

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

**BEFORE SHRI SATBEER SINGH GODARA, JUDICIAL MEMBER
AND
SHRI NAVEEN CHANDRA, ACCOUNTANT MEMBER**

ITA No.2127/Del/2025
Assessment Year: 2020-21

Bilari Cooperative Cane Union, Bilari, Near Bus Stand, Moradabad, Uttar Pradesh	Vs.	Income Tax Officer, Ward-2(1), Moradabad
PAN: AAAAB2993E		
(Appellant)		(Respondent)

Assessee by	Gurneet Kaur, Adv.
Department by	Sh. Manish Gupta, Sr. DR

Date of hearing	03.11.2025
Date of pronouncement	03.11.2025

ORDER

PER SATBEER SINGH GODARA, JM

This assessee's appeal for assessment year 2020-21, arises against the Commissioner of Income Tax (Appeals)/National Faceless Appeal Centre [in short, the "CIT(A)/NFAC"], Delhi's DIN and order no. ITBA/NFAC/S/250/2023-24/1059015667(1), dated 22.12.2023 involving proceedings under section 143(3) of the Income-tax Act, 1961 (hereinafter referred to as 'the Act').

Heard both the parties. Case file perused.

2. It transpires during the course of hearing that both the learned lower authorities have refused section 80P deduction to the assessee qua her interest income derived from surplus deposits kept in scheduled/nationalized banks amounting to Rs.76,92,252/-; in assessment order dated 21.09.2022 and upheld in the lower appellate discussion.

3. Both the learned lower authorities hold that such interest income as in the present instance derived from bargaining 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. v. 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 v. 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.

No other ground or argument has been pressed before us.

5. This assessee's appeal is allowed.

Order pronounced in the open court on 3rd November, 2025

**Sd/-
(NAVEEN CHANDRA)
ACCOUNTANT MEMBER**

**Sd/-
(SATBEER SINGH GODARA)
JUDICIAL MEMBER**

Dated: 11th November, 2025.

RK/-

Copy forwarded to:

1. Appellant
2. Respondent
3. CIT
4. CIT(A)
5. DR

Asst. Registrar, ITAT, New Delhi