

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2701
ANSWERED ON:11.03.2011
PRIMARY AGRICULTURAL CREDIT SOCIETIES
Antony Shri Anto

Will the Minister of FINANCE be pleased to state:

- (a): whether the Government has any statistics regarding the details and status of functioning of Primary Agricultural Credit Societies(PACS);
- (b): if so, the details thereof;
- (c): whether the Government has any plans to help the PACs:
- (d): if so, the details thereof ;
- (e): whether the PACS are liable to pay income tax and if so, the details thereof; and
- (f): whether this move will affect the functioning of PACS in the country and if so, the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): As reported by the National Federation of State Cooperative Banks Ltd. (NAFSCOB), the total number of Primary Agriculture Credit Societies (PACS) in the country as on 31 March 2009 was 95633. The status of PACS (as published by NAFSCOB) and State-wise position of PACS is given at Annex.

(c) & (d): The Government of India (GoI) constituted a Task Force in 2004 under the Chairmanship of Prof.A. Vaidyanathan for suggesting an implementable plan for the revival of the cooperative credit institutions. Based on the recommendations of the Vaidyanathan Task Force-I Report, the Government in January, 2006 formulated a revival package for the Short Term Co-operative Credit Structure (STCCS). The package envisaged financial assistance for wiping out the accumulated losses as on 31 March, 2004, subject to legal and institutional reforms. The total size of the Package is Rs. 13,597 crores to be shared by the GoI, State Governments and the Cooperative Credit Structure (CCS). The package also envisaged training and capacity building, introduction of Common and Standard accounting and monitoring systems and computerization.

Twenty five States have so far executed Memorandum of Understandings (MoU) with GoI and National Bank for Agriculture and Rural Development (NABARD) for implementing the Revival Package. They are, Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan, Orissa, Punjab, Sikkim, Tamil Nadu, Tripura, Uttarakhand, Uttar Pradesh and West Bengal. These States cumulatively cover more than 96% of the STCCS units in the country.

So far, an aggregate amount of Rs. 9016.59 crore has been released by Government of India to various States through NABARD, the implementing agency for the implementation of the STCCS revival package.

(e) & (f): Government of India through the Finance Bill, 2006 restricted the exemptions under Sec 80(P) of Income Tax Act, 1961 only to Primary Agriculture Credit Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs). The income/profits of State Co-operative Banks (SCBs), District Central Co-operative Banks (DCCBs) and State Co-operative Agriculture and Rural Development Banks (SCARDBs) are liable for Income Tax from the year 2006-07.