

**IN THE INCOME TAX APPELLATE TRIBUNAL  
COCHIN BENCH - DB**

**BEFORE SHRI INTURI RAMA RAO, AM  
AND SHRI MANU KUMAR GIRI, JM**

**ITA Nos. 788, 789 and 790 /Coch/2025**

**Assessment Year: 2018-19, 2020-21 and 2022-23**

Puthiyakavu Service Co Operative Bank ..... Appellant  
Limited,  
No.1240, Puthiyakavu,  
Kulasekharapuram, ..... vs.  
Karunagappally, Kollam,  
Kerala- 690 544.  
[PAN: AADAP5418K]

Income Tax Officer, Ward-2, Alappuzha ..... Respondent

Assessee by: Shri Rajakanan, Adv  
Revenue by: Smt. Leena Lal, Snr AR

Date of Hearing: 07.11.2025  
Date of Pronouncement: 25.11.2025

**ORDER**

**PER MANU KUMAR GIRI, JM:**

These appeal filed by the assessee are directed against the orders of the National Faceless Appeal Centre, Delhi ["CIT(A)" in short] all dated 19.08.2025 for Assessment Years (AYs) 2018-19, 2020-21 and 2022-23.

2. Brief facts of the case are that the assessee is a primary agricultural credit co-operative society duly registered under the Kerala Co-operative Societies Act, 1969. The principal object of the society is to undertake agricultural credit activities and to provide loans to its members. The assessee filed the return of income for AY 2018-19 on 31.10.2018 disclosing Nil income after claiming

deduction of Rs.1,71,22,027/- u/s. 80P of the Act. Against the said return of income assessment was completed vide order dated 21.04.2021 passed u/s. 143(3) r.w.s. 144B of the Income Tax Act, 1961 (the Act) at a total income of Rs.1,71,22,027/-. While doing so, the AO denied exemption in respect of interest income derived from the District Co-operative bank, interest income from Gold loan as 'income from other sources'.

3. Being aggrieved, an appeal was filed before the CIT(A), who vide the impugned order affirmed the disallowance of the deduction u/s. 80P(2)(a)(i) of the Act following the decision of the Hon'ble Supreme Court of India in the case of Totgars Co-operative Sale Society Ltd (2010) 322 ITR 283.

4. Being aggrieved by the order of the CIT(A), assessee is in appeal before us in the present appeal.

5. It is contended by the learned AR for the assessee that interest income earned from co-operative society qualifies for deduction in view of the decision of the Hon'ble Jurisdictional High Court in the case Pr. CIT vs. Peroorkada Service Co-op. Bank Ltd. [2022] 442 ITR 141 (Ker) and interest income earned on investments made with treasury and SBI qualifies for deduction in view of the decision of the Hon'ble Jurisdictional High Court in the case of CIT vs. Sahyadri Co-operative Credit Society Ltd. in ITA No. 63 of 2019.

6. On the other hand, the learned DR for the revenue submitted that the Id.CIT(A) has rightly relied upon the decision of the Hon'ble Supreme Court of India in the case of Totgars Co-operative Sale Society Ltd (2010) 322 ITR 283. Further it is submitted that interest income earned on investments with co-operative bank does not qualify for deduction u/s. 80P(2)(a)(i) of the Act.

7. We have heard the rival contentions and perused the material available on record. The issue in the appeal relates to the eligibility of interest income earned on investments made with the co-operative banks and interest income

from Gold loan. The issue is no longer res integra as it stands settled by the decision of the Hon'ble Jurisdictional High Court in favour of the assessee. With regard to the interest income earned on deposits made out of surplus funds of the appellant society with other co-operative societies qualifies for deduction u/s. 80P(2)(d) of the Act as held by the Hon'ble Jurisdictional High Court in the case of Pr. CIT vs. Peroorkada Service Co-op. Bank Ltd. [2022] 442 ITR 141 (Ker). The Hon'ble Jurisdictional High Court in the case of Mavilayi Service Co-operative Bank Ltd. v. CIT [2021] 431 ITR 1 (SC). As regards the interest income earned by the appellant co-operative society on interest income from Gold loan, it is also covered by the same judgment. As regards the interest income earned by the appellant co-operative society on interest income from fixed deposits made with the SBI and treasury also qualifies for deduction u/s. 80P(2)(a)(i) of the Act as the investments made out of surplus funds. The interest income on such investments also qualifies for deduction u/s. 80P(2)(a)(i) of the Act in view of the decision of the Hon'ble Jurisdictional High Court in the case of CIT vs. Sahyadri Co-operative Credit Society Ltd. in ITA No. 63 of 2019.

8. In the result, all three appeals of the assessee are allowed.

Order pronounced in the open court on 25<sup>th</sup> November, 2025 at Cochin.

**Sd/-**  
**(INTURI RAMA RAO)**  
**ACCOUNTANT MEMBER**

**Sd/-**  
**(MANU KUMAR GIRI)**  
**JUDICIAL MEMBER**

Cochin, Dated: 25<sup>th</sup> November, 2025  
K.B

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2. The Respondent
3. The Pr. CIT concerned
4. The Sr. DR, ITAT, Cochin
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