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Title: Functioning of the Cooperative Banking System in the Country.

SHRI P. KARUNAKARAN (KASARGOD): I would like to place before the Government a very important issue with regard to the cooperative movement in Kerala. Cooperative movement in Kerala is very strong unlike in other States. They are taking a number of issues connected with the common people. The proposed Banking Regulatory Amendment Act really makes the present system of functioning in the cooperative movement difficult. As a result, now the cooperative societies, especially Agricultural Primary Cooperative Societies (APCSs), can carry out most of the banking businesses, though they are not considered as banks. But if the definition is strictly followed, then it would be difficult for the cooperative societies in Kerala to continue to do the work that they are doing. The cooperative societies in Kerala are taking the responsibility of public distribution system, *nidhi* stores and many other functions in the medical and health areas. So, we request the Government to exclude the Kerala's cooperative sector in the proposed amendment Bill.

The second issue is that the Government has decided to collect income tax from the cooperative societies. The cooperative societies are really working with the assistance of the common people. It is unlike the other financial institutions. It is really the members of the cooperative societies who give deposits. As far as the State Cooperative Banks are concerned, the profit is really very meagre. It is true in the case of the district cooperative banks. But as far as the primary cooperatives are concerned, it is very meagre. It is an interesting thing that if the Government collects the amount, the total amount that the Government wants to collect will be higher than the amount that it gets. So, there is no reason and justification for imposing income tax from the profits of the cooperative societies because it is unlike the other financial institutions. So, this has to be taken into consideration and the cooperatives of Kerala should be excluded from the provisions of the proposed Bill.