

**आयकर अपीलीय अधिकरण, हैदराबाद पीठ**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**Hyderabad 'A' Bench, Hyderabad**

**BEFORE SHRI VIJAY PAL RAO, VICE PRESIDENT**  
**AND**  
**SHRI MANJUNATHA G. ACCOUNTANT MEMBER**

आ.अपी.सं / **ITA No.991/Hyd/2024**  
 Assessment Year 2017-2018

Navatharangini Mahila Podupu Paraspara Sahakara Parimitha Samithi, WARANGAL. PIN - 506 132. Telangana. PAN AAECN6799N Telangana.	vs.	The Income Tax Officer, Ward-2, WARANGAL. Telangana.
(Appellant)		(Respondent)
निर्धारिती द्वारा / Assessee by:	-None-	
राजस्व द्वारा / Revenue by:	MS V Koteswaramma, Sr. AR	
सुनवाई की तारीख / Date of hearing:	18.02.2026	
घोषणा की तारीख / Pronouncement:	25.02.2026	

**आदेश / ORDER**

**PER VIJAY PAL RAO, VICE PRESIDENT :**

This appeal by the Assessee is directed against the Order dated 30.12.2023 of the learned CIT(A)-National Faceless Appeal Centre [in short "NFAC], Delhi, for the assessment year 2017-2018.

2. Earlier this appeal of the assessee was dismissed by this Tribunal vide order dated 02.01.2025 being invalid appeal as the assessee did not remove the defect in the memo of appeal in Form-36 which was neither signed nor verified by or on behalf of the assessee. The relevant observation of the Tribunal in Order dated 02.01.2025 are in para nos.3 and 3.1 as under:

*“3. We have heard the learned DR and carefully perused the relevant record. It transpires from the record that the assessee has e-filed the present appeal, however, Memo Appeal in Form 36 uploaded is unsigned and unverified. As per Rule 47 of I.T. Rules, 1962, an appeal before the Tribunal shall be made in Form 36 along with grounds of appeal and the form of verification appended thereto shall be signed by the person specified in Sub-Rule (3) of 45 i.e. i) the person who is authorized to verify the return of income u/s 140 of the I.T. Act, 1961 as applicable to the assessee. For ready reference, we quote Rule 47 of I.T. Rules, 1962 as under:*

*“47. (1) An appeal under sub-section (1) or sub-section (2) of section 253 to the Appellate Tribunal shall be made in Form No.36, and where the appeal is made by the assessee, the form of appeal, the grounds of appeal and the form of verification appended thereto shall be signed by the person specified in sub-rule (3) of Rule 45.*

*(2) A memorandum of cross objections under sub-section (4) of section 253 to the Appellate Tribunal shall be made in Form No.36A and where the memorandum of cross-objection is made by the assessee, the form of memorandum of cross objections, the grounds of cross-objections and the form of verification appended thereto shall be signed by the person specified in sub-rule (3) of Rule (45)”.*

*3.1 Therefore, the present appeal filed by the assessee electronically is not in accordance with Rule 47 of the I.T. Rules, 1962 and therefore, is not a valid appeal. Further, in Form 36, the assessee has shown the date of impugned order as 17/12/2019, whereas the impugned order of the learned CIT (A) is dated 30/12/2023 and the communication of the same is also stated in Form 36 on 13/08/2024. Thus, there is a mistake in Form No.36 regarding the details of the impugned order and the date of communication. The defect memo was issued to the assessee for rectification of the mistake. However, there was no response to the defect memo and notices issued to the assessee. Accordingly, the appeal of the assessee is treated as invalid appeal and stands dismissed in limine.”*

3. Thereafter, the assessee filed M.A.No.51/Hyd./2025 and pleaded that due to mistake of not noting down the date of hearing by the Authorised Representative of the Assessee no body appeared before the Tribunal on the date of hearing and therefore, the assessee pleaded for recalling of the earlier order dated 02.01.2025. The Tribunal vide order dated 08.08.2025 recalled the earlier order and restored the appeal of the assessee subject to cost of Rs.5000/- to be paid to Prime Minister’s National Relief Fund within a period of one month from the date of the said order. The relevant part of the order in Para-4 reads as under:

“4. We have considered the rival submission and carefully perused the orders of the authorities below as well as the impugned order dated 02/01/2025 of this Tribunal. The appeal of the assessee was listed for hearing on 02/01/2025 but there was no appearance on behalf of the assessee despite the notices dated 17/10/2024 and 13/12/2024 were issued to the assessee. Further, the Tribunal noted that the Memo of Appeal in Form-36 as uploaded by the assessee on the e-filing portal was neither signed nor verified and therefore, the appeal of the assessee was considered as invalid in view of Rule 47 r.w. rule 45(3) as well as section 140 of the I.T. Act. Consequently, the appeal of the assessee was dismissed by treating the same as invalid. Now the assessee has filed this application for seeking recalling of the said order of the Tribunal and an opportunity of hearing to prosecute the appeal filed by the assessee. The assessee has also filed the revised Form-36, duly signed and verified. We further note that there was no appearance on behalf of the assessee either before the AO or even before the learned CIT(A) and therefore, the conduct of the assessee appears to be negligent and non-serious towards the proceedings. Since the appeal of the assessee was dismissed in limine as invalid appeal and now the assessee has filed revised Form-36, duly signed and verified, therefore, taking a lenient view and in the interest of justice, we recall the impugned order dated 02/01/2025 subject to cost of Rs.5000/- to be paid to the Prime Ministers' National Relief Fund within a period of one month from the date of this order. The assessee is therefore, granted an opportunity to present and argue the case and the appeal of the assessee is directed to be listed for hearing on 15<sup>th</sup> September, 2025. The assessee is directed to produce the receipt of payment of cost, on or before the date of hearing of the appeal. Since the date of hearing is already announced in the Open Court and has

*been noted by both the parties, therefore, no separate notice be issued in this respect.”*

4. Thus, by taking a lenient view the Tribunal recalled the earlier order, subject to cost for granting an opportunity to present and argue the case and the appeal was listed for hearing on 15.09.2025. The date of the hearing of the appeal was announced in the open Court and was also noted down by the parties. Despite the said order of the Tribunal dated 08.08.2025 recalling the earlier order and restoring the appeal of the assessee for fresh hearing, the assessee again did not appear despite various opportunities given by the Bench. On 04.12.2025 the assessee filed a request for adjournment and accordingly the hearing of the case was adjourned to 13.01.2026 but none appeared on behalf of the assessee on 13.01.2026 and to give further opportunity, hearing was again adjourned to 17.02.2026 and again none has appeared on behalf of the assessee on 17<sup>th</sup> February, 2026. To give one more opportunity, the hearing was adjourned to 18.02.2026 however, none has appeared on

behalf of the assessee even on 18.02.2026 and therefore, the Bench proposed to hear and dispose of the appeal ex-parte.

5. The assessee has raised the following grounds of appeal:

1. *“On the facts and in the circumstances of the case the order of the Commissioner appeals confirming the addition of Rs.4498330 addition made by the Assessing officer is erroneous in law and facts of the case*
2. *The learned Assessing Officer erred in law and facts of the case in levying tax at higher rate under Section 115BBE.*
3. *The appellant crave leave to add to, alter, delete, modify, amend, substitute, cancel or withdraw all or any of the above grounds.”*

6. We have heard the learned DR and carefully perused the Order of the Assessing Officer as well as the impugned order of the learned CIT(A). The assessee is a rural thrift and credit society registered under the Cooperative Societies Act. The assessee did not file any return of income for the year under consideration. On verification of the record, the Assessing Officer noted the cash deposits in the bank account of the assessee maintained with A.P. Grameena Bank during the demonetization period. The Assessing Officer issued notice u/sec.142(1) of the Income Tax Act [in

short "the Act"], 1961 to the assessee for filing the return of income. However, the assessee did not respond to the said notice nor filed any return of income. Thereafter, the Assessing Officer issued various notices to the assessee including the show cause notice for completing the assessment as per the material available on record on best judgment basis u/sec.144 of the Act. However, there was no response on behalf of the assessee to the notice issued by the Assessing Officer. Accordingly, the Assessing Officer passed the assessment order u/sec.144 of the Act on 17.12.2019 whereby the deposits in the bank account to the tune of Rs.44,19,240/- was assessed u/sec.69A of the Act. The Assessing Officer also made an addition on account of the interest received from the bank account of Rs.79,090/- as income from other sources. The assessee challenged the action of the Assessing Officer before the learned CIT(A) and claimed the deduction u/sec.80P(2) of the Act. The assessee neither filed any record nor any material before the learned CIT(A) in support of the claim nor any return of income was filed by the assessee for the year under consideration.

Accordingly, the learned CIT(A) dismissed the appeal of the assessee and confirmed the additions made by the Assessing Officer. For ready reference, the Order of the learned CIT(A) in Paras-4 to 6 is reproduced as under:

*“4.0. I have perused the assessment order and the appeal documents filed by the assessee. In this case the assessee filed did not file the return of income and made cash deposits of Rs.11,01,000/-in its bank account maintained with the AP Grameena Vikas Bank, Gudur in the demonetization period. In the appeal proceedings, the assessee explained that the deposits represented money of the members of self help groups (SHGs). The submission of the assessee is produced as following:*

*The Appellant is a Rural Thrift and Credit Society registered under Telangana Mutually Aided Cooperative Societies Act (Act No.30 of 1995) 1995. The appellant is the Samithi (Federation) consisting of the subordinate level organizations of Sangams (Societies) in turned consisting of local village level Self Help Groups (SHGs) consisting of Individual Members in each group a minimum of five (5) members at Micro Level. The objective and purpose of the appellant and its constituent members is to improve the living standards of the Rural population below the poverty lane who has no access to banking facilities and brought under the programme of inclusive Growth through Micro Finance and SHG Bank Linkage Programme of Government of India, Reserve Bank of India, Micro Finance Department through National Bank for Agriculture and Rural Development (NABARD) 1992. The SHGs work on the*

*principle of Mutuality One for all and all for one" and there is no commercial purpose in the activity of the appellant of accepting deposits by promoting Thrift among the members and lending to the members, hence functions as an organization of the members, for the Members and by the members who are Rural poor. As the Groups does not have individual banking access the collections and disbursement among the members of the group and Sangams at the village level takes place in cash and the net amount will be channelled into the bank account of Samithi. Each Samithi is having at least 10 to 15 Sangams as members and each Sangam is having 100 to 200 Groups and each group will be having 500 to 800 individual members thus the collection or disbursement at individual level are small in amounts and at Samithi level when accumulated becomes such amount reflected in the books as drop by drop becomes a bucket of water. Such amount of balance of cash deposited into the bank accounts immediately that being a practice during the period of demonetization the collections in demonetized notes cannot be disbursed to member as such has been deposited in gross amounts as it is collected. There cannot be an adverse on these deposits as undisclosed money hence the assessment is Arbitrary, illegal and unlawful. More over on the application of principle of there is no taxability either at SHGs level, Sangam level or at Samithi level the principal of Mutuality is has by the Supreme Court in Civil Appeal Nos. 7343-7350 of 2019. The Mavilayi Service Cooperative Bank Ltd & Ors, Verses Commissioner of Income Tax Calicut & ANT. Therefore the order of the assessing officer is liable to be set aside/annulled the appellant prays for relief accordingly .... .. the assessee*

*is covered by the Decision of the Supreme Court in Civil Appeal No.8719/2022 and the high court of Bombay decision in QUEPEM Uraban Credit society limited Vs. Asst. Commissioner of Income Tax reported in 277 ITR 272 and as stated earlier Mavilayi Service Cooperative Bank Limited and Others Vs. Commissioner of Income Tax, Calicut and Another (2021) 7 SCC 90 in the aforesaid decision the Honourable Court as specially observed and held that the Primary agricultural Credit societies cannot be termed as Cooperative Banks under the Banking Regulation Act and therefore shall be entitled to exemption u/s 80(P) (2). The appellant claims relief accordingly. It is also stated by the Honourable Court such finding of Court is not required to be interfered with by this court in exercise of powers under article 136 of the Constitution of India. Even otherwise, on merits also and taking into consideration the CBDT circulars even the definition of Bank under the Banking Regulation Act, the Respondent/ Assessee cannot be said to be cooperative bank/bank and therefore section 80(P) (4) and shall not be applicable and that the respondent/assessee shall be entitled to exemption/benefit under section 80(P)(2) even otherwise the appellant samithi is covered by the mutuality principle and accordingly the income of the samithi is not taxable.*

5.0. *From the above it is seen that the contention of the assessee is that it is a co-operative society which provides microfinance to SHGs. Further, the assessee contended that the money in its bank account was the money belonging to SHGs. The assessee submitted that it is not a cooperative bank and therefore it is eligible for deduction u/s. 80P(2) of the Act. However, apart from the contention the assessee has not submitted any*

*proof/documentary evidence in support of its claim that it is a co-operative society. The assessee has not filed valid return of income claiming deduction u/s. 80P(2). Regarding credits in the bank account, the assessee failed to provide explanation about the sources during the assessment proceedings. Merely making a claim that the cash deposits in the bank account was out of the monies collected from members of SHG's cannot be accepted until the assessee provided the details of SHG's, composition of the members, date of transactions etc. Even during the appeal proceedings, the assessee did not submit any documentary evidence/proof in support of the source of credits in its bank account despite providing adequate opportunities. Nothing prevented the assessee from filing the details in support of his claim before the appellate authority. Therefore, the contention of the assessee that it is a co-operative society and eligible to claim deduction u/s 80P(2) is liable to be rejected.*

6.0. *It is also relevant to note that the transactions in SBN's were banned in demonetization period except under prescribed circumstances. The AO in Para 10 stated the following:*

*10. Further, it is pertinent to note here that the legal tender character of old currency was withdrawn by RBI w.e.f.8th November 2016 through Specified Bank Notes (cessation of liabilities) Act, 2017 and Specified Bank Notes (deposit of confiscated notes) Rules, 2017. Due to this the assessee is not empowered/authorized to collect any old currency from any other person which implies that whatever old currency the assessee has deposited into its bank accounts during demonetization period belongs to it and as such the assessee is under obligation to explain the sources of such monies. Since the assessee has failed to explain even after*

*several notices u/s 142(1) and show cause notice issued, these cash deposits made into assessee's account during demonetization period takes the character of unexplained money within the meaning of section 69A of the IT Act.*

*In view of this, I am constrained to uphold the action of the AO in bringing to tax, the unexplained money of Rs.44,19,240/- u/s 69A.”*

7. The assessee challenged the impugned order of the learned CIT(A) before the Tribunal but again no material/record is filed before the Tribunal to show that the assessee is entitled for the deduction u/sec.80P of the Act. Even the assessee has not produced any material to show that the assessee is maintaining regular books of account and the same are audited. Therefore, in the absence of any material we do not find any error or illegality in the impugned order of the learned CIT(A).

8. Further, vide order dated 08.08.2025 the Tribunal recalled the earlier order and restored the appeal of the assessee subject to cost of Rs.5000/- to be paid to the Prime Minister's National Relief Fund within one month from the date of the order and also directed the assessee to produce the receipt of payment of cost on or before the date of hearing

of the appeal. The assessee has not produced any receipt to show that said cost is paid by the assessee and therefore, this casual approach of the assessee shows that the assessee is not interested in pursuing the tax matter either before the authorities below or before this Tribunal. We further note that this appeal of the assessee was filed on 30.09.2024 against the impugned order dated 30.12.2023 and therefore, there is a gap of 09 months in filing the appeal which is beyond the limitation period of 02 months for filing the appeal before the Tribunal. Hence, in the facts and circumstances as discussed above, the present appeal of the assessee is dismissed.

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

Order pronounced in the open Court on 25.02.2026.

Sd/-  
[MANJUNATHA G.]  
ACCOUNTANT MEMBER

Sd/-  
[VIJAY PAL RAO]  
VICE PRESIDENT

Hyderabad, Dated 25<sup>th</sup> February, 2026.

VBP

Copy to :

1.	Navatharangini Mahila Podupu Paraspara Sahakara Parimitha Samithi, 18-744/27, Beside ICDS, Dwaraka Pet Road, Narasampet, WARANGAL – 506 132. Telangana.
2.	The Income Tax Officer, Ward-2, Warangal.
3.	The Pr. CIT, Hyderabad.
4.	The DR, ITAT, “A” Bench, Hyderabad.
5.	Guard file.

BY ORDER