

IN THE INCOME TAX APPELLATE TRIBUNAL  
PUNE "A" BENCH : PUNE

BEFORE SHRI MANISH BORAD, ACCOUNTANT MEMBER &  
SHRI VINAY BHAMORE, JUDICIAL MEMBER

I.T.A.No.1752/PUN/2025  
(Assessment Year 2017-2018)

Bharat Agarwal Nagari Sahakari Patsanstha Maryadit Lonavala, Vasantdada Patil Sankul, Lonavala, Pune-410401  PAN : AAAAL 1845 P  (Appellant)	vs.	ITO, Ward-9(5), Pune         (Respondent)
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For Assessee :	Shri Pramod S Shingte, CA
For Revenue :	Shri Uodol Raj Singh, DR

Date of Hearing :	13.11.2025
Date of Pronouncement :	18.11.2025

**ORDER**

**PER : MANISH BORAD, AM**

This appeal at the instance of the assessee is directed against the order of National Faceless Appeal Centre (NFAC)/ Commissioner of Income Tax (Appeals), Delhi [**"CIT(A)"**] dated 19/08/2024 passed under section 250 of the Income Tax Act, 1961 (**"Act"**), which is arising out of assessment order u/s. 143(3) of the Act, dated 27/12/2019 framed by the ITO, Ward-9(5), Pune, for the Assessment Year (**AY**) 2011-12.

2. Registry has informed that there is a delay of 264 days in filling the instant appeal. An application for condonation of delay along with affidavit is placed on record. The main reason for delay is on account of time taken to collect the requisite documents which were required in support of the grounds of appeal. We note that the assessee is totally dependent on the Tax Consultant and is normally not well conversant with the appellate proceedings and observe that delay is not intentional and therefore adopting a justice oriented approach and also taking guidance from the judgments of Hon'ble Apex Court in the case of *Collector, Land Acquisition, Anantnag & Anr. Vs. Mst. Katiji & Ors.* [(1987) 2 SCC 107] and in the case of *Inder Singh Vs. State of Madhya Pradesh* judgment dated 21.03.2025 (2025 INSC 382), we hereby condone the delay of 264 in filing of the instant appeal before this Tribunal and admit it for adjudication.

3. At the outset, learned counsel for the assessee fairly admitted that due to non-compliance before the Ld.CIT(A), the appeal of the assessee has been dismissed. He further submitted that the only issue relates to the disallowance of deduction u/s. 80P of the Act at Rs. 83,75,260/-. He submitted that the alleged sum is the interest earned by the assessee-society from the investments held with the cooperative banks and it has been consistently held by this

Tribunal in plethora of decisions that interest earned from investments with cooperative banks is also eligible for deduction u/s. 80P(2)(d) of the Act.

4. On the other hand, ld. Departmental Representative (DR) vehemently argued supporting the order of the Ld.CIT(A), but failed to controvert the contentions made by the learned counsel for the assessee about the allowability of deduction u/s. 80P(2)(d) of the Act for the interest income earned on investments held with cooperative banks.

5. We have heard rival contentions and perused the records placed before us. We observe that the assessee is a cooperative society. Income of Rs. NIL declared in the income tax return for the A.Y. 2017-18 furnished on 27/01/2010 after claiming deduction u/s. 80P(2)(a)(i) of the Act at Rs.83,75,258/-. Case selected for scrutiny through CASS and after serving of valid statutory notices, assessment u/s. 143(3) of the Act has been completed, but the Ld.AO disallowed the claim of deduction u/s. 80P of the Act by observing that interest income earned on the investments in cooperative banks is not eligible for deduction u/s. 80P(2)(d) of the Act.

6. Though, assessee challenged the action of the Ld.AO before the Ld.CIT(A) and also filed written submissions, but failed to succeed. Now the assessee is in appeal before this Tribunal.

7. The only issue for our consideration is whether the interest income of Rs. 83,75,258/- claimed to have been earned on the investments held with cooperative banks is eligible for deduction u/s. 80P(2)(d) of the Act or not. The issue under consideration is no more *res integra* by virtue of *catena* of decisions taking consistent view that interest income earned from deposits with Cooperative Banks is eligible for deduction u/s.80P(2)(d) of the Act. Recently, this Bench in the case of *Annapurna Nagari Sahkari Pathsanstha Maryadit Yawal Vs. ITO* in ITA No.313/PUN/2025, order dated 07.05.2025 has allowed the deduction claimed by the assessee u/s.80P(2)(d) of the Act observing as under :

*“5. We have heard the rival submissions and perused the record placed before us. There is no dispute to the fact that assessee has earned interest income of Rs.1,02,95,103/- from deposits/investments with Cooperative Banks. This fact has been accepted by the Assessing Officer in the assessment order also. Admittedly, assessee has not filed the requisite details before ld.CIT(A). We however considering the fact that the issue regarding allowability of deduction u/s.80P(2)(d) of the Act for the interest earned from Cooperative Banks is no longer res integra as the very same issue has been decided by this Tribunal in catena of decisions and in assessee’s own case for A.Y. 2020-21 holding that the assessee is eligible for deduction u/s.80P(2)(d) of the Act as the Cooperative Banks are basically Cooperative Societies. For the sake of brevity, the finding given in ITA No.2471/PUN/2024 is reproduced below:*

*“7. We have heard both the sides and perused the record placed before us. In the instant case, the Assessing Officer disallowed the interest income of Rs.1,63,98,998/- earned out of the Fixed deposits/ Investments made with Cooperative Banks treating the same as Income from Other Source. Ld.CIT(A) dismissed the appeal in limine without discussing anything on merits of the issues and on the ground that the assessee has not provided plausible explanation for admission of additional evidences.*

8. Section 80P(2)(d) of the Act provides that the sum received in respect of any income by way of interest or dividend derived by Cooperative Society from its investment with any other Cooperative Society, the whole of such income is eligible for deduction u/s.80P of the Act. we find that this issue is no more res integra as the Coordinate Benches of this Tribunal has been consistently holding that the interest income earned out of the FDs/Investments kept with Cooperative Banks is allowable u/s.80P(2)(d) of the Act. We find that this Tribunal in case of Kolhapur District Central Coop. Bank Kanista Sevakanchi Sahakar Pat Sanstha Ltd., Vs. ITO in ITA No.1365/PUN/2023, dated 01.01.2024 dealing with similar issue after placing reliance on another decision of this Tribunal in the case of The Ugar Sugar Works Kamgar & Dr. Shirgaokar Shaikshanik Trust Nokar Co-op Credit Society vs. ITO in ITA No.84/PAN/2018, dated 27.05.2022 has held that the interest earned from deposits with Cooperative Banks are also eligible for deduction u/s.80P(2)(d) of the Act as Cooperative Banks are basically Cooperative Societies only but have turned into Bank on getting necessary banking license.

9. Respectfully following the above referred decisions taking consistent view along with considering the facts of the case, where the assessee made investment with the Cooperative Banks we hold that the assessee is eligible for deduction u/s.80P(2)(d) of the Act for the interest income earned from Cooperative Banks at Rs.1,63,98,998/-. Findings of the ld. CIT(A) is set-aside and the Assessing Officer is directed to allow the claim made by the assessee. Effective grounds of appeal raised by the assessee are allowed.”

6. Respectfully following the same, we hold that deduction of Rs.1,02,95,103/- u/s.80P(2)(d) of the Act claimed by the assessee on the interest earned from deposits/Investments with Cooperative Banks deserves to be allowed. Relevant finding of ld.CIT(A) on merits is set aside and grounds of appeal No.5 to 8 raised by the assessee are allowed.”

8. Considering the above decision and also consistent view taken by this Tribunal, we are inclined to hold that the assessee's claim of deduction u/s. 80P(2)(d) of the Act at Rs. 83,75,258/- earned from investments held with cooperative banks is allowable. The findings of the Ld.CIT(A) is set aside.

The effective grounds of appeal raised by the assessee are allowed.

9. In the result, appeal of the Assessee is allowed.

Order pronounced in the open Court on 18.11.2025.

Sd/-  
 [VINAY BHAMORE]  
 JUDICIAL MEMBER

Sd/-  
 [MANISH BORAD]  
 ACCOUNTANT MEMBER

Pune, Dated 18<sup>th</sup> November, 2025

vr/-

Copy to

1.	The appellant
2.	The respondent
3.	The CIT(A), Pune concerned.
4.	D.R. ITAT, "A" Bench, Pune.
5.	Guard File.

//True Copy //

By Order

Assistant Registrar,  
 ITAT, Pune.