

GOVERNMENT OF INDIA
MINISTRY OF COOPERATION

RAJYA SABHA
UNSTARRED QUESTION NO. 796

TO BE ANSWERED ON 08/02/2023

Strengthening of existing cooperatives

796. Shri Sanjeev Arora:

Will the Minister of **Cooperation** be pleased to state:

- (a) what administrative, legal and policy frameworks have been formulated to strengthen the existing cooperatives in States; and
- (b) how does the Ministry plan to facilitate ease of doing business for cooperatives to scale them and reach the levels of cooperatives in countries such as Israel, the Netherlands and Japan?

ANSWER

MINISTER OF COOPERATION (SHRI AMIT SHAH)

(a) & (b): The Country has a rich cooperative heritage and a robust cooperative sector. However, to give new dimensions and to further promote the cooperative sector in the country through policy and other interventions, Government has created the new Ministry of Cooperation to provide a separate administrative, legal and policy framework for strengthening the cooperative movement in country.

The Cooperative Societies with objects confined to one State are governed under the respective State Cooperative Societies Act, whereas the Cooperative Societies with objects not confined to one State are administered under the provisions of Multi-State Cooperative Societies Act (MSCS), 2002 and rules made there under.

In order to strengthen & facilitate ease of doing business for cooperatives in various sectors and deepening its reach to the grassroots across the country, the Ministry of Cooperation since its formation in July, 2021 has taken various initiatives such as:

1. Computerization of PACS: Process to onboard 63,000 functional PACS on an ERP based common national software with an outlay of ₹2,516 Crore started.
2. Model byelaws for PACS: Model byelaws prepared and circulated for their adoption as per the respective State Cooperatives Act to enable PACS to undertake more than 25 business activities like dairy, fishery, setting up of godowns, LPG/ Petrol/ Green energy distribution agency, banking correspondents, CSC, etc.

3. PACS as Common Service Centres (CSC): MoU signed between Ministry of Cooperation, Ministry of Electronics and Information Technology, NABARD and CSC -SPV to facilitate functioning of PACS as CSCs to improve their viability, provide e-services at village level and generate employment.
4. National Cooperative Database: Preparation of an authentic and updated data repository of cooperatives in the country started to facilitate stakeholders in policy making and implementation.
5. National Cooperative Policy: A National level committee comprising of experts and stakeholders drawn from all over the Country constituted to formulate the New Cooperation Policy to create an enabling ecosystem to realize the vision of 'Sahakar-se-Samriddhi'.
6. Amendment of MSCS Act, 2002: Bill introduced in the Parliament to amend the centrally administered MSCS Act, 2002 to incorporate provisions of 97th Constitutional Amendment, strengthen governance, enhance transparency, increase accountability and reform electoral process in the Multi State Cooperative Societies.
7. National Cooperative Development Corporation: New schemes for cooperatives launched by NCDC in various sectors such as 'Swayamshakti Sahkar' for SHG; 'Deerghavadhi Krishak Sahkar' for long term agricultural credit; 'Dairy Sahkar' for dairy and 'Neel Sahkar' for fisheries. Total financial assistance of Rs. 34,221 Crores disbursed in FY 2021-22.
8. Member Lending Institutions in Credit Guarantee Fund Trust: Non-scheduled UCBs, StCBs and DCCBs notified as MLIs in CGTMSE Scheme to increase share of cooperatives in lending.
9. Cooperatives as 'buyers' on GeM portal: Cooperatives permitted to register as 'buyer' on GeM, enabling them to procure goods and services from nearly 40 lakh vendors to facilitate economical purchases and greater transparency.
10. Reduction in surcharge on cooperative societies: Surcharge reduced from 12 % to 7% for cooperative societies having income between Rs. 1 to 10 Cr.
11. Reduction in Minimum Alternate Tax: MAT reduced for cooperatives from 18.5% to 15%.
12. Relief under Section 269ST of IT Act: A clarification has been issued to remove difficulties in cash transaction by cooperatives under Section 269ST of IT Act.
13. Lowering tax rate for new cooperatives: Announcement made in the Union Budget 2023-24 to charge flat lower tax rate of 15%, compared with current rate of upto 30% plus surcharge, for new cooperatives commencing manufacturing activities till March 31, 2024.

14. Increase in limit of deposits and loans in cash by PACS and PCARDBs: Announcement made in the Union Budget 2023-24 to increase limit from Rs. 20,000 to Rs. 2 lakh per member for deposits and loans in cash by PACS and PCARDBs.
15. Increase in limit for TDS: Announcement made in the Union Budget 2023-24 to increase cash withdrawal limit for cooperatives from Rs. 1 Crore to Rs. 3 Crore, per annum, without being subjected to TDS.
16. Relief to Sugar Cooperative Mills: Sugar cooperative mills not to be subjected to additional income tax for paying higher sugarcane prices to farmers upto Fair and Remunerative or State Advised Price.
17. Resolution of chronic pending issues of Sugar Cooperative Mills: Announcement made in the Union Budget 2023-24 to allow sugar cooperatives to claim as expenditure their payments to sugarcane farmers for the period prior to assessment year 2016–17, giving a relief of nearly Rs. 10,000 crores.
18. New National Multi-State Cooperative Seed Society: New apex national multi-state cooperative seed society being established under the MSCS Act, 2002 as umbrella organization for quality seed cultivation, production and distribution under a single brand.
19. New National Multi-State Cooperative Organic Society: New apex national multi-state cooperative organic society being established under the MSCS Act, 2002 as umbrella organization to produce, distribute and market certified and authentic organic products.
20. New National Multi-State Cooperative Export Society: New apex national multi-state cooperative export society being established under the MSCS Act, 2002 as umbrella organization to give thrust to exports from cooperative sector.
