

आयकर अपीलीय अधिकरण, हैदराबाद पीठ में
**IN THE INCOME TAX APPELLATE TRIBUNAL
HYDERABAD BENCHES "A", HYDERABAD**

BEFORE
SHRI INTURI RAMA RAO, ACCOUNTANT MEMBER
&
SHRI K. NARASIMHA CHARY, JUDICIAL MEMBER

आ.अपी.सं / **ITA No. 112/Hyd/2024**
(निर्धारण वर्ष / Assessment Year: 2017-18)

Asst. Commissioner of
Income Tax.
Circle-1,
Nellore

अपीलार्थी / Appellant

M/s. The District
Vs. Co-operative Central Bank
Limited,
Kadapa
[PAN No. AAAAD8892L]

प्रत्यर्थी / Respondent

निर्धारिती द्वारा / Assessee by: Shri V. Satish Kumar, AR
राजस्व द्वारा / Revenue by: Shri Shakeer Ahamed, DR

सुनवाई की तारीख / Date of hearing: 20/03/2024
घोषणा की तारीख / Pronouncement on: 27/03/2024

आदेश / ORDER

PER K. NARASIMHA CHARY, J.M:

Challenging the order dated 11/12/2023 passed by the learned Commissioner of Income Tax (Appeals)- National Faceless Appeal Centre (NFAC), Delhi ("Ld. CIT(A)"), in the case of District Co-operative Central Bank Limited, ("the assessee") for the assessment year 2017-18, Revenue preferred this appeal.

2. Brief facts of the case are that the assessee being a District Co-operative Central Bank Limited, filed its return of income on 29/10/2017 for the assessment year 2017-18, declaring NIL income. During the assessment proceedings, learned Assessing Officer noticed that an amount of Rs. 2,76,52,541/- was entered in the return of income under the head 'any other amount allowable as deduction'. Learned Assessing Officer asked the assessee to explain the transaction. The assessee explained that the deduction is relating to interest overdue which has been claimed as deduction by transferring the amount to provision account. Learned Assessing Officer added Rs. 2,76,52,541/- to the income of the assessee by passing order under section 143(3) of the Income Tax Act, 1961 ('the Act') on 28/12/2019.

3. Aggrieved, assessee preferred appeal before the learned CIT(A). The submissions of the assessee before the learned CIT(A) are as under:

"The appellant is a District Co-operative Central Bank Limited having PAN: AAAA08892L, having Head office/Principal place of business at H. No. 5/22, Railway Station Road, Nagarajupeta, Kadapa, Andhra Pradesh-5160001. Appellant has filed its ROI for the AY 2017-18 declaring the total income of Rs. NIL vide ACK:267329971291017, dated 29/10/2017. The return was initially processed by CPC, Bangalore, later was selected for scrutiny through CASS to verify the following reasons:

1) Large "any other amount allowable as deduction claimed in Business or Profession.

2) Expenses debited to P&L Account for earning exempt Income as per schedule Business or Profession of ITR is significantly lower as compared to Investment made to earn exempt Income.

3) Low Income in comparison to high loans / advances/investment in share appearing in balance sheet.

4) Low Income in comparison to very high Investments appearing in Balance Sheet.

5) Large value of cash deposits during demonetization reported.

6) Abnormal Increase in cash deposits during demonetization period as compared to pre demonetization period.

Notice u/s 143(2), dated 24.09.2018 and notice u/s. 142(1) dated 23.11.2019 were issued and served on the assessee. In response to the notices issued the assessee's bank submitted the information called for online as per the notice u/s 142(1). The Information submitted by the assessee's bank is verified. After verification, in order to verify further, notice u/s. 142(1) calling for information was issued on line and the same was served online. In response to the notice issued, the appellant bank has submitted all the Information called for alone with the supporting documents.

The AO On verification of the documents submitted, it is noticed that an amount of Rs.2,76,52,541/- was entered in the return of income under "any other amount allowable as deduction'. The assessee was asked to explain the transaction. The assessee has stated that the amount as claimed under 'any other amount allowable as deduction" is relating to overdue interest and furnished a copy of the details of Interest in overdue accounts, along with the submissions that it is the interest on overdue loans which is not recoverable is claimed as the deduction. However, the AO without considering the facts of the case has disallowed and added back to the Income of the assessee.

Aggrieved by the order of AO the assessee has preferred an appeal before the Hon'ble Commissioner of Income Tax (Appeal)-Kurnool-(NFAC), New Delhi.

GROUND OF APPEAL & SUBJECT MATTERS UNDER DISPUTE: -

Subject- Matter of Dispute: Disallowance of Interest relating to the overdue loans amounting to Rs.2,76,52,541/- as income under "any other amount allowable as deduction":-

Appellant has provided explanation, that it was the interest on overdue loans which is not recoverable was take as deduction while computing the taxable income, however the same was not considered by the AO, he is of the view that it is a expenditure which is not allowable as deduction and completed the assessment for the A. Y.2017-18 by making the addition of Rs.2,76,52,541/-.

The assessee is a District Co-operative Central Bank Ltd an institution registered under Andhra Pradesh Co-operative Societies Act 1964, and a member of APCOB. The appellant Bank is administered by an elected president with the powers delegated to CEO suitably as and

when required. The bank is under the administrative control of the Chief Registrar of Co-operative societies, Govt., of A.P.

The business of the Bank is to raise funds by way of Deposits, Borrowing from APCOB, share capital, grants from individuals or any financing agency regulated by RBI or Government, and finance credit in agriculture and allied sector, non-agriculture sectors to individuals, firms, companies, corporations etc., and also to carry on other banking activities in general. The total business is run on mutual interest basis. The bank in case of need used to borrow funds from its own apex bank APCOB, and lend in turn to its members.

Hence no personal interest is involved to hide/run the affairs of the Appellant bank which would be detrimental to the interest of Revenue. With this back ground the appellant humbly submits that the order passed by the AO is erroneous in nature on the following facts/grounds/submissions of the appellant.

The appellant is a District Co-operative Central Bank Limited having PAN: AAAAD8892L, having Head office/Principal place of business at H. No. 5/22, Railway Station Road, Nagarajupeta, Kadapa, Andhra Pradesh-5160001. Appellant has filed its ROI for the AY 2017-18 declaring the total income of Rs. NIL vide ACK: 267329971291017, dated 29/10/2017. The bank has claimed interest on overdue loans amounting to Rs.2,76,52,541/- as any other amount allowable as deduction while filing the income tax return.

The following are the details of interest on overdue loans for the financial year 2016-17 relevant AY 2017-18.

S.No.	Particulars	Amount in Rs.
A	FY 2016-17	
1.	Amount of arrears at the beginning of FY 2016-17	8,94,06,793
	Add: Amount recoverable on account of current year FY 2016-17	36,30,04,345
2	Total amount recoverable	45,24,11,138
	Less: Amounts recovered	33,53,51,804
3	Balance of demand for the end of FY 2016-17-(A)	11,70,59,334
	Interest suspended & interest Not recoverable from liquidated societies	3,98,689

4	Total Demand for FY 2016-17-(A)	11,74,58,023
B	FY 2015-16	
1.	Amount of arrears at the beginning of FY 2015-16	9,14,25,879
	Add: Amount recoverable on account of year FY 2015-16	21,60,54,706
2.	Total amount recoverable	30,74,80,585
	Less: Amounts recovered	21,80,73,792
3.	Balance	8,94,06,793
	Demand for the end of FY 2015-16	
	Interest suspended & interest not recoverable from liquidates societies	3,98,689
4.	Total Demand for FY 2015-16-(B)	8,98,05,482
	Overdue interest not recoverable (A-B)	2,76,52,541

With reference to the interest recognized on Overdue Accounts/Potential NPA's & NPA's, it is submitted that as per the circular/prudential norms as applicable to the State Cooperative Banks(SCB's)/Central Cooperative Bank (SCB's),: "Income recognition should be based on record of recovery and therefore unrealized income Should not be taken to the profit and loss account, However in certain cases where the state cooperative Act/Rules/Audit Manual provide for taking such unrealized interest to Income head in the profit and loss account, it is necessary for such SCB's/CCB's to make full provisioning for equivalent amount for unrealized income by charging to profit and loss account."

Our bank has chosen to adopt the second alternative i.e., recognizing the unrealized interest as income to Profit & Loss A/c. this is only a notional entry to reflect interest receivable on Non-Performing Asset or accounts NPAs which need to be reversed by creating an equivalent amount of provision. Instead the assessee bank has reflected the same in the form of increased interest receivables and inflated the provision/reserves. In other words in view of sufficient existing provision for doubtful debts this notional account was not charged to profit and loss account to create a fresh reserve for the same. Further as and when the loan has become sick, the interest which was shown in Profit & Loss Account under accrual basis of

accounting, is claimed as reduction and a provision/reserve is created as such the same interest is not received. If the interest is received in the subsequent years the Same is created to the profit and loss account.

S.No.	Particulars	Amount in Rs.
1.	Interest collected during the year	XXXXX
2.	Add: Interest due as at 31.03.xx	XXXXX
3.	Less: Interest due/unrealized interest at the end of the year	XXXXX
4.	Interest recognized during the year	XXXXX

A provision was made during the financial year 2016-17 for an amount of Rs. 2,76,52,541/- as it is not collected and is not receivable due to the loans accounts becoming overdue & Non Performing, the same is being claimed as deduction in computing the total income.

Before proceeding further the appellant bank would like to draw attention in respect of various provisions of Income Tax Act, 1961 in respect of Interest on overdue loans/NPA Accounts.

Section 36(1)(vii)(viii) subject to the provisions of sub-section (2), the amount of any bad debt or part thereof which is written off as irrecoverable in the accounts of the assessee for the previous year: Provided that in the case of an assessee to which clause (viii) applies, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account made under that clause: Provided further that where the amount of such debt or part thereof has been taken into account in computing the income of the assessee of the previous year in which the amount of such debt or part thereof becomes irrecoverable or of an earlier previous year on the basis of income computation and disclosure standards notified under sub-section (2) of section 145 without recording the same in the accounts, then, such debt or part thereof shall be allowed in the previous year in which such debt or part thereof becomes irrecoverable and it shall be deemed that such debt or part thereof has been written off as irrecoverable in the accounts for the purposes of this clause.

Explanation 1.—For the purposes of this clause, any bad debt or part thereof written off as irrecoverable in the accounts of the assessee

shall not include any provision for bad and doubtful debts made in the accounts of the assessee;

Explanation 2.—For the removal of doubts, it is hereby clarified that for the purposes of the proviso to clause (vii) of this sub-section and clause (v) of sub-section (2). the account referred to therein shall be only one account in respect of provision for bad and doubtful debts under clause (viiia) and such account shall relate to all types of advances, including advances made by rural branches; (viiia) in respect of any provision for bad and doubtful debts made by—

(a) a scheduled bank [not being a bank incorporated by or under the laws of a country outside India] or a non-scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank, an amount not exceeding eight and one-half per cent of the total income (computed before making any deduction under this clause and Chapter VIA) and an amount not exceeding ten per cent of the aggregate average advances made by the rural branches of such bank computed in the prescribed manner:

Provided that a scheduled bank or a non-scheduled bank referred to in this sub-clause shall, at its option, be allowed in any of the relevant assessment years, deduction in respect of any provision made by it for any assets classified by the Reserve Bank of India as doubtful assets or loss assets in accordance with the guidelines issued by it in this behalf, for an amount not exceeding five per cent of the amount of such assets shown in the books of account of the bank on the last day of the previous year: Provided further that for the relevant assessment years commencing on or after the 1st day of April, 2003 and ending before the 1st day of April, 2005, the provisions of the first proviso shall have effect as if for the words "five percent", the words "ten percent" had been substituted : Provided also that a scheduled bank or a non-scheduled bank referred to in this sub-clause shall, at its option, be allowed a further deduction in excess of the limits specified in the foregoing provisions, for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government; Provided also that no deduction shall be allowed under the third income under the head "Profits and gains of business or profession. Explanation- For the purposes of this sub-clause, "relevant assessment years" means the five consecutive assessment years commencing on or after the 1st day of April. 2000 and ending before the 1st day of April, 2005; (b) a bank, being a bank incorporated by or under the laws of a country outside India, an amount not

exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A); (c) a public financial institution or a State financial corporation or a State industrial investment corporation, an amount not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A) : Provided that a public financial institution or a State financial corporation or a State industrial investment corporation referred to in this sub clause Shall, at its option, be allowed in any of the two consecutive assessment years commencing on or after the 1st day of April, 2003 and ending before the 1st day of April, 2005, deduction in respect of any provision made by it for any assets classified by the Reserve Bank of India as doubtful assets or loss assets in accordance with the guidelines issued by it in this behalf, of an amount not exceeding ten per cent of the amount of such assets shown in the books of account of such institution or corporation, as the case may be, on the last day of the previous year; (d) a non-banking financial company, an amount not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI- A). Explanation. —For the purposes of this clause,—

(i)"non-scheduled bank" means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949), which is not a scheduled bank;

(ia) "rural branch" means a branch of a scheduled bank or a non-scheduled bank situated in a place which has a population of not more than ten thousand according to the last preceding census of which the relevant figures have been published before the first day of the previous year;

(ii)"scheduled bank" means the State Bank of India constituted under the State Bank of India Act. 1955 (23 of 1955), a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.(5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer off Undertakings) Act, 1980 (40 of 1980), or any other bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);

(iii)public financial institution" shall have (he meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956);

(iv)State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified

under section 46 of the State Financial Corporations Act, 1951 (63 of 1951);

(v) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956 (1 of 1956), engaged in the business of providing long-term finance for industrial projects and eligible for deduction under clause (viii) of this sub-section;

(vi) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80 P;

(vii) "non-banking financial company" shall have the meaning assigned to it in clause (?) of section 45-1 of the Reserve Bank of India Act, 1934 (2 of 1934);

(viii) in respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account: Provided that where the aggregate of the amounts earned to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess. Explanation.—in this clause,

(a) "specified entity" means,—

(i) a financial corporation specified section 4A of the Companies Act, 1956 (1 of 1956);

(ii) a financial corporation which is a public sector company;

(iii) a banking company;

(iv) a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank;

(v) a housing finance company; and

(vi) any other financial corporation including a public company;

(b) "eligible business" means,—

(i) in respect of the specified entity referred to in sub-clause (i) or sub-clause (ii) or sub-clause (iii) or sub-clause (iv) of clause (a), the business of providing long-term finance for—

(A) industrial or agricultural development;

(B) development of infrastructure facility in India; or

(C) development of housing in India;

(ii) in respect of the specified entity referred to in sub-clause (v) of clause (a), the business of providing long-term finance for the construction or purchase of houses in India for residential purposes; and

(iii) in respect of the specified entity referred to in, sub-clause (vi) of clause (a), the business of providing long-term finance for development of infrastructure facility in India;

(c) "banking company" means a company to which the Banking Regulation Act, 1949 (10 of 1949) applies and includes any bank or banking institution referred to in section 51 of that Act;

(d) "co-operative bank", primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings, respectively assigned to them in the Explanation to sub-section (4) of section 80P;

(e) "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes;

(f) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956 (1 of 1956);

(g) "infrastructure facility" means—

(i) an infrastructure facility as defined in the Explanation to clause (i) of sub-section (4) of section 80-IA, or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions as may be prescribed;

(ii) an undertaking referred to in clause (ii) or clause (iii) or clause (iv) or clause

(vi) of sub-section (4) of section 80-IA; and

(iii) an undertaking referred to in sub-section (10) of section 80-IB;

(h) "long-term finance" means any loan or advance where the terms under which moneys are loaned or advanced provide for repayment along with interest thereof during a period of not less than five years;

4. Further the appellant would also like to draw attention of following relevant citations:-

CIT vs. Syndicate Bank(26HTR 528), CIT vs. Indian Equipment Leasing Ltd (293 ITR 350), Mercantile bank India vs. CIT(283 ITR 84)

The Hon'ble Supreme Court of India, in the case of UCO Bank Vs. CIT had an occasion to consider the issue. The Hon'ble Supreme Court, while dealing with Similar issue held as under: 'The method of accounting which is followed by the assesses- bank is mercantile system of accounting. However, the assesses considers income by way of interest pertaining to doubtful loans as not real income in the year in which it accrues, but only when it is realized. A mixed method of accounting is thus followed by the assessee-bank. This method of accounting adopted by the assessee is in accordance with accounting practice. Up to the asst. yr. 1978-79, the CBDT's circular of 6th Oct., 1952 would be applicable; while from the asst. yr. 1979-80, the CBDT's circular of 9th Oct., 1984 is made applicable, under s. 119

Durga Co-operative and Urban Bank Ltd. ITAT Visakhapatnam, ITA No.511/Vizag/2010 the decision of Delhi High Court in the case of M/s. Vasisht Chai Vyapar Ltd. 196 Taxmann 169 (Delhi) wherein it was held

d.The decision of Hon'ble ITAT, Hyderabad A bench in Andhra Bank Vs. DCIT Circle-1 (1) in ITA No.615 to 619/H/2007 and ITA No.71 I/H/2008.

e.The Krishna District Co-operative Central Bank vs Dy. Cit, Circle-2(1),,, on 8 November, 2017 IN THE INCOME TAX APPELL VISAKHAPATNAM BENCH, VISAKHAPATNAM: held that overdue /NPA accounts cannot be treated as income.

f.Income Tax Appellate Tribunal - Nagpur Bhagyodaya Co-Op ... vs Principal C.I.T.-I, Nagpur on 28 December been submitted that it is settled proposition of law the income relatable to NPA is not includible on accrued bas

g.Hon'ble Gujarat High Court in Pro CIT vs Kutch Di: Cooperative Bank Ltd in (2018) 94 taxmann.com 298 case assessee had created "Reserve for Overdue Inter" the RBI Norms dated 22.06.1996 (referred supra). It was interest on such overdue interest does not constitute income at all u/s. 5.*

h.State Bank of Travancore v. CITI decided by a Bench of three judges of this Court by a majority of two to one. This judgment directly deals with interest on "sticky advances" which have been debited to the customer but taken to the interest suspense account by company. The majority judgment has referred to the circular of 6-10-1952 and its withdrawal by the second circular of 20-6-1978.

i. Income Tax Appellate Tribunal - Indore The District Cooperative ... vs The ACIT 3(1), Bhopal on 26 September, relief was granted is favor of the assessee.

j. Income Tax Appellate Tribunal - Hyderabad Ito, Ward-1 Nalgonda vs. The Nalgonda District Co-Op ... on 7. relief was granted is favor of the assessee.

During the FY 2016-17 relevant AY 2017-18 the appellant bank could not receive an amount of Rs.2,76,52,541/ due So the Sticky advances overdue accounts/NPA.

<i>S.No.</i>	<i>Particulars</i>	<i>Amount in Rs.</i>
<i>1.</i>	<i>Interest demand for FY 2016-17</i>	<i>11,74,58,023</i>
<i>2.</i>	<i>Interest demand for FY 2015-16</i>	<i>8,98,05,482</i>
	<i>Difference of interest demand not recovered</i>	

Instead claiming the same was claimed as the expenditure by way of debit the profit and loss A/c. difference of interest demand not recovered for FY relevant AY 2017-18 was claimed as deduction while computing the income of the bank. Further a provision was also made in this regard.

Further the following documents are submitted before the Hon'ble Commissioner Income Tax (A), (NFAC).

- 1. A copy of statement showing the demand, collection and balance for FY 2015-16 relevant AY 2016-17 is enclosed.*
- 2. A copy of statement showing the demand, collection and balance for FY 2014-17 relevant AY 2017-18 is enclosed...*
- 3. A copy of ledger A/c in respect of reserve for overdue interest A/c for FY 2016-17 relevant AY 2017-18 is enclosed.*
- 4. A copy of ledger A/c in respect of overdue interest - Branch Wise for FY 2016-17 relevant AY 2017-18 is enclosed.*
- 5. A copy of vouchers relating to overdue interest - Branch Wise for FY 2016-17 relevant AY 2017-18 is enclosed.*

Basing on the above it is evident that an amount of Rs.2,76,52,541/- which was claimed as any other amount allowable as deduction is the interest which was not recoverable or not received on the sticky loss or overdue loans. Basing the above facts of the case and various

judicial pronouncements the appellant humbly prays the Hon'ble-CIT(A)(NFAC), to kindly grant relief in respect of additions made by the AO for interest on overdue loans Rs. 2,76,52,541 / and pass appropriated order(s) as deemed fit."

4. Learned CIT(A) by order dated 11/12/2023, partly allowed the appeal, holding that the assessee claimed provision for interest on NPA which has become sticky and, therefore, the same is allowable as per provisions of section 36(1)(vii) and (viiia) of the Act.

5. Revenue is, therefore, aggrieved by such an order of the learned CIT(A) and preferred this appeal contending that the amount claimed as deduction by the assessee as per the provisions of section 36(1)(vii) and 36(1)(viiia) of the Act since the assessee is only eligible for deduction of 7.5% of total income as per the provisions of said section, but there is no clarity of advances made by the assessee in respect of rural branches as well as the creation of provision for bad debts, and the assessee also did not claim in the return of income and, therefore, the question admissibility of 10% of average rural advances, does not arise.

6. It is the argument of the learned DR that the learned CIT(A) did not consider this aspect in detail nor did the learned CIT(A) called for any remand report on the submissions made by the assessee and, therefore, the learned Assessing Officer did not have an opportunity to meet the contentions of the assessee. Learned DR submitted that the order of the learned CIT(A) is very cryptic and infact it did not deal with the issues involved in the matter in detail and, therefore, needs to be set aside and the order of the learned Assessing Officer has to be restored.

7. Per contra, learned AR submitted that the learned CIT(A) rightly considered the issue in this matter and it is only because the interest on the overdue loans which are doubtful to be recovered were needed to be deducted from the income of the assessee and, therefore, there is no need to interfere with the orders of the first appellate authority inasmuch as it was passed after considering the detailed submissions made by the assessee, clinching the issue.

8. We have gone through the record in the light of the submissions made on either side. No doubt the assessee made elaborate submissions before the learned CIT(A), but the fact remains that the learned CIT(A) concluded the issue by simply observing that the banks are allowed provision of irrecoverable loans for principal as well as interest accrued, if it becomes non-performing asset and since the assessee claimed provision for interest on NPA, which became sticky, the same becomes allowable under the provisions of section 36(1)(vii) and 36(1)(viia) of the Act.

9. It is not explained before us as to whether the norms to declare a loan as NPA are followed by the assessee or that the assessee followed the procedure prescribed under section 36(1)(viia) of the Act while making the provision. It is also not explained satisfactorily that the amount of deduction now claimed in respect of the interest on the overdue loans is limited to the amount by which it exceeds the credit balance in the provision created for this purpose. We wish the learned CIT(A) should have dealt with all these aspects in detail, if necessary, after calling the remand report from the learned Assessing Officer.

10. In these set of circumstances, we deem it necessary to set aside the impugned order and restore the issue to the file of the learned CIT(A) for considering the submissions made by the assessee in detail and if he feels, necessary, after calling a remand report from the learned Assessing Officer and pass a detailed order, after affording an opportunity of being heard to the assessee. We hold and direct so. Grounds of appeal are accordingly treated as allowed for statistical purposes.

11. In the result, appeal of the Revenue is treated as allowed for statistical purposes.

Order pronounced in the open court on this the 27th day of March, 2024.

Sd/-
(INTURI RAMA RAO)
ACCOUNTANT MEMBER

Sd/-
(K. NARASIMHA CHARY)
JUDICIAL MEMBER

Hyderabad,
Dated: 27/03/2024

TNMM

Copy forwarded to:

1. ACIT, Circle-1, Nellore.
2. M/s. The District Co-operative Central Bank Limited, 5/22, Railway Station Road, Nagarajupet, Kadapa.
3. Pr.CIT,
4. DR, ITAT, Hyderabad.
5. GUARD FILE

TRUE COPY

ASSISTANT REGISTRAR
ITAT, HYDERABAD