

**आयकर अपीलीय अधिकरण, इंदौर न्यायपीठ, इंदौर**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**INDORE BENCH, INDORE**  
**BEFORE SHRI B.M. BIYANI, ACCOUNTANT MEMBER**  
**AND**  
**SHRI PARESH M JOSHI, JUDICIAL MEMBER**

ITA No.519/Ind/2025  
(AY: 2017-18)

|  |                            |                        |
|--|----------------------------|------------------------|
| Santosh Bai Bhatevra,<br>1, Rupkheda, Ranapur,<br>Jhabua, Ratlam.(M.P)<br><b>(PAN: ASQPB6129D)</b> | <b><u>बनाम/</u></b><br>Vs. | ITO Ward-1,<br>Ratlam. |
| (Appellant)  |                            | (Respondent)           |
| Assessee by  | Shri Shrawan Gupta, Adv.   |                        |
| Revenue by   | Shri Ashish Porwal, Sr.DR  |                        |
| Date of Hearing  | 08.01.2026                 |                        |
| Date of Pronouncement  | 16.01.2026                 |                        |

**आदेश / O R D E R**

**Per Paresh M Joshi, J.M.:**

This is an Appeal filed by the Assessee under section 253 of the income tax Act 1961,[ herein referred to as the Act for the sake of brevity] before this tribunal as & by way of a second Appeal. The Assessee is aggrieved by the order bearingNumber:-ITBA/APL/S/250/2025-26/1075711400(1) dated 22.04.2025 passed by the Ld. CIT(A) u/s 250 of the Act, which is herein after referred to as the "**Impugned order**". The Relevant Assessment year is 2017-18 and the

corresponding previous year period is from **01.04.2016** to **31.03.2017**.

2.

**Factual Matrix**

2.1 That as and by way of an Assessment order made u/s 143(3) of the Act, the total income of the Assessee was computed & assessed at **Rs. 11,51,790/-**. Income as per the ITR was **Rs. 3,73,790/-**. The addition was of **Rs. 7,78000/-** which was made u/s 69A of the Act. The aforesaid assessment order bears No. ITBA/AST/S/143(3)/2019-20/1022708477(1) & that the same is dated **19.12.2019** which is herein after referred to as the "**Impugned Assessment order**".

2.2 The Assessee is a retail trader.

2.3 The return of income declaring total income of **Rs. 3,73,790/-** was filed by the Assessee on 20.03.2018.

2.4 That the case of the assessee was selected for **scrutiny** under **CASS** for the reason of large value cash deposit during the period of demonetization. A notice u/s 143(2) of the act was issued in e-portal vide notice No. ITBA/AST/S/

143(2)/2018-19/1012480936(1) dated 23.09.2018. A copy of the notice was also served through registered post on the Assessee on 05.10.2018. There has not been any compliance to this notice.

2.5 A detailed questionnaire was issued as annexure to notice No:- ITBA/AST/F/142(1)/2019-20/1019454663(1) dated 25.10.2019 fixing the case for compliance on or before **30.10.2019**. Another notice under section 142(1) of the act was issued vide notice no:- ITBA/AST/F/142(1)/2019-20/1021003011(1)dated **24.11.2019** fixing the date of compliance on or before **27.11.2019** as per the annexure to this notice the assessee was specifically required to furnish the details & justification of **“cash deposit during demonetization period and larger value cash deposit during demonetization period as compared to returned income”**. The Assessee was allowed time for compliance on or before 27.11.2019 by this notice. The Assessee however did not make any compliance to this notice.

2.6 A notice under sec. 133(6) of the IT Act, 1961 was issued vide notice No.ITBA/AST/5/133(6)/2019-20/1021160431(21) dated 27/11/2019 to the The Branch Manager, Narmada Jhabua Gramen Bank, Smohi Branch, Jhabua (MP) requiring the bank to furnish the following information:

|   |  |
|---|--|
| 1 | Account opening form and complete KYC documents of Bank a/c No,503810110001569, 503875110000004 and 505610100000721.                 |
| 2 | Statement for F.Y. 2016-17 of above stated Bank A/c No. Details  |
| 3 | Details of total cash the demonetization period and during F.Y. 2016-17; and during the F.Y. 2016-17 respectively.                   |
| 4 | Date-wise details of old high denomination (OHD) notes deposited during the demonetization period in the format (table) given below- |

Vide letter No. Samoi/42/2019-20 dated 02/12/20119, the Narmada Gramin Bank, Samoi, the Bank has given details of cash deposits and also copies of bank statements along with KYC details. The bank has also furnished the details of the cash deposited during the demonetization period in the savings bank accounts maintained by the assessee.

2.7 It is also recorded in the aforesaid assessment order the following:-

(1) As per information available in e-portal, the assessee has furnished a response dated 03.12.2019 wherein it is stated that the assessee had no other bank account except those in Jhabua Gramin Bank and that the name of Bank of Baroda is being shown in the portal as the said bank is the **nodal bank of Jhabua Grameen Bank**. It is further stated that the amounts of Rs. 1,48,000/-; Rs. 79,000/-, and Rs. 5,51,000/- deposited in the three bank accounts aggregating to Rs. 7,78,000/- are from past savings, income of the current year and out of withdrawal from bank accounts. In the reply to questionnaire enclosed with the response, it is stated that the assessee is engaged in purchase and sale of mahua. Copy of ITR and computation of total income has been filed. Details of bank accounts have been filed. The assessee furnished list of debtors and creditors.

(2) As regards the cash deposits of Rs. 2,85,29,659 appearing in e-portal, the assessee has also furnished a certificate from Sr. Manager of Madhya Pradesh Gramin Bank, Branch,

Ranapur, Distt. Jhabua dated 22.10.2019 stating that the cash deposits shown in the IT portal for the period from 01.04.2016 to 31.03.2017 is not correct. The Bank has enclosed copies of statements and certified the cash deposits in the three bank accounts as stated above. Considering the facts, the aggregate of the cash deposits is taken as shown in the bank accounts and certificates issued by the bank at Rs. 7,78,000/-.

(3) In the e-response, the assessee has explained the cash deposits during demonetization period as out of past savings, current year's income and out of withdrawals from bank. On scrutiny, however, it is seen that the assessee has not furnished detailed cash flow chart or capital account, or details of purchases and sales. She has also furnished details or links with the withdrawals from bank, which amounts were re-deposited in the bank account. Further, the turnover of the assessee has been shown at Rs. 8,50,165/- and the net profit has been shown at Rs. 1,44,531/- under sec. 44AD of the Act. The assessee has neither given any details of sundry debtors, nor any details of opening capital

or past savings or the availability of cash as on 08.11.2016. Therefore, in these circumstances, the cash deposits aggregating to Rs. 7,78,000/- in the assessee's bank accounts maintained with Gramin Bank are treated as the assessee's unexplained. The same is assessed as deemed income of the assessee under sec. 69A of the IT Act, 1961.

2.8 In the final analysis the Amount of Rs. 7,78,000/- has been taxed **u/s 115BBE** of the Act.

2.9 That the Assessee being aggrieved by the aforesaid the **"Impugned Assessment order"** prefers the first appeal u/s 246A of the Act before the Id. CIT(A) who by the **"Impugned order"** has dismissed the first appeal of the assessee on the grounds & reasons stated therein. The core grounds & reasons for the dismissal of the 1<sup>st</sup> Appeal are as under:-

*"The core issue under dispute is the addition of Rs. 7,78,000/- made under section 69A of the Income-tax Act, 1961, treating the cash deposits made by the appellant during the relevant previous year as unexplained. The appellant has contended that the source of such deposits is a mix of (i) past savings and withdrawals from her own bank accounts, (ii) income from the retail sale of Mahua flowers and other business activities, and (iii) repayment of loans previously extended to villagers. It is further argued that she*

*operates in a rural cash-based economy, with a legitimate need to maintain liquidity given the nature of her informal lending operations and the security conditions in her village.*

*However, the explanation offered by the appellant lacks corroborative evidence. Despite asserting that the funds originated from business income and loan repayments, she has not furnished any ledger, confirmation from loanees, or supporting documentation linking specific deposits to identifiable sources. While the appellant is assessed under presumptive taxation under section 44AD, it is important to note that even under the presumptive scheme, basic financial records such as a cash book and a sales ledger are expected to be maintained. In this case, the absence of such records weakens the appellant's explanation and fails to inspire confidence in the veracity of the claimed sources.*

Moreover, during the remand proceedings, the Assessing Officer specifically noted that no fresh or additional evidence had been submitted to substantiate the source of the cash deposits. The remand report was duly communicated to the appellant; however, no rebuttal or rejoinder was filed, nor was any additional clarification provided to dislodge the findings of the Assessing Officer. As such, the observations made by the AO in the remand proceedings remain uncontroverted.

Given the above, the appellant has not satisfactorily discharged the burden of proof cast upon her under section 69A of the Act. The addition made by the Assessing Officer cannot be faulted merely on the basis of unsubstantiated claims or general narratives. However, the submission of the appellant and Bank account statement has been considered in totality and following cash deposits were found to be reasonably explained:-

*i) Rs. 1,26,000/- from sale proceed in A/c No. 00721*

*ii) Rs. 2,00,000/- recent Cash withdrawal on 15.10.2016 from A/c No. 01569 and Cash deposit in A/c No 00721 on 13.11.2016 after demonetization announcement on 08.11.2016.*

*iii) Rs. 49,000/- in A/c No. 01569 from sale proceed*

*iv) Rs. 30,000/- in A/c No. 01569 from sale proceed*

*For (i), (iii) and (iv), Appellant is granted benefit of section 44AD as income from sale proceeds are already offered for tax and quantum is within turnover declared.*

*The remaining cash deposits could not be found to be explained as no rational for withdrawal then holding and again depositing the cash in Bank account is clear from records.*



*Hence, addition of Rs. 4,05,000/- is hereby deleted and of Rs. 3,73,000/- is hereby sustained.  
As a result, the appeal is partly allowed."*

2.10 The Assessee being aggrieved by the **"Impugned order"** has preferred the instant second appeal before this Tribunal & has raised the following grounds of appeal in the from No. 36 against the **"Impugned order"** which are as under:-

*"1. The impugned order u/s 143(3) of the I.T. Act, 1961 dated 19.12.2019 as well as the action taken and notices u/s 143(2) or other notices are illegal, bad in law and on the facts of the case for want of jurisdiction and various other reasons or bared by limitation and further contrary to the real facts of the case, hence the same may kindly be quashed.*

*2. Rs.3,73,000/-: The Id. CIT(A) has grossly erred in law as well as on the facts of the case in sustaining the addition of Rs.3.73,000/- out of Rs.7.78,000/- made by the Id. AO u/s 69A on account of cash deposited in the bank account as alleged unexplained investment u/s 69A, also erred in ignoring the other material, evidence and facts available on record and erred in not considering fully in their true perspective and sense. Hence the addition so made by the Id. AO and partly confirmed by the Id. CIT(A) is also contrary to the real facts of the case and not according to the provision of law, hence the same may kindly be deleted in full.*

*3.The Id. CIT(A) has grossly erred in law as well as on the facts of the case in confirming the action of the Id. AO of invoking the provisions of Sec. 115BBE as the Id. AO had not issued any show cause notice for the same, also not invoked the same in the assessment order and charged the tax u/s 115BBE in the computation sheet directly, also erred in not considering the material and details in their true perspective and sense despite available on record. Hence the action of the Id. AO and confirmed by the Id. CIT(A) is also contrary to the real facts of the case and not according to the provision of law hence the same is illegal. bad in law, against the principle of natural justice hence the same may kindly be deleted in full.*

*4. The Id. AO has grossly erred in law as well as on the facts of the case in charging the interest u/s 234A, B,C. The interest so charged is being totally contrary to the provision of law and on facts of the case and hence same may kindly be deleted in full."*

*5. That the appellant prays your honour indulgences to add, amend r alter of or any of the grounds of the appeal on or before the date of hearing."*

3. **Record of hearing**

3.1 The hearing in the matter took place before this Tribunal on **08.01.2026** when the Ld. AR for & on behalf of the Assessee appeared before us & interalia contended that the "**Impugned order**" is bad in law illegal & not proper. It therefore deserves to be set aside. It was contended that the first appeal is **partly allowed only** & no full relief has been given to the assessee by the Ld. CIT(A). The addition of **Rs. 3,73,000/-** is **sustained out of Rs. 7,78,000/-** made by the Ld. AO u/s 69A on account of cash deposited in the bank account as alleged unexplained investment. The addition so sustained are not legally tenable. It was submitted that total addition in the "**Impugned Assessment order**" was **Rs. 7,78,000/-** out of which **Rs. 405000/-** was **deleted** by the impugned order.

Thus **partial relief** is granted to the assessee. It was submitted that department had issued notice for cash deposit in the bank. The Ld. AR read out page 3 of the "**Impugned Assessment order**" & pointed out to us that there was no cash deposit of **Rs. 2,85,29,659/-** as alleged & the correct amount was **Rs. 7,78,000/-** only. It was then submitted that the notice u/s 143(2) was issued **on wrong information**. The amount of **Rs. 7,78,000/-** is for full year under consideration. The Ld. AR then straight away read out internal page 5 of the "**Impugned order**". It was submitted that **three a/c are involved**.

In respect of A/C No. 505610100000721 on 04.05.2016 an amount of Rs. 3,51,000/- is deposited. On 14.03.2016 there is a withdrawal of Rs. 2,00,000/- [two lacs] from A/c No. 503810110001569 and of Rs. 25000/- on 01.02.2016. The entry of withdrawal of Rs. 2 lacs was not considered of 14.03.2016 & so also of entry of withdrawal of Rs. 25000/- made on 01.02.2016. The details of other two A/c No. appearing on internal page 5 of the impugned order were too read out. In **summation** it was submitted that out of Rs.

7,78,000/- addition, the amount of Rs. 4,05,000/- is deleted by the CIT(A) & Rs. 3,73,000/- is sustained. It was submitted that there are two figures one before demonetization & the other after demonetization. Assessee is **regular return filer** & attention was invited to PB pages 40-47. The amount involved is less hence no scrutiny was required. Internal page 3 of the impugned order was read out to demonstrate that department had wrong information about deposit of Rs. 2,85,29,659/- [In correct reporting of bank transaction on e-portal] however upon verification u/s 133 the concerned **bank certified** that the actual deposit was only of **Rs. 7,78,000/-** during relevant financial year. It was then submitted that under these peculiar facts & circumstances continuing with scrutiny & subsequent addition resulted in undue hardship to small taxpayer & amounts to violation of natural justice. The Bench pointed out to the Ld. AR as to whether this was a ground before the Ld. CIT(A) or whether any challenge was made on section 143(2) notice. The Ld. AR emphasized the fact of wrong information with the department. There is no finding in the

Impugned order in this regard. Reliance was placed on PB page 4 which is a notice u/s 143(2) dated 23.09.2018 to the assessee for scrutiny. It was then stated by the Ld. AR that ground No:-1 in Form 36 is not pressed by the assessee now. Internal page No. 13 of the impugned order was read out which reads as under:-

*Given the above, the appellant has not satisfactorily discharged the burden of proof cast upon her under section 69A of the Act. The addition made by the Assessing Officer cannot be faulted merely on the basis of unsubstantiated claims or general narratives. However, the submission of the appellant and Bank account statement has been considered in totality and following cash deposits were found to be reasonably explained:-*

*i) Rs. 1,26,000/- from sale proceed in A/c No. 00721*

*ii) Rs. 2,00,000/- recent Cash withdrawal on 15.10.2016 from A/c No. 01569 and Cash deposit in A/c No 00721 on 13.11.2016 after demonetization announcement on 08.11.2016.*

*iii) Rs. 49,000/- in A/c No. 01569 from sale proceed*

*iv) Rs. 30,000/- in A/c No. 01569 from sale proceed*

*For (i), (iii) and (iv), Appellant is granted benefit of section 44AD as income from sale proceeds are already offered for tax and quantum is within turnover declared.*

*The remaining cash deposits could not be found to be explained as no rational for withdrawal then holding and again depositing the cash in Bank account is clear from records.*

*Hence, addition of Rs. 4,05,000/- is hereby deleted and of Rs. 3,73,000/- is hereby sustained.*

*As a result, the appeal is partly allowed."*

Our attention was then invited to paper book page 22 which reflected withdrawal of Rs. 2 lakh. An argument was made on **withdrawal & then redeposit too**. [linkage] [documents

from page 20 to 28 of PB not readable]. It was submitted that on internal page 13 of the "**Impugned order**". The sale proceeds are accepted by the Ld. CIT(A) to the extent mentioned.

3.2 The Ld. DR appearing for & on behalf of the Revenue submitted that the relevant details were not submitted before the Ld. AO. The remand report was called by the Ld. CIT(A) internal page 8 of the impugned order was read out & emphasis was made on para 3 & 4 of the remand report of the Ld. AO. We reproduce the aforesaid para 3 & 4 as below:-

*"3. The documents submitted by the assessee before the Hon'ble CIT(A) are already available on record, as they were submitted during the assessment proceedings. No new documents or evidence have been provided in the latest submission.*

*4. W.r.t. ground of the appeal, the assessee has provided an explanation of the cash deposits during the demonetization period as being from past savings, current year's income, and withdrawals from the bank. However, scrutiny reveals that the assessee has not provided a detailed cash flow chart, capital account, or specifics of purchases and sales. Additionally, the assessee did not link the withdrawals from the bank that were re-deposited into the bank account. The turnover has been shown as Rs. 8,50,165/- with a net profit of Rs. 1,44,531/- under section 44AD of the Act. Moreover, the assessee has not provided details regarding sundry debtors, opening capital, past savings, or the availability of cash as on 08.11.2016."*

It was emphasised by the Ld. DR after reading aforesaid para 3 & 4 that no clear picture on facts finally emerged as **no rejoinder was filed by the assessee to the remand report of the Ld. AO**. It was submitted that the materials the documents & papers were not before the Ld. AO & Ld. CIT(A). There is no rejoinder to the remand report. No **co-relation linkage** is established between withdrawal/ again redeposit before the lower authority as is sought to be contended now & that too loosely. The Ld. AO has highlighted this fact in the remand report. No full submission in complete manner were made before the Ld. AO. The department cannot be blamed & burdened every now & then particularly the Ld. AO & since remand report is already on record it would be prudent to set aside the impugned order & remand the case back to the file of the CIT(A).

3.3 In rejoinder the Ld.AR submitted that department has not been able to prove the case of the assessee u/s 69A of the Act. The Ld AR was orally directed to send & file readable documents of bank statements. Arguments were closed.

4. **Observations, Findings & conclusions**

4.1 We now have to decide the legality validity & propriety of the **"Impugned order"** basis records of the case & the rival submissions canvassed before us.

4.2 We have carefully perused the records of the case & have heard the submissions.

4.3 We basis records of the case & after hearing & upon examining the real contentions of the Ld. AR & the Ld. DR canvassed before us are of the considered opinion that the **"Impugned Assessment order"** which was u/s 143(3) of the Act all the material documents, papers evidences, etc should have been given & provided to the Ld. AO which was not done so by the Assessee despite opportunities. The Ld. CIT(A) called for the remand report which is reflected in the impugned order & so also in PB pages 38-39. PB pages 20 to 28 [bank statements] not readable. The Ld. AO in the remand report dated 27.02.2025 at para 3 & 4 reproduced by us (supra) has raised & made observations which are material in nature. The assessee has not filed any rejoinder to the



remand report. The Ld. DR has raised objections as recorded by us supra & we concur with the submissions of the Ld. DR in this regard that no clear picture finally has emerged for want of rejoinder to the remand report by the assessee, is right & correct in making the grievances of Revenue. We are also of the considered view that the assessee ought to have given full material particulars with documents before the Ld. AO which was not done so. Additionally, the assessee had failed to file any rejoinder to the remanded report dated 27.02.2025 of the Ld. AO [PB pages 38&39]. The documents now filed with PB pages 1 to 47 the material document [i.e bank statements pages 20-25 were not readable]. However now readable documents as directed are placed on record on 14.01.2026(para 3.1 (supra)]. Under these tiring facts circumstances of the instant appeal we deem it fit to set aside the impugned order & remand the case back to the file of the CIT(A) for fresh adjudication & adjudgement. The assessee is directed to file readable papers & documents particularly all bank statement of three accounts, establish correlation with withdrawal & again redeposit & file a

detailed rejoinder to the remand report dated 27.02.2025 of the Ld. AO basis his observations in para 3 & 4[supra para 3.2].

4.4 In the premises drawn up by us, we set aside the impugned order & remand the case back to the file of the Ld. CIT(A) with a direction to speedily decide the 1<sup>st</sup> appeal of the assessee by passing a speaking & reasoned order.

5. **Order**

5.1 In the result, the impugned order partly allowing the first appeal of assessee is set aside as & by way remand back to the file of the CIT(A) with directions as aforesaid in para 4.3 (supra).

5.2 Appeal is allowed of assessee for statistical purpose.

**pronounced in open court on 16.01.2026**

Sd/-

**(BHAGIRATH MAL BIYANI)**  
**ACCOUNTANT MEMBER**

Sd/-

**(PARESH M JOSHI)**  
**JUDICIAL MEMBER**

**Indore**  
Dated : 16 /01/2026  
Patel/Sr. PS

Copies to: (1) The appellant  
(2) The respondent  
(3) CIT  
(4) CIT(A)  
(5) Departmental Representative  
(6) Guard File

By order

Senior Private Secretary  
Income Tax Appellate Tribunal  
Indore Bench, Indore