

**आयकर अपीलीय अधिकरण, इंदौर न्यायपीठ, इंदौर**  
**IN THE INCOME TAX APPELLATE TRIBUNAL**  
**INDORE BENCH, INDORE**  
**BEFORE SHRI B.M. BIYANI, ACCOUNTANT MEMBER**  
**AND**  
**SHRI PARESH M. JOSHI, JUDICIAL MEMBER**

**ITA No.479/Ind/2024**  
**Assessment Year:2015-16**

ITO, Dhar	<b><u>बनाम/</u></b> <b><u>Vs.</u></b>	Jila Sahkari Kendriya Bank Maryadit, Jhabua
(Revenue/Appellant)		(Assessee/Respondent)
<b>PAN: AACFJ4887C</b>		
Assessee by	Shri Kunal Agrawal & Shri Harsh Choukse, AR	
Revenue by	Shri Anup Singh, CIT-DR	
Date of Hearing	26.03.2026	
Date of Pronouncement	27.03.2026	

**आदेश / O R D E R**

**Per B.M. Biyani, A.M.:**

Feeling aggrieved by order of first appeal dated 04.04.2024 passed by learned Commissioner of Income-Tax (Appeals)-NFAC, Delhi ["CIT(A)"] which in turn arises out of assessment-order dated 11.09.2021 passed by learned National Faceless Assessment Centre, Delhi ["AO"] u/s 143(3) r.w.s. 263 of Income-tax Act, 1961 ["the Act"] for Assessment-Year ["AY"] 2015-16, the revenue has filed this appeal.

2. The background facts leading to present appeal are as under:

- (i) The assessee is a co-operative bank. For AY 2015-16, the assessee filed return declaring a total income of Rs. 8,00,40,650/-. The case was selected for scrutiny and the AO passed assessment-order dated 03.10.2017 u/s 143(3) determining total income at Rs. 8,81,43,270/- after making disallowance of deduction of Rs. 81,02,617/- claimed by assessee u/s 80P.
- (ii) Subsequently, the Ld. PCIT, Ujjain passed revision-order dated 23.03.2020 u/s 263 terming the assessment-order passed by AO as erroneous-cum-prejudicial to the interest of revenue for certain issue(s). The Ld. PCIT set aside assessment-order and directed AO to reframe assessment.
- (iii) Pursuant to Ld. PCIT's direction, the AO passed fresh assessment-order dated 11.09.2021 u/s 143(3) r.w.s. 263 wherein he made two disallowances, as under:
- (a) The assessee claimed deduction of Rs. 4,00,00,000/- u/s 36(1)(viiia) on account of provision for bad and doubt debts. Out of this, the AO allowed deduction to the extent of Rs. 66,10,745/- (7.50% of gross total income) and disallowed remaining amount of Rs. 3,33,89,255/-.
- (b) The AO disallowed deduction of Rs. 81,02,617/- claimed by assessee u/s 80P.

- (iv) Aggrieved, the assessee carried matter in first-appeal whereupon the CIT(A) granted part-relief in the matter of disallowance u/s 36(1)(viia) and partly upheld. Further, the CIT(A) upheld disallowance of section 80P fully.
- (v) Now, the revenue is aggrieved by part-relief granted by CIT(A) in the matter of disallowance u/s 36(1)(viia) and accordingly come up in this appeal.
3. The revenue has raised following grounds:

***Original grounds in Form No. 36:***

*"1. Whether in the facts and in law in the circumstances of the case, the Ld. CIT(A) has erred in allowing appeal of the assessee without appreciating the facts and circumstances of the case.*

*2. Whether in the facts and in law in the circumstances of the case, the Ld. CIT(A) has erred in allowing appeal of the assessee without appreciating the facts discussed by the Assessing Officer in his assessment order.*

*3. Whether in the facts and in law in the circumstances of the case, the Ld. CIT(A) has accepted the copy of Census of India, 2011 in which the categorization of 10 branches fall under the classification of Rural Branch while the Ld. CIT(A) would took the latest population as per the local municipality, panchayats, etc.*

*4. Whether in the facts and circumstances of the case, the Ld. CIT(A) is justified in deleting the addition of Rs.322.18 lakhs made by the Assessing Officer under section 36(1)(viia)(a) of the Income Tax Act, 1961. The appellant craves leave to add or to deduct from."*

***Additional grounds by way of separate application dated 13.02.26:***

*"1. Whether in the facts and in the circumstances of the case, the Ld. CIT(A), NFAC Delhi, erred in deleting the addition of Rs. 322.18 lakhs*

*made by the AO u/s 36(1)(viiia) of IT Act, 1961 on the basis of non-submission of remand report, when, as per the record, no such remand report was called for from the AO, and the request for the remand report was inadvertently made to the assessee instead of the AO?*

*2. The appellant craves leave to add to or deduct from or otherwise amend the above additional grounds of appeal."*

4. We have heard learned Representatives of both sides and carefully considered the documents held in case-file including orders of lower-authorities.

5. It emerged during hearing that the section 36(1)(viiia) allows deduction for aggregate of two components i.e., (i) 7.50% of gross total income (before deducting provision for bad and doubtful debts) and (ii) 10% of aggregate average advances made by rural branches of assessee-bank. It further emerged that the AO has given due deduction for the first component computed at Rs. 66,10,745/-, there is not dispute about that. However, the AO did not give any deduction for the second component, which resulted in impugned disallowance of Rs. 3,33,89,255/-. The reason assigned by AO for denial of second component, as mentioned in assessment-order, is that the assessee did not file details/data of rural branches and average advances made by those branches as per Rule 6ABA of Income-tax Rules, 1963. During first-appeal, however, the assessee filed details/data and the CIT(A) granted part-relief on mere submission of assessee but the AO did not get or avail opportunity to examine those details/data. Therefore, the working of second component remains unverified by AO as well as CIT(A). Having regard to the facts and deliberations by learned Representatives of both

sides, the bench proposed to remand this issue to the file of AO for a proper verification and adjudication afresh and the learned Representatives of both sides graciously accepted. In that view of matter, we set aside the impugned order for this limited issue and restore this matter to the file of AO for a fresh adjudication. Needless to mention that the AO's adjudication shall be confined only to the second component of section 36(1)(viiia) as discussed earlier. We direct the assessee to submit complete details to AO. Ordered accordingly.

**6. Resultantly, this appeal is allowed for statistical purpose.**

Order pronounced in open court on 27/03/2026

Sd/-

(PARESH M. JOSHI)  
JUDICIAL MEMBER

Sd/-

(B.M. BIYANI)  
ACCOUNTANT MEMBER

**Indore**

दिनांक /Dated : 27/03/2026

Patel/Sr. PS

Copies to: (1) The appellant  
(2) The respondent  
(3) CIT  
(4) CIT(A)  
(5) Departmental Representative  
(6) Guard File

By order  
Sr. Private Secretary  
Income Tax Appellate Tribunal  
Indore Bench, Indore