthly drawings. Even the income earned through commodity trading in cash are reflected in the said cash book enclosed in Pages 74 to 85 of the Paper Book. The assessee has offered the income

earned from commodity trading as speculative income and hence there is no need to disbelieve the same if the same is shown as a cash source in the cash book of the assessee. On perusal of the cash book, I find that there was no negative cash balance on any day during the year. The said cash book duly covers all the cash deposits made by the assessee in the bank account, totaling to Rs. 13 lakhs and I am convinced that assessee had properly explained the entire source for cash deposits made on each and every day. No part of the said cash deposit remain unexplained. Further I notice that the books of the cash book submitted by the assessee has not been rejected by the lower authorities. Further, the cash withdrawals made by the assessee from the bank account during the year certainly remains as a cash source for explaining the cash deposits made at a later date within the year. It is not the case of the revenue that the cash withdrawals made by the assessee from the bank account on earlier dates of the year had been utilized for some other purpose by the assessee. Unless the same is proved, the said cash withdrawals shall remain as a cash source with the assessee for explaining the cash deposits made at a later date within the year. Reliance in this regard has been rightly placed by the Learned AR on the decision of Hon'ble Karnataka High Court in the case of S R Venkata Ratnam vs CIT reported in (2:36) 127 ITR 807 (Kar). Hence, I have no hesitation to delete the addition made in the sum of Rs. 11 lakhs on account of cash deposits and hold that the entire cash deposits had been duly explained by the assessee in the facts and circumstances of the incident case. Accordingly, the grounds raised by the assessee on merits are allowed.

6. Since the relief is granted to the assessee on merits, the other legal grounds challenging the validity of reassessment under section 147 of the Act need not be gone into and they are left open.

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

Order pronounced in the open court on 19/11/2025.

-Sd/-
(M. BALAGANESH)
ACCOUNTANT MEMBER

Dated: 19/11/2025
A K Keot

Copy forwarded to

1. Applicant
2. Respondent
3. CIT
4. CIT (A)
5. DR:ITAT

ASSISTANT REGISTRAR
ITAT, New Delhi