

**IN THE INCOME TAX APPELLATE TRIBUNAL  
AHMEDABAD “SMC” BENCH, AHMEDABAD**

**BEFORE Ms. SUCHITRA KAMBLE, JUDICIAL MEMBER**

**ITA No.7/Ahd/2023  
Assessment Year: 2018-19**

Manila Sahayak Gruh Udyogsaha vs. Asstt. Commissioner of Income Tax  
Opp. Nehru Baug, Anand Circle, Anand.  
Station Road,  
Dahod – 389 151  
(Gujarat)  
[PAN – AAATM 2425 K]  
(Appellant) (Respondent)

Assessee by : Shri M.K. Patel, Advocate  
Revenue by : Shri R.R. Makwana, Sr. DR

Date of hearing : 26.04.2023  
Date of pronouncement : 28.04.2023

**ORDER**

This appeal is filed by the Assessee against order dated 22.11.2022 passed by the CIT(A), National Faceless Appeal Centre (NFAC), Delhi for the Assessment Year 2018-19.

2. The Assessee has raised the following grounds of appeal :-

- “1. *The Learned CIT (Appeals) erred in disregarding the submission made during the course of appellate proceedings and further erred in confirming the disallowance of deduction u/s.80P(2)(d) of the Act amounting to Rs.28,04,714/-.*
2. *The Learned CIT (Appeals) erred in disregarding the submission made during the course of appellate proceedings including the decisions and further erred in not considering Dahod Urban Co-operative Society is a co-operative Society for the purpose of claim of deduction u/s.80P(2)(d) of the Act.*
3. *The Learned CIT (Appeals) erred in confirming the disallowance of Rs.28,04,714/-”*

3. The assessee is a Co-operative Society engaged in the business of cottage industry working for the development and welfare of women in the business of manufacturing and selling of Khakhra, Papad, Spices in the name of the Mahila Sahayak Gruh Udhog Sahakari Mandali Limited. The assessee filed its return of

income on 30.10.2018 declaring total income of Rs.18,26,660/- for the Assessment Year 2018-19. The return of the assessee was processed under Section 143(1) of the Income Tax Act, 1961 at Rs.91,86,940/- The case was selected for limited scrutiny assessment on the issue of deduction from total income under Chapter VI-A. The assessee claimed deduction under Section 80P particularly that of interest from Co-operative Bank and income from cottage industries. Interest received from Co-operative Banks was disallowed to the extent of Rs.28,04,714/- which was claimed under Section 80P(2)(d) of the Act. The Assessing Officer also disallowed Rs.1,67,852/- towards payment of employees contribution to Provident Fund after the due date under Section 36(1)(va) of the Act.

4. Being aggrieved by the Assessment Order, the assessee filed appeal before the CIT(A). The CIT(A) dismissed the appeal of the assessee.

5. The Ld. AR submitted that in respect of Panchmahal District Co-operative Bank Limited and Dahod Urban Co-operative Bank Limited and interest received from these Co-operative Banks which were members of Co-operative Society Act should have been allowed in the light of the decision of Hon'ble Gujarat High Court in the case of Surat Vankar Sahakari Sangh Limited vs. ACIT, 72 taxmann.com 169 (Gujarat) and CIT vs. Sabarkantha District Co-operative Milk Producers Union Limited (Tax Appeal No.473 of 2014, order dated 16.06.2014) as well as S. Jafari Momin, 662 ITR 331.

6. The Ld. DR relied upon the Assessment Order and the order of the CIT(A).

7. Heard both the parties and perused all the relevant material available on record. There is no dispute that Panchmahal District Co-operative Bank Limited and Dahod Urban Co-operative Bank Limited both are registered under Societies Act and the interest received from these Co-operative Banks are allowable under Section 80P(2)(d) of the Act as per the decision of Hon'ble Gujarat High Court in the case of Surat Vankar Sahakari Sangh Limited (supra). The Hon'ble High Court observed that the provision of Section 80P(2)(d) of the Act does not make any distinction in regard to source of the investment because this Section envisages deduction in respect of any income derived by the co-operative society from any investment with a co-operative society. These Co-operative Banks are also registered Co-operative Societies and,

therefore, the Assessing Officer as well as the CIT(A) was not right in disallowing the deduction under Section 80P(2)(d) of the Act. Appeal of the assessee is thus allowed.

8. In the result, appeal of the assessee is allowed.

Order pronounced in the open Court on this 28<sup>th</sup> day of April, 2023.

*Sd/-*  
**(SUCHITRA KAMBLE)**  
Judicial Member

**Ahmedabad, the 28<sup>th</sup> day of April, 2023**

**PBN/\***

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

*By order*

*Assistant Registrar*  
*Income Tax Appellate Tribunal*  
*Ahmedabad benches, Ahmedabad*