

## **Commissioner Of Income-Tax vs Karnal Co-Operative Sugar Mills Ltd. on 23 April, 1999**

**Equivalent citations: [2000]243ITR2(SC), AIRONLINE 1999 SC 727, AIRONLINE 1999 SC 199**

**Bench: Sujata V. Manohar, R.P. Sethi**

### **JUDGMENT**

1. Leave granted.

2. In the present case, the assessee had deposited money to open a letter of credit for the purchase of the machinery required for setting up its plant in terms of the assessee's agreement with the supplier. It was on the money so deposited that some interest has been earned. This is, therefore, not a case where any surplus share capital money which is lying idle has been deposited in the bank for the purpose of earning interest. The deposit of money in the present case is directly linked with the purchase of plant and machinery. Hence, any income earned on such deposit is incidental to the acquisition of assets for the setting up of the plant and machinery. In this view of the matter the ratio laid down by this court in Tuticorin Alkali Chemicals and Fertilizers Limited v. CIT , will not be attracted. The more appropriate decision in the factual situation in the present case is in CIT v. Bokaro Steel Ltd. . The appeal is dismissed. There will be no order as to costs.