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Title: Need to withdraw the move to issue notices to the depositors of Cooperative sector by Income-Tax Department to furnish details of their deposits in Kerala.

SHRI S. AJAYA KUMAR (OTTAPALAM): The cooperative sector in Kerala is well established and is now meeting more than 50 per cent of the demands of lending to the poor agriculturists in the State of Kerala. The cooperative sector is really the backbone of the State's agricultural developmental activities. The main source of money of the sector for lending is the deposits received from various parties.

The Income Tax Act provided certain exemption to the cooperative sector, under Section 80(P), Immunity from deduction of tax on the interest received by the depositors under Section 194 of the Income Tax Act, as a policy for the orderly development of the cooperative sector in the country. Now, due to the notices issued by the Income Tax Department under Section 133(6) to furnish the details of deposits made by the members, the depositors become reluctant to make deposits in the cooperative sector. This in turn is adversely affecting the lending of loan to agriculturists and growth of the agriculture in the State. Now, due to this a lot of deposits are being withdrawn from the cooperatives.

Most of the primary cooperative agricultural societies are functioning in villages and major part of their deposits comes from the poor villagers. The cooperative banks are providing attractive rate of interest.

I urge upon the Government to withdraw this move.