Force recommended that when these products are purchased with cash, they will be sold at market price, with a reimbursement of the subsidy into accounts of consumers at banks and post offices. In case the products are purchased electronically (through micro ATMs, debit card, Kisan Credit Card, etc.), only the subsidized price may be paid, and the Government can reimburse the subsidy to the retailers electronically.

(e) The Budget for 2012-13 announced that the recommendations of the task force headed by Shri Nandan Nilekani on IT strategy for direct transfer of subsidy have been accepted. The Budget for 2012-13 also indicated that the three public sector Oil Marketing Companies have launched LPG transparency portals to improve customer service and reduce leakage and a pilot project for selling LPG at market price and reimbursement of subsidy directly into the beneficiary's bank account is being conducted in Mysore. The Budget for 2012-13 also announced that a similar pilot project on direct transfer of subsidy for kerosene into the bank accounts of beneficiaries has been initiated in Alwar district of Rajasthan and that the 'Aadhaar' (Unique identification) platform has also been successfully used to validate PDS ration cards in Jharkhand.

Demand for IT Exemption from Urban Co-operative Bodies

3485. PROF. SAIF-UD-D1N SOZ : Will the Minister of FINANCE be pleased to state :

(a) whether the Minister is aware that there was a general demand that Cooperative Credit Societies and Co-operative Banks in urban areas be exempted from Income Tax; and

(b) whether the demand was considered and with what effect?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM) : (a) Yes, Sir, the Union Government has received representations for restoration of deduction earlier available for co-operative credit societies and co-operative banks under section 80P of the Income Tax Act, 1961.

(b) Prior to its amendment by the Finance Act 2006, section 80P of the Income Tax Act provided for a deduction of the whole of the profits of a cooperative society, attributable to the business of banking or providing credit facilities to its members, or of a cottage industry or of marketing of agricultural produce of its members, or to the business of processing of the agricultural produce of its members, without the aid of power etc.

The Finance Act, 2006 withdrew the deduction available under section 80P of the Income Tax Act to co-operative banks other than primary agricultural credit societies or primary co-operative agricultural and rural development banks on the following grounds :

(i) Co-operative banks are like any other bank and the principle of mutuality does not apply because their area of operations extends even to non-members.

(ii) Most of these banks are providing standard banking facilities like opening of letters of credit, bill discounting and collection, lockers and safe deposit vaults, bank guarantees etc. Many of these deal in foreign exchange and have also opened ATM kiosks. These banks are thus no different from commercial banks and therefore are not eligible for preferential tax treatment.

(iii) It is in consonance with the objective of the Government to expand the tax base by phasing out all exemptions that are considered economically inefficient and inequitable.

(iv) Income-tax is a tax on profits and there is no rationale for exempting profit-making co-operative banks from payment of income-tax.

Moreover, primary agricultural credit societies and primary co-operative agriculture and rural development banks constitute about 98% (of around 98425) of the total co-operative banks or banking institutions. Thus, the above amendment is applicable only to the remaining only 2% of the co-operative banking institutions, which are about 2095 in number.

Further, vide Finance Act, 2007, the following benefits have been extended to cooperative banks :

a. Deduction for provision for doubtful debts, available so far to banking companies, has been extended to cooperative banks;

b. Deduction in respect of special reserve to the extent of 20% of profit, available to financial corporations and banks, has been extended to cooperative banks;

c. Carry forward and set off of business losses has been allowed in the event of amalgamation of a loss making cooperative bank with another cooperative bank.

Therefore, upon due consideration of the representations, the Government has not found it feasible to accept the request made therein.

Vacant posts in Unani Dispensaries

3486. SHRI ISHWARLAL SHANKARLAL JAIN : Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state :

(a) whether the posts of retired pharmacists in Unani Dispensary, South Avenue and other dispensaries in Delhi are lying vacant for the last two years;