

(b) the details of the concept note prepared by either Prime Minister's Office or Finance Minister or RBI on demonetisation and its expected benefits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) and (b) No Note from Shri Raghuram Raj an on demonetisation was received in the Ministry of Finance.

RBI made a detailed proposal which was considered in its Central Board Meeting held on 8.11.2016 and the Board passed a resolution to recommend withdrawal of the legal tender of banknotes in the denomination of ₹ 500 and ₹ 1000.

Weaker cooperative societies under ambit of IT

†2574. DR. KIRODI LAL MEENA: Will the Minister of FINANCE be pleased to state:

(a) whether the weaker cooperative credit societies have incurred financial losses due to bringing their agricultural business under income-tax;

(b) if so, the details thereof, State-wise;

(c) whether Government intends to provide deduction under Section 80(P) of Income Tax Act to the cooperative societies; and

(d) if so, by when and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) and (b) No such entity as 'weak co-operative credit society' has been defined in Income-tax Act, 1961. However, co-operative societies such as "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" can avail tax benefit under section 80P of the Act by way of deduction from their total income. Section 80P of the Act, *inter alia*, also provides deduction from total income to Cooperative societies engaged in (i) the marketing of agricultural produce grown by its members, or (ii) the purchase of agriculture implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or the processing, without the aid of power, of the agricultural produce of its members.

(c) and (d) The existing provisions of section 80P of the Act already provide deduction to various cooperative societies (other than specified cooperative banks)

†Original notice of the question was received in Hindi.

subject to fulfillment of conditions specified in the said section. The quantum of deduction under the said section depends upon the nature of the activities carried out by the cooperative societies.

Formation of National Rural Bank

2575. SHRI ELAMARAM KAREEM: Will the Minister of FINANCE be pleased to state:

(a) whether the Parliamentary Standing Committee on Finance recommended for the formation of National Rural Bank (NRB);

(b) if so, how many times Government has received such recommendations;

(c) whether Government has taken any favourable decision on the recommendation of the Standing Committee;

(d) the reason behind the reluctance from Government in forming NRB even after receiving several recommendations from Parliamentary Standing Committee and also other stakeholders; and

(e) the steps taken by Government to strengthen Regional Rural Banks (RRBs)?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) to (e) The Parliamentary Standing Committee on Finance (2003) in its 55th Report recommended that Government may consider the setting up of an apex body *viz.* National Rural Bank of India. Government has been receiving various representations from time to time in this regard.

Government examined the proposal in consultation with the State Governments and Sponsor Banks and in the Action Taken Report on the recommendations in the aforesaid Report of Parliamentary Standing Committee on Finance (2003), Government, *inter alia*, stated that “The proposal for consolidating the RRBs under a National Rural Bank or NABARD has not been favoured so far for various reasons. State Governments and sponsor banks were consulted in a meeting taken by Secretary (FS) on 1.5.2004 on the proposal made by the select Group of CMDs. Sponsor Banks were supportive of the proposal but most of the States favoured state level amalgamation without any additional financial support.”

The steps taken by the Government to strengthen the RRBs are as under:—

1. Government had initiated the process of structural consolidation of RRBs in 2004-05 by amalgamating RRBs of the same Sponsor Bank within a State.