IN THE INCOME TAX APPELLATE TRIBUNAL
DELHI BENCH 'G', NEW DELHI

Before Sh. Satbeer Singh Godara, Judicial Member
&
Sh. Naveen Chandra, Accountant Member

ITA No. 3407/Del/2024 : Asstt. Year: 2017-18
ITA No. 3408/Del/2024 : Asstt. Year: 2020-21

Secretary, Co-operative Cane Development Union Ltd., 34, Najibabad Bundaki Road, Distt. Bijnor, Uttar Pradesh-246763	Vs	Income Tax Officer, Range-3(2), Najibabad, Bijnor, Uttar Pradesh-246731
(APPELLANT)		(RESPONDENT)
PAN No. AABAS8919C		

Assessee by : Ms. Gurneet Kaur, Adv.
Revenue by : Sh. Manish Gupta, Sr. DR

Date of Hearing: 04.11.2025		**Date of Pronouncement: 04.11.2025**

ORDER

Per Satbeer Singh Godara, Judicial Member:

These assessee's twin appeals in ITA Nos. 3407 & 3408/Del/2024 for Assessment Years 2017-18 and 2020-21, arise against the CIT(A)/NFAC, Delhi's DIN & order No. ITBA/NFAC/S/250/2023-24/1057773306(1) & 1057773541(1) both dated 07.11.2023, in proceedings u/s 143(3) of the Income Tax Act, 1961 (in short "the Act"), respectively.

2. Heard both the parties at length. Case files perused.

2. It transpires during the course of hearing that both the learned lower authorities have refused section 80P deduction to the assessee qua it's interest income derived from surplus deposits kept in scheduled/nationalized banks amounting to Rs.89,88,343/-and Rs.1,79,10,356/-; assessment year wise, respectively, in assessment order(s) dated 15.12.2019 and upheld in the lower appellate discussion.

3. Both the learned lower authorities hold that such an interest income as in the present instance received from parking of surplus funds in fixed deposits with scheduled/nationalized banks could not be held as "derived" from an eligible business activity under section 80P(2); and, therefore, the same deserves to be assessed as income from "other" sources only.

4. Mr. Gupta also quotes (2025) 170 taxmann.com 336 (Gujarat) Brahmarshi Co-op. Credit Society Ltd. Vs. ACIT deciding the very issue in the Revenue's favour. The assessee on the other hand draws strong support from the Vaveru Co-operative Rural Bank Ltd. vs. CIT [(2017) 396 ITR 371 (AP)] wherein their lordships have rejected the Revenue's identical stand. Be that as it may, the fact remains that no valuable guidance has come from hon'ble jurisdictional high court at Allahabad on the

instant issue. That being the case, we hereby quote Commissioner of Income-Tax, West Bengal-I vs. Vegetable Products Ltd. [1973] 88 ITR 192 (SC)to conclude that the view supporting the assessee's case in such an instance has to be adopted; to accept the instant sole substantive ground against the department, in very terms. Necessary computation shall follow as per law.

5. No other ground or argument has been pressed before us.

6. These assessee's twin appeals ITA Nos. 3407 & 3408/Del/2024 are allowed. A copy of this common order be placed in the respective case files.

Order Pronounced in the Open Court on 04/11/2025.

Sd/-	Sd/-
(Naveen Chandra)	**(Satbeer Singh Godara)**
Accountant Member	**Judicial Member**

Dated: 04/11/2025

Subodh Kumar, Sr. PS

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(Appeals)
5. DR: ITAT

ASSISTANT REGISTRAR