

IN THE INCOME TAX APPELLATE TRIBUNAL, CUTTACK BENCH CUTTACK

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND
SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER

ITA No. 709/CTK/2025
(Assessment Year: 2016-17)

Janaki Sethy, At-Palikiri, P.O.-Palikiri, Via-Dhamnagar, Dhamnagar, Bhadrak-756117 (Odisha) PAN No. GCJPS 4864 P	Vs.	I.T.O., Ward-Bhadrak, Bhadrak.
Appellant/ Assessee		Respondent/ Revenue

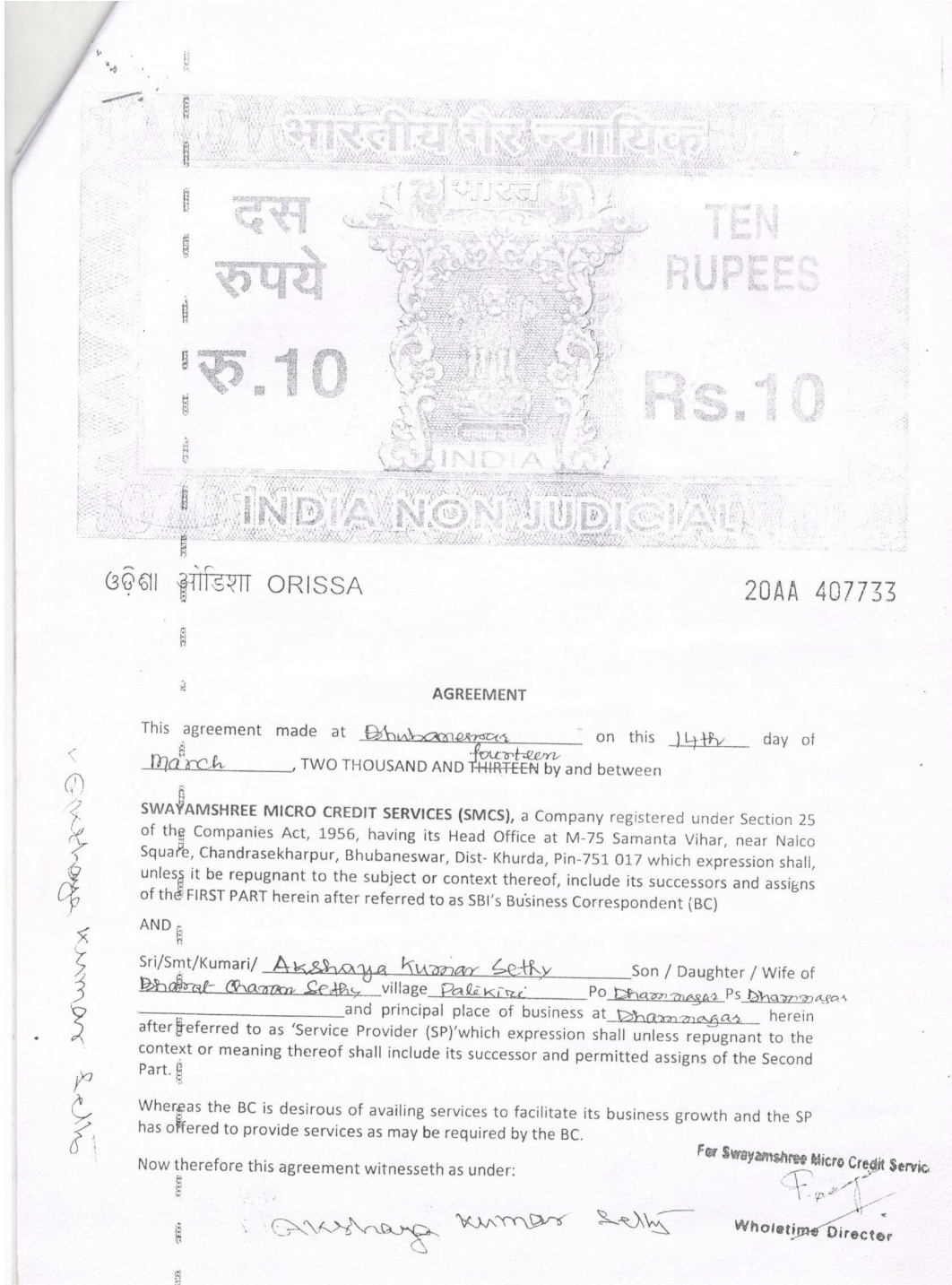
Assessee represented by	Shri Bijoy Kumar Sethy (Brother of the assessee) and Shri Akshya Kumar Sethy (Husband of the assessee)
Department represented by	Shri Vijay Singh, Sr. DR
Date of hearing	20/02/2026
Date of pronouncement	20/02/2026

ORDER

PER: BENCH

1. This is the appeal filed by the assessee against the order of the Id. CIT(A), NFAC, Delhi in Appeal No. NFAC/2015-16/10253834 dated 21/11/2025 for the A.Y. 2016-17.
2. Shri Bijoy Kumar Sethy, he claims to be brother of the assessee appeared on behalf of the assessee. Shri Akshya Kumar Sethy, husband of the assessee was also present in the Court and Shri Vijay Singh, Id. Sr. DR represented on behalf of the revenue.
3. It was submitted by the Id. AR that the assessee is a house wife, she does not have any business. The assessee's husband has entered into an agreement with State Bank of India as a Customer Service Point (CSP). The agreement between the assessee's husband and State

Bank of India represented by Swayamshree Micro Credit Services reads
as follows:



1.2 Scope of Services:

The SP agrees to provide the services as detailed hereunder, as per instructions and as may be required by BC from time to time.

Nature of Services:

- a) Creating awareness about savings and other products offered by State Bank of India (SBI) and education and advice on managing money and debt counseling.
- b) Collection of small value deposits and prompt deposit of the same with SBI.
- c) Sale of Micro/Insurance/Mutual Fund/Pension and other third party products as may be decided by SBI.
- d) Receipt and delivery of small value remittances/other payments instruments.
- e) Collection of small value deposits and small value withdrawals.
- f) Any other service as may be advised by the BC in writing to the SP.

1.3 SP shall adhere to the performance standards in respect of services and products as detailed in Schedule 'A' hereunder written, which forms part and parcel of this agreement. The BC reserves the right to change/vary the contents of Schedule 'A' by advising the same to SP in writing and upon such advise, the amended Schedule 'A' shall become effective.

2. Maintenance of records by SP and Monitoring/inspection by the BC and SBI.

2.1 SP specifically agrees to maintain all records, accounts including register/documents etc. as per instructions of the BC from time to time and ensure safe and proper custody of all records, accounts including documents etc.

2.2 SP specifically agrees that the BC and SBI shall be entitled to inspect and audit the records maintained by SP through its officers/employees or agents/ auditors as may be decided by the BC/SBI at its sole discretion and SP hereby undertakes to promptly produce all records and information required for this purpose/for the purposes of inspection and audit. SP shall provide access to the Officers/employees/representatives/agents or auditors of the SBI/BC to the premises/places where such records are kept/ maintained. The BC shall have a right to obtain copies of any audit report, review reports and findings made on the SP in connection with the services performed by SP for the BC.

2.3 Further, SP specifically agrees that it shall allow access to State Bank of India (SBI) Reserve Bank of India (RBI) or persons authorized by RBI/SBI or its employees/officers or other persons to inspect and access the documents, accounts, records of transactions and all necessary information in possession of or stored or processed by the SP within a reasonable time. The persons authorised by SBI/RBI shall have right to obtain copies of the records, information etc, in possession of SP. SP further agrees that incase access is not allowed to the persons of SBI/RBI for the purposes of inspection which results in imposition of supervisory fees by SBI/RBI upon the BC and the BC is required to pay such supervisory fees to SBI/RBI, SP shall be liable to reimburse to the BC such fees including any penalty, interest levied and recovered by SBI/RBI.

2.4 SP shall bear all expenses/costs and charges in connection with the inspection and audit either conducted by the BC/SBI/RBI.

2.5 SP specifically agrees that the BC has full right to monitor and assess the performance of services by SP and wherever the BC discovers any deficiency or non-performance of the

Shreshtha Kumar SETHY

Shreshtha Kumar SETHY

For Swayamshree Micro Credit Services

Wholetime Director

services up to the mark, the BC shall instruct the SP in writing and SP agrees to rectify the deficiencies or to ensure compliance of the instructions of the BC.

3. CONFIDENTIALITY

3.1 SP is aware that all information disclosed to the SP by the BC and all records, accounts, documents maintained by SP are confidential in nature and having regard to the sensitive nature of the information and records, specifically agrees to maintain secrecy and confidentiality of all the information and records, accounts in respect of the outsourced services in the same manner and degree of care as SP would ensure for its own confidential and sensitive information. SP shall ensure that appropriate and suitable undertaking/agreements are obtained and maintained from its employees, agents, representatives and Sub-Contractors as the case may be to ensure compliance with confidentiality obligations of SP.

3.2 SP agrees to indemnify and hereby keeps the BC indemnified against all actions, claims, loss, damages, costs, charges, expense (including Attorney/Advocate fees and legal expense) which the BC may suffer or incur on account of breach of confidentiality obligations as per clause 3.1 above by SP or its employees, agents, representatives, Sub-contractors. SP further agrees to make good the loss suffered by the BC upon first demand by the BC which shall be final, conclusive and binding on SP.

3.3 SP specifically agrees that the confidentiality obligations of the SP in terms of this agreement shall survive termination of this agreement.

4 RELATIONSHIP BETWEEN THE PARTIES

4.1 It is specifically agreed that the SP shall act as independent service provider and shall not be deemed to be the Agent of the BC/SBI except in respect of the transactions/services which give rise to Principal/agent relationship by implication.

4.2 The SP shall not be entitled to claim permanent absorption or any other claim or benefit against the BC.

5. Compliance with Laws by SP:

5.1 SP hereby agrees and declares that it shall be the sole responsibility of SP to comply with the provisions of all the applicable laws, concerning or in relation to rendering of services by SP as envisaged under this agreement.

5.2 SP shall procure and maintain all necessary licenses permissions, approvals from the relevant authorities under the applicable laws throughout the currency of this agreement.

5.3 SP shall be solely liable and responsible for compliance of applicable Labour Laws.

5.4 SP hereby represents and warrants that it has full authority to enter into this Agreement and render the services as envisaged under this agreement.

6. Fees, Taxes Duties & Payments:

6.1 SP shall, be paid fees and commission in the manner detailed in Schedule 'B' hereunder written subject to deduction of income tax thereon wherever required under the provisions of the Income Tax Act by the BC.

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Anshu
Kumar
Soni

6.2 All other taxes including service tax, duties and other charges which may be levied shall be borne by the SP and the BC shall not be liable for the same.

6.3 All expenses, stamp duty and other charges expenses in connection with execution of this agreement shall be borne by SP.

7. General Indemnity:

SP agrees and hereby keeps the BC indemnified against all claims, actions, loss damages, costs, expenses, charges, including legal expenses (Attorney, Advocates fees included) which the BC may suffer or incur on account of any deficiency in services rendered by SP. SP agrees to make good the loss suffered by the BC on first demand made by the BC in this regard which shall be final conclusive and binding on SP.

8. Term & Termination

8.1 The agreement shall be valid for a period of one year from the date of its execution and may be renewed for such further periods as may be mutually agreed between the parties.

8.2 The BC as well as SP shall have right to terminate the agreement by giving a month's notice in writing to the other party. In the event of termination of the agreement by SP, all records, information including documents, materials, if any supplied etc. shall be returned by SP to the BC as per instructions of the BC.

8.3 The BC shall have a right to terminate the agreement immediately by giving a notice in writing to SP in the following eventualities:

a) If any Receiver/Liquidator is appointed in connection with the business of the SP or SP transfers substantial assets in favour of its creditors or any orders/directions are issued by any Authority/Regulator which has the effect of suspension of the business of SP.

b) If SP in the reasonable opinion of the BC is unable to pay its debts or discharge its liabilities in normal course of business.

c) If SP is unable to render the services up to the mark as envisaged under this agreement upon a reasonable assessment of the circumstances by the BC which affect rendering of the services by SP as envisaged under this agreement.

d) If any acts of commission or omission on the part of SP, in the reasonable opinion of the BC tantamount to fraud or prejudicial to the interest of the BC or its customers.

f) If SP is owned/controlled wholly/partly by any other bank operating in India.

g) If SP or their relatives as defined in section 6 of the Companies Act, 1956 becomes a director/officer or employee of the BC.

8.4 In the event of the termination of the agreement by the BC pursuant to clause 8.3 herein above, SP shall be liable and responsible to return all records and information in its possession as envisaged under clause 8.2 above.

9. Governing Laws & Jurisdiction:

9.1 The agreement shall be governed and construed in accordance with the Laws of State of Odisha.

Shreshtha Kumar Sethy

For Swayamshree Micro Credit Service:
Shreshtha Kumar Sethy
Wholesale Director

9.2 The Parties agree to submit to the jurisdiction of the appropriate court in India in connection with any dispute between the parties under the agreement.

10. Notices: Any notice, invoice, approval, advice, report or any other communication required to be given under this Agreement shall be in writing and may be given by delivering the same by hand or sending the same by prepaid registered mail, telegram or facsimile to the relevant address sent forth below or such other address as each Party may notify in writing to the other Party from time to time. Any such notice given as aforesaid shall be deemed to be served or received at the time upon delivery (if delivered by hand) or upon actual receipt (if given by telegram or facsimile) or fifteen (15) clear days after posting (if the addressee is outside the country of posting).

11. Miscellaneous:

11.1 Any provision of this Agreement may be amended or waived, if, and only if such amendment or waiver is in writing and signed, in the case of an amendment by each party, or in this case of a waiver, by the Party against whom the waiver is to be effective.

11.2 No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies proved by law.

11.3 Unless otherwise provided herein, all notices or other communications under or in connection with this Agreement shall be given in writing and may be sent by personal delivery or post or courier or facsimile. Any such notice or other communication will be deemed to be effective if sent by personal delivery, when delivered, if sent by post, two days after being deposited in the post and if sent by courier, one day after being deposited with the courier, and if sent by facsimile, when sent (on receipt of a confirmation to the correct facsimile numbers). The addresses referred to hereinabove are given in detail in Annexure 'C' hereof.

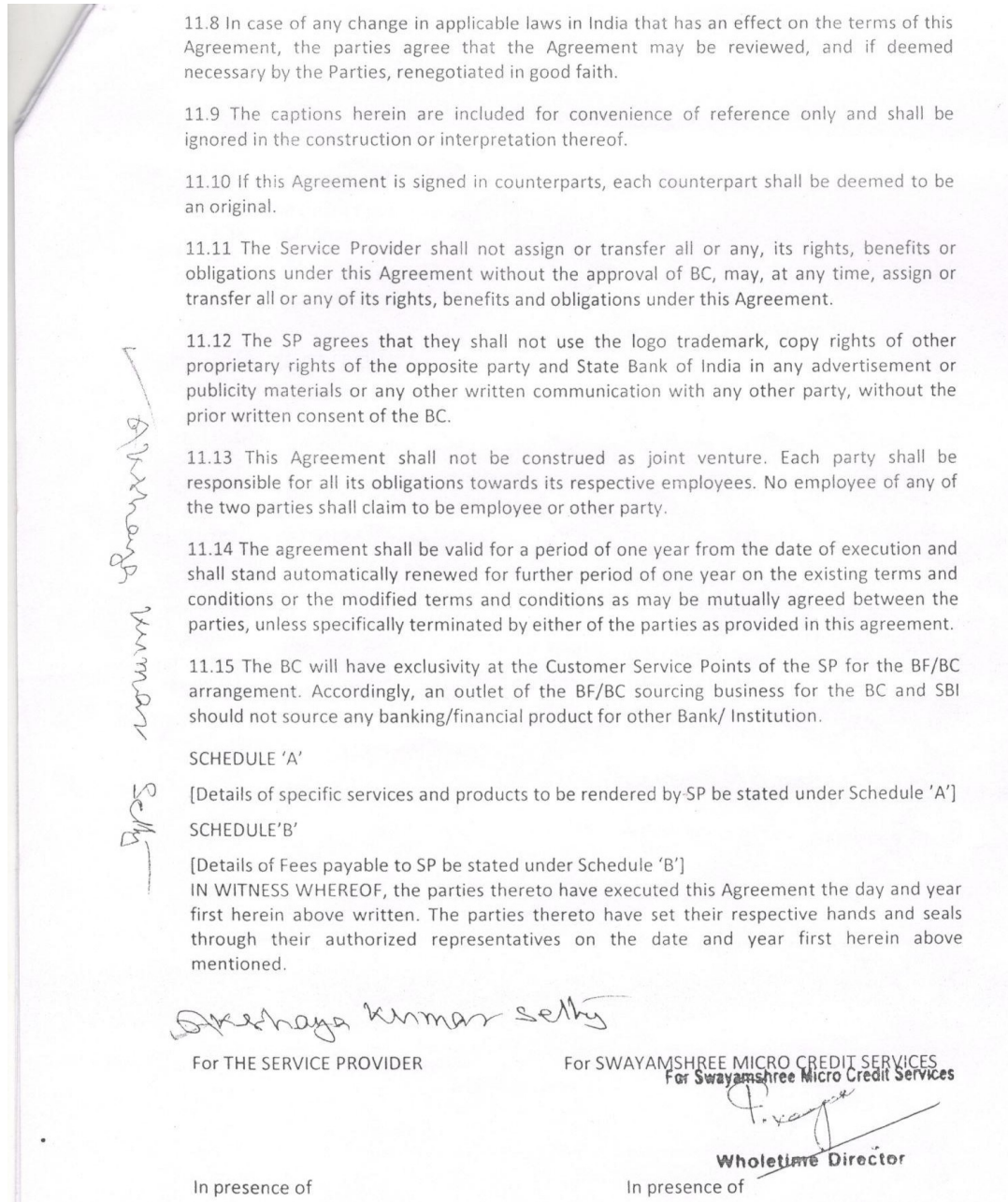
11.4 This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior written agreements, undertakings, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter of the Agreement. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by any party hereto.

11.5 Neither this agreement nor any provision hereof is intended to confer upon any person/s other than the Parties to this Agreement any rights or remedies hereunder.

11.6 The SP shall execute and deliver such additional documents and perform such additional actions, as may be necessary, appropriate or reasonably requested to carry out or evidence the transactions contemplated hereby.

11.7 The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of its Agreement in such jurisdiction or the validity, legality or enforceability of this Agreement, including any such provision, in any other jurisdiction, it being intended that all rights and obligations of the Parties hereunder shall be enforceable to the fullest extent permitted by law.

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Sethy



It was the submission that the assessee's husband acting as the CSP, had collected cash from various distributors and had deposited the monies in the bank account of the assessee and the same was transferred to the Swayamshree Micro Credit Services which represented State Bank of India. The Id. AR has placed before us the bank account statement also which shows the cash deposits and transferred to SWAYA AT 10521

representing Swayamshree Micro Credit Services. It was the submission that the assessee had been given the details to a local counsel for filing her income tax returns and the counsel had filed the returns showing that the assessee had income from dairy farm and paddy business. It was the submission that the assessee did not do any dairy farm or paddy business and the assessee is only a house wife. The deposits in the bank account representing cash have also been clearly transferred to the principal and only the minimum balance is maintained. It was the submission that during the year 2016-17, the assessee's husband had opened a current account and the transactions had been shifted subsequently through the assessee's husband's current account. It was a prayer that the additions as made by the Assessing Officer and as confirmed by the Id. CIT(A) may be deleted.

4. In reply, the Id. Sr.DR submitted that he has sympathy for the assessee but the fact that she has filed her return of income disclosing dairy farm and paddy business as led to this predicament. It was the submission that the verification has been signed by the assessee and therefore, it has to be considered as true and correct. The Id. Sr.DR vehemently supported the orders of the Assessing Officer and the Id. CIT(A).
5. We have considered the rival submissions. The assessee is a matric pass lady. This is a classic case where unawareness has been used to the disadvantage of the assessee. Admittedly, the assessee has filed her return of income. The return of income has been processed. The advice received by the assessee,

admittedly, is wrong. But it is also a fact that the mistake has been identified and the attempt is being made to rectify such mistake. The Id. AR on behalf of the assessee has brought the facts outrightly in his correct perspective. The facts have also been placed before us. The bank accounts have also been placed before us which clearly shows that the moneys have been deposited in the bank account and immediately thereafter the same amounts have been transferred to the Principal i.e. Swayamshree Micro Credit Services. The Id. AR has also placed before us the current account opened by the husband of the assessee and the same also shows the said transactions w.e.f. 08/08/2016. A perusal of the bank accounts also shows that for the impugned assessment year, the clear balance available is only Rs. 590.35. All the moneys are deposited in cash and transferred. This is not a case of cash deposit and cash withdrawals. The assessee's husband's customer service point code and other details have also been placed before us, this being so, we are of the view that the addition as made by the Assessing Officer and as confirmed by the Id. CIT(A) does not represent the income of the assessee, but it is made on mistaken assumption and consequently we delete the same.

6. In the result, this appeal of the assessee is allowed.

Order dictated and pronounced in the open court on 20/02/2026.

Sd/-
(MADHUSUDAN SAWDIA)
ACCOUNTANT MEMBER

Sd/-
(GEORGE MATHAN)
JUDICIAL MEMBER

Ranchi, Dated: 20/02/2026
**Ranjan*

Copy to:

1. Assessee
2. Revenue
3. CIT(A)
4. CIT
5. DR
6. Guard File

By Order

Assistant Registrar, ITAT, Cuttack