IN THE INCOME TAX APPELLATE TRIBUNAL, PANAJI BENCH, GOA

BEFORE HON'BLE SHRI PAVAN KUMAR GADALE, JUDICIAL MEMBER

AND

SHRI G. D. PADMAHSHALI, ACCOUNTANT MEMBER

ITA No. 149/PAN/2023

Assessment Years: 2017-2018

Dy. Commissioner of Income Tax,

Central Circle, Belagavi, ... ***Appellant***

V/s

Idrees Mohammed

Shop No. 4CC, New Vegetable Market,

Main Road, Kalaburagi, Karnataka-585101.

PAN: AAJPI7572E . . . . . ***Respondent***

Represented

Assessee by: Mr Ramesh Mudhol ['Ld. AR']

Revenue by: Mr Sashi Saklani ['Ld. DR']

Date of conclusive Hearing : 11/03/2026

Date of Pronouncement : 01/04/2026

ORDER

PER G. D. PADMAHSHALI;

This appeal is filed by the Revenue u/s 253(2) of the Income-tax Act, 1961 ['**the Act**'] challenges the order dt. 29/05/2023 passed u/s 250 of the Act by Commissioner of Income Tax(Appeals-2), Panaji ['**Ld. CIT(A)**'] which emanated from order of assessment dt. 27/12/2019 passed 143(3) of the Act by Dy. Commissioner of Income Tax Central Circle, Belagavi ['**Ld. AO**'] anent to assessment year 2017-18. ['**AY**']

2. Succinctly stated pertinent facts born out of case records & rival party's submissions are that;

2.1 The assessee is an individual and engaged in the trading business of agricultural commodities viz; potato, onion, turmeric, chilli & garlic etc. The assessee filed his return of income on 03/11/2017 declaring income of ₹12,46,370/- which was processed u/s 143(1) of the Act. On 06/09/20174 a search action u/s 132 of the Act was carried out on M/s Hussain Builders & Developers, Mr Haji Mohmmad Ilyas a partner of the respondent ['HML'] wherein the residential premises of the assessee was also covered wherein the statement of Mr HML was recorded.

2.2 A simultaneous survey action u/s 133A of the Act on 07/09/2017 at the office/business premises of M/s Hussain Cold Storage, Gulbarga and of M/s Home Spices, Gulbarga were also carried out in which the assessee was a partner, wherein certain incriminating material were found & impounded. Pursuant thereto a statement of the assessee was also recorded.

2.3 The case of the assessee was subjected to scrutiny vide service of notice on 21/09/2018 u/s 143(2) of the Act and consequent assessment u/s 143(3) of the Act was completed wherein the Ld. AO made three additions viz; (i) ₹1,13,04,286/- towards unexplained cash/special bank notes deposited into HDFC bank & State Bank of Hyderabad bank during demonetization period ['SBN'], (ii) ₹22,28,530/- towards excess of agricultural income remained unexplained which originally was claimed as exempt by the assessee and (iii) ₹70,43,391/- towards under reporting of business profit etc. computed after rejecting the books u/s 145(3) of the Act with reference to business turnover achieved & reported by the assessee in the return of income. The income of the assessee in thus vide order u/s 143(3) of the Act was assessed to tax at ₹2,18,22,577/-

2.4 Aggrieved by former three additions and the assessment as such, the assessee preferred an appeal u/s 246A r.w.s. 249 of the Act before the Ld. CIT(A) on 31/01/2020 which

was allowed by the Ld. CIT(A) by an order dt. 29/05/2023 by deleting all the former addition made by the Ld. AO.

2.5 Aggrieved by the first appellate order passed u/s 250 of the Act ['impugned order'], the appellant Revenue came in present appeal on the following grounds;

> ***i) On the facts and in the circumstances of the case and in law, the Ld. CIT(A) has erred in deleting the addition of Rs. 1,13,04,286/- made u/s 69A of the I.T. Act, on account of cash deposited in the bank during the demonetization period without appreciating the fact that after the announcement of demonetization, Specified Bank Notes (SBNs) could not be used for business transactions as they ceased to be legal tender and the assessee did not fall into the category of persons authorized by the Govt. to accept such SBNs, like hospitals, banks and petrol pumps etc.***
>
> ***ii) On the facts and circumstances of the case and in law, the Ld. CIT(A) has erred in deleting the addition of Rs. 22,28,530/- made on account of disallowance of agricultural income and treating***

the same as Income from Other Sources without appreciating that the assessee did not produce any documentary evidence in support of his agricultural income during the course of assessment proceeding and the agricultural income offered by the assessee in the preceding two years i.e. A. Y. 2015-16 and A. Y. 2016-17 is erroneously relied upon by the Ld. CIT(A) for comparison, since it was not accepted by the AO and addition were made in both the years.

iii) On the facts and circumstances of the case and in law, the Ld. CIT(A) has erred in deleting the addition of Rs. 70,43,391/- made on account of difference between the profit declared by the assessee and the profit estimated by the AO, holding that the estimation is unreasonable and high while disregarding the facts that the assessee failed to produce proper bills and vouchers which are primary evidence to consider the correctness of the profit.

iv) Appellant craves leave to modify, amend, or revise the above grounds of appeal, if necessary.

3. We have heard the rival party's detailed arguments & submissions and subject to rule 18 of Income Tax Appellate Rules, 1963 perused material placed on records and considered the facts of the case in the light of case law relied by both the parties and settled position of law on the issues of dispute which are forewarned to the respective parties for their rebuttal.

4. Ground No. 01 addition u/s 69A of the Act;

4.1 The issue pertains to addition of unexplained money u/s 69A of the Act. The respondent admittedly deposited SBN into his two bank accounts maintained for his business. As at the opening of demonetization period i.e., 08/11/2016 the assessee had cash balance of ₹11,12,700/- and ₹9,84,214/- at Gulbarga/Kalburgi and Solapur branch respectively, whereas from banks reporting it was revealed that the total SBN deposits at Solapur branch during demonetization period were to the tune of ₹1,10,16,175/-. The Ld. AO when asked the respondent to explain nature & source thereof, the respondent effectively

failed to do so, in the event the Ld. AO after giving credit for opening balances held, brought to tax the balance SBN deposits as unexplained money u/s 69A of the Act which the Ld. CIT(A) deleted in an appeal.

4.2 At the outset the Ld. DR Saklani submitted that, while deleting the former addition, the Ld. CIT(A) misplaced his reliance on *'Anantpur Kalpana Vs ITO'* [2022, 194 ITD 702(Bang)] wherein both the tax authorities accepted source of cash/SBN as emanating from business sales/turnover whereas in the present case, the Ld. AO explicitly rejected the assessee's claim of having made any sales during demonetisation for twin reasons; (i) failure to produce vouchers/bills & invoices in relation thereto and (ii) failure to adduce audited books, for verification of its genuineness. Thus, the sales claimed to have made & recorded in the books in relation to such cash/SBN deposits were neither explained nor proved as genuine. Since the source & nature of SBN deposits remained unexplained till present proceedings, the impugned deletion must be restored.

4.3 To buttress the action of the Ld. AO & dismantle the Ld. CIT(A) action, the reliance was also placed on *'Raju Ravichandra Vs ITO'* [2024, 159 taxmann.com 1518 (Che)] and *'Venugopal Rao Vs ITO'* [ITA No. 241/Hyd/2024 dt. 02/04/2024].

4.4 Per contra, the Ld. AR could hardly place any evidence to showcase or at least tried effectively to exhibit the genuineness of sales claimed to have been made during the demonetization (wherein restriction for acceptance of SBN were in place) in relation to impugned cash/SBN deposits added as unexplained money u/s 69A of the Act. Further the assessee on one hand could hardly wriggle out of misplacing the reliance on *'Anantpur Kalpana Vs ITO'(supra)* and on other hand could hardly displace the reliance placed by the Revenue in seeking restoration of impugned addition. In view thereof we *prima-facie* find force in the arguments of the Revenue.

4.5 We note that, the respondent claimed that he was engaged in trading of agricultural commodities and maintaining books which were subjected to audit however in the course of hearing it was admitted that such audited books were lost and therefore could not be produced before tax authorities below for their verification.

4.6 The perusal of tax audit report [‘TAR’] Form No 3CD also revealed certain inconsistencies. The Note no 10 of TAR confirmed the respondent’s engagement in trading business but point 35 against quantitative details of principle items of goods traded contrarily reported as *‘not applicable’*. Likewise, as per such TAR books of account of the respondent were kept & maintained at business premises but at the time of survey thereat the respondent did fail to produce the same for verification. The statement of partner Mr HAL recorded in the course of survey proceedings who confirmed that the said SBN deposits were made by the respondent when confronted for cross

examination/verification the respondent neither opted for nor dislodged it.

4.7 In absence of audited books, bills & voucher, the bench directed the respondent to produce necessary & convincing documents pertaining alleged sales from the records of 'Agricultural Produce Market Committee' ['APMC'] where respondent is registered for agri-trading and where such alleged sales claimed to have effected by him. However, except a certification of registration as commission agent, no or much less documents were laid in the course of present proceedings to establish any impugned sales indeed effected & were genuine. In view of the aforestated findings there is nothing much constraining on record to conclude that, the respondent ***neither*** adduced any evidence to deprecate the findings of the Ld. AO who rejected the cash/SBN sales inclusive of turnover reported by the respondent as genuine ***nor*** adduced any document to showcase to our satisfaction that there were no unaccounted

sales in relation to SBN deposits. This infers that the respondent not only failed but chosen not to adduce any documents to disprove the Revenue's case or to prove his case either. In this context the ratio laid down in *'CIT Vs Motor General Finance'* [2002, 254 ITR 449 (Del)] worth referring wherein their hon'ble lordships held that, when assessee fails to produce documents or evidence in connection with any issue the Revenue authorities well within their power to draw adverse inferences to the effect that had those documents been produced, they would have gone against the interest of the assessee.

4.8 Though in present case the Revenue is better placed, a reference still can be drawn from decision of Hon'ble jurisdictional High Court in *'T Lakhamshi Ladha & Co Vs CIT'* [2016, 73 Taxmann.com 117 (Bom)] wherein hon'ble lordships have upheld the addition made on the basis of statement of one partner who confirmed the findings from material in hand, discrediting the retraction of other partner. In present case the

addition is not only supported by (i) unwavering findings (ii) absence of books & records but also supported by the statement of Mr HAL which never retracted & not pull to pieces by the respondent even when confronted for cross examination. In sum and substance, the respondent withheld the information, records and we say so because the claim of the respondent that SBN balances were derived from alleged sale of agricultural commodities were neither showcased nor proved with corroborative & substantiating material. On the other end, owning to non-production of records the respondent also failed to prove that such SBN sales/turnover was included in the reported sales turnover as per return.

4.9 In view of afforested discussion and judicial precedent (supra) cited and case laws relied by the appellant Revenue, we do not find any merit in vacating the addition by the Ld. CIT(A) but find strength in the action of Ld. AO in making addition u/s 69A of the Act.

4.10 For the aforestated reasons, we overturn the deletion of impugned action of Ld. CIT(A) on this issue and restore the addition in very terms of assessment. The ground no 1 of the appeal thus stands allowed.

5. Ground No. 02 addition on account of partial denial of claim for agricultural income;

5.1 The respondent in its return claimed ₹24,53,530/- as exempt agricultural income earned by him. In the absence of corroborative evidence pertaining to agricultural operations the Ld. AO disbelieved the rate/quantum of earning. However, based on land holding the Ld. AO restricted the claim of agricultural income to ₹2,65,000/- computed @10,000/- and balance brought to tax as income out of agricultural source, which the Ld. CIT(A) deleted in tandem in first appeal.

5.2 In contesting the deletion, the Revenue submitted that, out of the total exempt agricultural income of ₹24,53,530/- claimed to have earned by the assessee, in the absence of details

of agricultural operations, vouchers, receipts and invoices for sales & expenditure, Ld. AO holistically considered the issue and restricted the agricultural income based on the land holding of the assessee and crop grown to ₹2,65,000/- computed @10,000/- per acre for assessee's holding of 26acres & 21guntas. *Per contra,* Ld. CIT(A) simply deleted the addition on the basis of like income declared in preceding years returns for AY 2015-16 & 2016-17.

5.3 It was assailed by the Revenue that, the Ld. CIT(A) while considering the agricultural income declared in earlier AYs has turned blind eye to the respective assessment orders whereby similar addition owning to like rejection were made by Ld. AO and those assessments remained unsettled by final fact-finding authority. Since the impugned deletion was solitarily founded on incorrect premise and without any substance, therefore such impugned action of the Ld. CIT(A) needs to be vacated in totality.

5.4 Per contra, the Ld. Mudhol placing reliance on the impugned order reiterated that, assessee owns certain piece of agricultural land and certificate to that effect is already placed on record. Though in all assessment years including the present year the Ld. AO while framing the assessments disbelieved the quantum/rate of earning from agricultural operations, but it is an undisputed fact that in all such years the agricultural source & as well as some income from agricultural operations were accepted. The present impugned addition made by the Ld. AO not only is arbitrary but also without any basis. The baseless addition by restricting the earning since found meritless, therefore the same was deleted by the Ld. CIT(A) in first appeal and the assessee prays for confirming the said reversal and dismissing the ground of the Revenue. Without prejudice to aforestated claim & arguments Ld. AR also sought for a telescoping effect of this income if bench accepts the source as explained and also agrees with the view of Ld. AO in denying the rate of earning per acre reported by the assessee.

5.5 The fact that, since inception the respondent assessee was continuously engaged into agricultural operations on pieces of land owned by him and other piece of land held by him, therefore it was very well established that the respondent in addition to trading into agricultural commodities also had agriculture source for earning agricultural income. The said source of income in earlier assessment years were also accepted by the Revenue but disputed at rate/quantum of earning. Such rate/quantum dispute since would not annihilate the source, therefore at the outset we find force in the argument of the respondent assessee.

5.6 Insofar as the veracity & genuineness of quantum of agricultural income claimed to have earned by the respondent assessee is concerned, we find no fault with the action of the Ld. AO in rejecting the quantum of earnings for assessee's failure to adduce any documents with respect to crops grown, expenditure incurred therefor and sales proceeds realised from such

agricultural produce. *Per contra* the basis founded in deleting the same could hardly be appreciated for approval.

5.7 The restrictive dispute over quantum of agricultural income by the Revenue at the outset goes to prove that Revenue undoubtedly accepted the source of income. However an ad-hoc computation of earnings for restricting exempt agricultural income was found made without considering the (i) soil quality & geographical factors, (ii) crop feasible to be grown & actually grown by the respondent (cropping seasons) (iii) climate condition or weather condition prevailing during season (iv) farming practices is force (v) prevailing market condition for harvest, transport & their sales etc. (price volatility) (vi) input, measurement tools and such other determinative factors etc. From the summary of land holding (Pg 31 of p/b) we observed that the respondent individually owned only 3Acre 4Guntas (1Acre 20Guntas + 1Acre 24Guntas) the balance piece of land were held by him jointly with other partners of firm. This fact was overlooked by the Ld. AO while computing the agricultural

income on ad-hoc basis. We also note that, neither while carrying out the ad-hoc computation for restricting the agricultural earnings nor deleing it in totality both the Ld. tax authorities below could hardly base their action on any research documents/report or statistical reports published by 'Commission for Agricultural costs & Prices['CACP'], Indian Council of Agricultural Research['ICAR'], 'National Sample Survey office['NSSO'], 'State Agricultural Research['SAR']', or 'Karnataka State Agricultural Price Commission'['KSAPC'] etc., therefore the opposing actions of both the tax authorities were found not much less than arbitrary in nature. In view thereof, neither impugned action of restricting the quantum of agricultural income earned by the Ld. AO can be accepted nor its deletion by the Ld. CIT(A). In consequence the issue in our considered view necessitated for remand to the file of Ld. AO for recomputing the reasonable agricultural income that could be allowed as exempt u/s 10(1) of the Act and balance amount of claim could be denied. However, this would lead to giving

second innings to the rival parties to fill the gap in determining the issue a fresh, therefore vetoed.

5.8 In view of the above, the plea for telescoping of impugned addition finds merits, as on one hand the Ld. AO made addition on account unexplained money representing SBN deposits for not explaining the source and on the other hand partially disbelieved the agriculture source.

5.9 On the other hand, the Revenue failed to bring on record any material to suggest that equivalent cash/money or an asset representing such agricultural income already recorded in the books for taking out the benefit of telescoping effect. In result, for the aforestated reasons we deem it fit to reverse of impugned addition on this score and direct the Ld. AO to accept the exempt agricultural income as declared by the respondent in his return of income without any variation for this assessment year. The ground no 2 of the appeal is therefore stands dismissed.

6. Ground No. 03 addition u/s 69A of the Act;

6.1 By this ground the Revenue alleges that the Ld. CIT(A)'s action in deleting the addition of ₹70,43,391/- made by the Ld. AO on account of difference of profit computed @ 10% of total turnover of ₹8,40,30,739/- as against the profit declared by the respondent assessee.

6.2 The case of the Revenue is that; while directing the deletion of impugned addition, the Ld. CIT(A) turn blind eye to the fact that the books of account and the audited results of the respondent assessee were rejected u/s 145(3) of the Act for non-production and for unsubstantiating them with corroborative evidences when called for and consequential estimation in such cases is founded on the binding judicial precedents.

6.3 It was further alleged by the Revenue that the impugned deletion of estimated profit also badly lacks the rationale, and such action of deletion was without any substance therefore, needs to be set-aside for restoring the addition in very terms of assessment order. In support of restoring the addition,

the Ld. DR argued that the assessee's failure to adduce books, bills, invoices and evidential documents for verification lead to rejection of books in terms of section 145(3) of the Act. Once such books are rejected the reported financial results thereof are eye-out for consideration. In view thereof the only option & line to recompute the profit is to estimate the same with some basis. To buttress the same the Ld. DR relied on catena of judicial precedents which the respondent could hardly contest.

6.4 We note that, while deleting the impugned action of estimating the profit @10% as against 1.62%(approx.) declared by the assessee the Ld. CIT(A) accepted the twofold arguments assessee viz; (i) consequent to search/survey the books/records of the respondent assessee were misplaced or not traceable (ii) as result of such misplacing the records, bills, vouchers etc. were could not be effectively placed before both the tax authorities. In deleting the impugned addition, the Ld. CIT(A) in sum & substance based his adjudication on the reasonability of profit margin by placing reliance on *'Mysore Fertilisers & Co. Vs CIT'*

[1966, 59 ITR 268 (Mad)] and *'CIT Vs Surjit Sing Mahesh Kumar'* [1994, 210 ITR 83 (All)].

6.5 Section 145(3) of the Act deal with rejection of books and for the purpose of adjudication we deem it apt to reproduce provision in verbum to gather meaning & intent thereof;

> ***Section 145 : Method of accounting.***
>
> *(3) Where the Assessing Officer is **not satisfied** about the **correctness or completeness of the accounts** of the assessee, or where the **method of accounting** provided in sub-section (1) or **accounting standards** as notified under sub-section (2), have not been **regularly followed** by the assessee, the Assessing Officer may make an assessment in the manner provided in section 144.'.* *(Emphasis supplied)*

6.6 A careful reading of section 145(3) of the Act envisages three scenarios where assessing officer can resort to rejection of books. And one of such situation with which we are concerned in the present appeal was satisfaction of the assessing officer about ***incorrectness*** or ***incompleteness*** of the accounts. The rejection on such ground however can only be triggered or

considered when accounts are found ***substantially incorrect or incomplete***, that is to say incorrectness or incompleteness of ***substantial accounts*** shall only form reasonable basis for rejection of books. Solitarily based upon books of accounts the taxable income of assessee is determined for the purpose of assessment, wherein the nature of transactions, sales effected, purchases incurred, stock/inventory records held beyond a doubts forms a substantial part of books/accounts, hence in the absence thereof any determination of income for taxation under the Act would be meaningless.

6.7 In the present case, non-maintenance/production of audited books for whatever reasons, non-production of trading/stock or inventory records, non-production of vouchers, bills and invoices coupled with 'Not applicable' reporting u/c 35(a) in TAR [which was meant for Trading Concerns], formed solitary basis in holding accounts as incorrect or incomplete, which in turn triggered their rejection u/s 145(3) of the Act.

6.8 Since the aforestated records/details forms a significant part of accounts which severally capable of influencing the determination of total income of the assessee for the year under consideration hence the non-maintenance *vis-à-vis* non-production thereof in our considered view is capable of construing solitarily that accounts of the respondent assessee were substantially incomplete & incorrect, thus valid reason for rejection of books u/s 145(3) of the Act. Further withholding such books of account (if any maintained) and the relevant records in view of the *'CIT Vs Motor General Finance' (supra)* supports Revenue's case in rejecting books & results thereof.

6.9 The Hon'ble Jurisdictional Bombay High Court in *'Dhondiram Dalichand Vs CIT'* [1970, 81 ITR 609] upheld the rejection of books for displacing the records relating to inventory of sales and purchases and estimation of income to the best of judgement. Similarly, in *'Bastiram Narayandas Vs CIT'* [1994, 210 ITR 438] their Hon'ble Lordships have upheld rejection of books and framing of assessment to the best judgment where the

assessee failed to produce relevant records of its day-to-day activities. A similar view can be traced in *'Kachwala Gems Vs JCIT'* [2007, 288 ITR 10 (SC)] wherein the Hon'ble Apex Court also espoused rejection of books for incompleteness owning to non-maintenance/non-production records for the purpose of verification.

6.10 In view of the former judicial precedents (supra), we see no reason for reversing the rejection of books owning to non-production of records in the course of assessment proceedings as well as the appellate proceedings. The action of the Ld. AO in rejecting the books at the instance is thus deserves to be upheld. In our considered view, where the action of the Ld. AO in not accepting the audited financial results and thus the income from business returned by the respondent assessee finds merits without any error, in such situation, the Ld. AO had no choice but to proceed to estimate to the best of judgement and determine the business income/profit to be taxed u/s 28 of the Act. This

approach of the Ld. AO had no striking error in view of ration laid down by the Hon'ble Jurisdictional High Court in case of *'PCIT Vs Janson Investment (P) Ltd.'* [2021, 112 CCH 319 (Kar)] and *'CIT Vs Gowri Gopal Textile Processing (P) Ltd.'* [2011, 15 Taxmann.com 394 (Kar)], wherein their hon'ble lordships approved the assessing authority's action to compute income on estimation basis where books are not available or books are destroyed after taking into consideration totality of circumstances without there being any rejection. Similarly, when books found destroyed or misplaced for any reasons, the action of tax authorities to proceed to estimate to the best of judgment finds legal support in view of decisions of Hon'ble High Court in the case of '*Shri Kishan Dhanpat Rai Vs CST(UP)'* [1980 Taxmann.com 889 (All)], *'Jeevan Ram & Sons Vs CST'* [2001, Taxmann.com 2011 (All)]. In view of the totally of facts, in the light of judicial precedent cited above, we find no error in Ld. AO's action in estimating the income but in the action of Ld. CIT(A) in vacating it, therefore is set-aside.

Now coming to rationale applied in estimating the business profit/income @10% by the Revenue as against @1.62% of turnover of the respondent assessee;

6.11 as we note that, the rationale behind coming to conclusion in computing the net margin of 10% as against 1.62% claimed to have been declared by the respondent assessee, the Ld. AO was displaced with the books in first place as the same intentionally withheld by the respondent. On the other hand, the Ld. CIT(A) deleted the impugned addition on for unreasonableness of margin adopted by the Ld. AO. At this juncture we note that, the estimation of business income was computed with reference to reported turnover which were neither rejected nor claimed so by the respondent, therefore the basis of computation. In result we vacate the action of the Ld. CIT(A) on this score.

6.12 We note that, while doing so the Ld. AO did fail to bring on record (a) rationale in arriving the rate of 10% margin

of profit on turnover (b) basis or material founded in arriving to such % profit. Having done as aforestated or holding so we however are afraid to approve the computation of net profit @10% for two reasons viz; (i) in adopting 10% of net profit, the Ld. AO blind folded with and (ii) the computation of 10% is ad-hoc and without any rationale for the given facts & circumstances of the case and the industry as a whole.

6.13 After rejecting the books in wholesome the Ld. AO simply estimated the gross profit at an ad-hoc rate disregarding the % of profit declared by the assessee and added differential figure as the income of the assessee.

6.14 On the other hand, it is also argued by the Revenue that, the margin declared by the respondent are reported margin available for farmers exclusive relates to return on cultivation hence such margin cannot be applied for the traders or bulk traders.

6.15 The bare look into the reports of The Karnataka State Agricultural Price Commission, The Karnataka State Economic Survey Report, reports published by directorate of economics & statistics, yearly reports of Department of Agriculture & Farmers Welfare and Indian Council of Agricultural Research etc., helps to know cost to yield ration of agricultural commodities and return ratio on cultivations.

6.16 These reports hardly comes out with any information on profit margin on trading etc. Therefore, general average margin of the agricultural commodities & food processing industry should have been reasonable basis for adopting computation of net margin earned by the respondent. The average net margin in retail trading of potato, onion, garlic chilli & turmeric ranges from 15% to 25% whereas bulk trading of former agricultural produce ranges from 8% to 15%.

6.17 Since in the present case the respondent was in the year under consideration engaged otherwise than retail trading

therefore to meet the end of ` -justice, we deem it fit replace the computation with net margin with 8% of reported turnover in place of 10% adopted by the Ld. AO. In result while passing an order giving effect Ld. AO is therefore directed to restrict the net margin accordingly. The ground thus stands partly allowed.

7. In result, the appeal of the Revenue is partly allowed in aforestated terms.

In terms of rule 34 of ITAT Rules, 1963 the order pronounced in the open court on date mentioned hereinbefore.

-S/d-	**-S/d-**
PAVAN KUMAR GADALE	**G. D. PADMAHSHALI**
JUDICIAL MEMBER	**ACCOUNTANT MEMBER**
Panaji/Dt: 01st April, 2026.	27th March 2026.

Copy of the Order forwarded to:

1. The Appellant. 2. The Respondent. 3. PCIT Concerned

4. DR, ITAT, Panaji Bench, Goa 5. Guard File

By Order,
Sr. Private Secretary / AR ITAT, Panaji.