

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:812
ANSWERED ON:12.11.2010
LOSSES SUFFERED BY COOPS
Joshi Shri Mahesh

Will the Minister of FINANCE be pleased to state:

- (a) the extent of loss suffered by the weak co-operative credit institutions by including agricultural activities in the income-tax net;
- (b) whether the Union Government proposes to provide exemption to co-operative credit institutions on income from agriculture; and
- (c) if so the details thereof and not, the reasons therefor ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE:(SHRI S.S. PALANIMANICKAM)

(a) As per the current provisions of Income-tax act, 1961 (Act), income from agricultural activities is exempt from taxation for all category of tax payers.

(b)& (c) As per the current provisions of Section 80P of the Act, whole of the amount of profit and gains of a co- operative society, from the businesses attributable to any one or more of the following activities is allowed as a deduction from its gross total income, namely:-

- (i) Providing banking or credit facilities to its members,
- (ii) Processing and marketing of agricultural produce grown by its members,
- (iii) Purchase of agricultural implements for its members,
- (iv) Collective disposal of the labour of its members,
- (v) Cottage industries, and
- (vi) Fishing or allied activities,

No further exemption is proposed for co-operative credit institutions.