आदेश / ORDER

PER PARTHA SARATHI CHAUDHURY, JM

The present appeal preferred by the assessee emanates from the order of the Ld.CIT(Appeals)/NFAC, dated 18.02.2026 for the assessment year 2017-18 as per the grounds of appeal on record.

2. The relevant facts as emanating from the assessment order are as follows:

Notice u/s 142(1) of I.T.Act was issued on 02/05/2019 and subsequent dates, against which compliances were filed by the assessee from time to time. Information was also called for u/s 133(6) of the I.T.Act.1961. It was seen that during the year on 11/11/2016 ie during the period of demonetization assessee had deposited cash of Rs.12,00,000/- in Union Bank of India, Main Branch, Raipur. The assessee was asked to explain the source of cash deposits made by her.

Vide submissions filed during the course of assessment proceedings, along with computation of income, capital account for the year and preceding two years were furnished. It was stated that assessee derives income from Other sources and also Income from Boutique Income. Income from other sources included Income from Rajesh Traders and Vijay Traders and Interest income at Rs.90800/- was shown from petty advances to the tailors and employees of Boutique.

Vide notice issued u/s 142(1), assessee was asked to file the evidence in regard to the boutique income carried out by her and also regarding the petty interest earned from petty advances. Vide submission dated 19th August 2019, it was stated that assessee is not engaged in trading activity and that the income is derived mainly from designing and stitching work. In regard to the Interest income earned at Rs.90,800/- it was stated that the interest is earned from small lending which lends on various occasions to tailors, her employees and other related persons. No any fixed interest rate is charged.

In order to verify the contentions putforth during the course of assessment proceedings, Inspector of this office was deputed to conduct enquiry in regard to the actual state of affairs. Inspector, visited the house of the assessee at the available addresses.

And met the assessee, Smt.Suman Poptani. It was stated by her that she is not into any kind of business or boutique work and that she is a home maker. Inspector report is attached along with the assessment order.

Inspector's Report

Name Of the Assessee	: Ms. Suman Poptani, C/o Poptani Traders,Dr Virdi Gali,Ward No. 15 Mangarapara,Raipur (C.G.)-492001
Pan	: AJOPP5178P
Assessment Year	: 2017-18

On being directed by the ITO, as per letter dated 29.11.2019, to enquire about business activity and other information of assessee, I visited the address of the assessee at Poptani traders, Dr. Virdi Gali, Ward No. 15, Mangarapara,Raipur (C.G.) on 05.12.2019.Information gathered are as below for your kind perusal:-

1. I visited Poptani traders, Dr. Virdi Gali, Ward No. 15, Mangarapara,Raipur (C.G.). At the given address ,it was gathered that Poptani traders has been shifted to Naya market, Dumartarai, Raipur about six months ago Suman Poptani is the wife of Shri Ram Poptani. Shri Ram Poptani's cousin brother Shri Amarjeet Poptani is having a shop by the name Pratap Products and another cousin brother's Shri Shyam Poptani by the name M/s Asudmal Govindmal. On enquiring in neighborhood and shopkeepers, it was gathered that Ms Suman Poptani is a housewife and no boutique work or any other business carried out by her. She is living at Gayatri Nagar (Near Jagannath Temple), Raipur from around last 10 years.
2. I visited Gayatri Nagar (Near Jagannath Temple), Raipur, on enquiring in neighborhood and shopkeepers it was gathered that Ms . Suman Poptani is a housewife and no boutique work or any other business was carried out by her.
3. Then I visited residence of Ms Suman Poptani, A-5, Gayatri Nagar (Near Jagannath temple), Raipur , as a customer and asked about the boutique business. A lady was found at the residence, who denied having boutique business. Later on I introduced myself and enquired about the name of the lady, to which she introduced herself as Suman Poptani .

INCOME TAX DEPARTMENT

In view of the above, assessee was issued a show cause on 06/12/2019 as under

`…………… It has been stated by you that you are an Home maker and no any boutique work is being carried out by you. Further, it has been stated by you that interest income of Rs.90,800/- has been earned by you on petty advances made to tailors, your employees and other related persons. When no business is being carried out by you, tailors and employees have no existence and hence your interest shown at Rs.90,800/- is also not acceptable since no evidences of advance or interest received by you has been filed during the course of assessment proceedings.

In view of the above, the income shown by you from boutique and interest at Rs.1,56,300/- and Rs.90,800/- is rejected in view of the enquiry made by this office which revealed that no such petty business is being carried out by you.

The interest income earned by you at Rs.1,17,125/- is found acceptable from M/s Rajesh Traders and M/s Vijay Traders. As can be seen from the bank statement and the capital account furnished by you that the interest income of Rs.1,28,125/- from Rajesh Traders have been earned for the first time during the A.Y. 2016-17 and not before. Likewise interest of Rs.43,125/- have been earned by you during the year from M/s Vijay Traders. Therefore, the capital shown by you for the earlier years is rejected as bogus built up capital by filing a meager return with no or very low tax payment.

Thereofore, your submission filed on 07/11/2019, giving details of the accumulated Capital and holding that the said capital is held by you mainly in the form of cash only which is used to lend to small traders in order to earn interest is not acceptable.

In view of the above, the capital built up by you with bogus source of income is not acceptable and is treated as unexplained capital in your hands. Further, the cash deposit of Rs.12,00,000/- shown to be made from the above bogus capital on 11/11/2016 is also treated as unexplained investment u/s 69 of the I.T.Act.1961 which has been utilized for giving loan to M/s Vijaya Traders.

The assessee vide her submission dated 09/12/2019 made the following observations :

1. *.....Assessee totally agrees with your contention, he is not into any business and the very fact is also apparent from the return of income filed by her. In the said ROI she had shown income from other sources, this is owing to the reason that she is doing this work out of her own interest and to earn some money and is not a vocation of regular type to be termed as business.*

   She havee a skill set to design and stitch traditional dresses which she undertakes on job work basis from different customers, owning to which she have income from such activity. And income so generated is been offered to tax as income from Other Sources.

It may be stated here that assessee in her computation of Income had clearly mentioned `Income from Boutique business`. Therefore, the above statement finds no logic. It is irrelevant whether the she was engaged in regular type of business or not.

As far as Inspector report is concerned, assessee is not aware of this fact. AS per her neither she was enquired nor any opportunity or clerification was sought by any one either written or orally. What was the basis of Inpector report is not known to her. And the same can be explained or clarified once the same is been provided to us. We request you to provide the copy of Inspector report along with documents collected by him in this regard so as we can justify ourself.

By the above statements, assessee is trying to mislead the departmental findings. Inspector is deputed always to conduct filed enquiries and to bring in the actual fact what is happening, to that what is brought on books by the assessee. In this case also assessee was contacted and she had herself denied having doing any kind of job work/ boutique.. She made it clear that she is only a Home maker. For conducting filed enquiries Inspector are not required to give any opportunity or clarification. They go and conduct field enquiries by directly contacting the assessee and collecting information.

The contention of the assessee is baseless and requires to be rejected.

The accumulated capital shown by the assessee is thus proved to be bogus in absence of any known income till A.Y. 2016-17. The assessee in her submission has accepted that she had paid taxes of Rs.14,490/- and Rs.17,123/- in A.Y. 2016-17 and 2017-18 only, which is infact nothing but the TDS deducted on interest paid to her by Vijaya Traders and Rajesh Traders. And refund has been claimed.

In view of the above, the cash deposit made during the period of demonetization amounting to Rs.12,00,000/- is thus treated to be the unexplained investment u/s 69 of the I.T.Act for the relevant year under consideration.

3. The order of the A.O had been upheld by the Ld. CIT(Appeals)/NFAC by observing as follows:

> "6.1.2 I have carefully considered the assessment order passed u/s.143(3) of the Income Tax Act, 1961 dated 17/12/2019, the written submissions filed by the appellant before the Assessing Officer during the course of assessment proceedings, as well as the submissions made during appellate proceedings. The case was selected for Limited Scrutiny under CASS specifically for verification of "cash deposit during demonetization period". It is an undisputed fact borne out from the assessment records that the