

Hoshiarpur Central Co-operative Bank Ltd. v. Commissioner of Income-tax, Simla

Civil Appeal No. 238 of 1955 — Single certified appeal under section 66A(2), addressing the referred notification question for two assessment years.

[1961] 1 SCR 107 | 1960-08-02

The notification's broad exemption for co-operative-society business profits covered authorised commodity trading with nonmembers; a supposed mutuality limitation could not narrow its words.

Legacy Indian Income-tax Act regime, section 60 notification; report headnote prints 1921(IX of 1921), while judicial body uses the historical section scheme without an express year

3 Judges | S. K. Das | M. Hidayatullah | J. C. Shah

01 FACTS OF THE CASE

The bank's authorised commodity-trading profits were exempt under the historical notification. It traded in controlled commodities with the Registrar's approval and claimed the 25 August 1925 notification, as amended, for 1948-49 and 1949-50. Revenue treated the exemption as confined to business with members. The High Court accepted that restriction, and the bank appealed. The report's headnote prints an anomalous 1921 Act citation; the judicial discussion uses the legacy section scheme.

Source: [SCR 108-110; target passages only,shared-page exclusions in read bounds.](#)

02 DISCUSSION BY THE HON'BLE COURT

Hidayatullah J treated the question as one of construing the notification. Its reference to profits of any co-operative society was broad enough to embrace business with outsiders when that business had been authorised. The added Explanation distinguished business profits from specified investment, property, dividend and other-source income; it did not impose a general members-only condition. Revenue did not pursue its other-sources argument in the Supreme Court. Earlier decisions about securities income or mutual dealings did not justify reading an unexpressed restriction into the notification.

Source: [SCR 110-113; target passages only,shared-page exclusions in read bounds.](#)

03 JUDICIAL DECISION

The controlled-commodity business profits fell within the exemption. The reference question should have been answered affirmatively.

Source: [SCR 113-113; target passages only,shared-page exclusions in read bounds.](#)

04 OUTCOME / IN WHOSE FAVOUR

Bank's appeal allowed. The High Court's adverse answer was displaced by an answer recognising the notification exemption. Bank awarded costs in both courts.

Source: [SCR 113-113; target passages only,shared-page exclusions in read bounds.](#)

05 AKHB REVIEW POINT

Read the precise exemption and its exclusions before importing mutuality concepts. This result concerns an old notification and authorised commodity trading. It cannot itself establish a modern co-operative bank's deduction; later provisions have distinct activity conditions and bank exclusions.

Source: [SCR 109-113; target passages only, shared-page exclusions in read bounds.](#)

ORIGINATING PROCEEDINGS

1.

Case numbers: Civil Reference No. 3/1952

Relationship: Punjab High Court judgment 27 May 1953.

SOURCE & VERIFICATION

Original reported Supreme Court judgment

7-page retained public-mirror SCR report. The complete report was read as text and page images. The acquisition URL is preserved provenance; current endpoint availability and authentication as a signed original are not newly verified. All 7 physical text and image pages personally read; SCR107-113. Target boundaries: physical PDF pages 1-7; SCR 107-113. Start: after previous-case disposition and divider. End: above next case caption/divider. Headnote p. 1 expressly prints Income-tax Act, 1921(IX of 1921); retained without silently substituting 1922. The body cites the legacy scheme but no year. Body p. 2 prints permission letter 28 September 1954 despite assessment years 1948-49/1949-50 and High Court judgment 27 May 1953. No corrected date is invented. Previous Pandit M. S. M. Sharma tail and running title on p. 1 are excluded; next Balwantraai Chimanlal Trivedi caption/headnote on p. 7 is excluded. Frozen catalogue uses Shimla; printed target caption uses Simla.

Open cited source rendition

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STATUTORY SCOPE

Legacy Indian Income-tax Act regime, section 60 notification; report headnote prints 1921(IX of 1921), while judicial body uses the historical section scheme without an express year; Historical Income-tax Act sections 6,8,9,10,12,60,66(1),66A(2); source-year anomaly preserved, Government of India notification F.D.(C.R.)R.Dis.No.291-I.T./25,25 August 1925, as subsequently amended, Co-operative Societies Act, section 31

The retained Finance Act 2011 version of section 80P provides specified activity-based deductions and limits other activities under section 80P(2)(c). Section 80P(4) excludes co-operative banks except the stated agricultural credit/development categories. That scheme is not the broad notification construed here.

Section 149(2)/(5), Finance Act 2026 text, retains specified deductions and a co-operative-bank exclusion with exceptions; the old exemption is not carried over.

Historical operative law remains separate from the specified later text. Tax-year applicability, unexamined statutory conditions, complete transition provisions and comprehensive later judicial history have not been verified.

Other provisions addressed: Historical Income-tax Act sections 6,8,9,10,12,60,66(1),66A(2); source-year anomaly preserved; Government of India notification F.D.(C.R.)R.Dis.No.291-I.T./25,25 August 1925, as subsequently amended; Co-operative Societies Act, section 31

LATER TREATMENT

Source checked 2026-10-08. No specific subsequent judicial treatment independently verified for this note.

No specific subsequent judicial treatment independently verified; the Madras and Rangoon decisions discussed are antecedent authorities.

Antecedent authorities are not subsequent treatment.

IDENTIFIED SOURCE LINKS

[Income-tax Act, 1961: bounded later-version comparison](#)

DOR-hosted Taxmann compilation as amended by Finance Act 2011 The retained Finance Act 2011 version of section 80P provides specified activity-based deductions and limits other activities under section 80P(2)(c). Section 80P(4) excludes co-operative banks except the stated agricultural credit/development categories. That scheme is not the broad notification construed here. Identified 2011 version; not current consolidated law, whole-Act or image review. Text pages read: 42, 538-541.

[Income-tax Act, 2025 bounded provisions](#)

Official compilation as amended by Finance Act 2026 Version lines 0-13; section 149(1)-(5), lines 8528-8603, physical pp 209-211. Capture hashes identify exact extracted tool-output bytes, not remote PDF bytes. No whole-source, image, current applicability or exhaustive history claim.

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