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Budget gives a push to cooperatives

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This year's budget is a definite step towards strengthening the cooperative sector in India. Like last year, it has adequate provisions related to cooperatives. The budget has tried to provide a level playing field to cooperatives, like private companies.

Over the years, the cooperatives nursed a grievance that they were discriminated against as compared to corporates. However, those days may be coming to an end, as the cooperatives have received preferential treatment and tax exemptions in the budget. The new cooperatives involved in manufacturing will be provided a lower tax rate, almost on par with private companies, at 15%. The opportunity given to the sugar cooperatives to settle their old claims related to the purchase of sugarcane by providing them a relief of Rs 10,000 crore will strengthen the ailing cooperative sugar sector.

Increasing the threshold limit for Primary Agricultural Credit Societies (PACS) and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) to withdraw cash from the existing limit of Rs 20,000 to Rs 2 lakhs is indeed a welcome step. Earlier, the TDS was applicable for annual withdrawals by PACS and PCARDBs for amounts greater than Rs 1 crore. As per the budget announcement, TDS is applicable on the annual withdrawal by PACS and PCARDBs of Rs 3 crore, thereby giving a relief of Rs 2 crore to the societies. This comes as a relief to PACS that were grappling with TDS issues.

The government's plan to decentralise storage capacity in this year's budget will provide business opportunities to PACs and other primaries to establish state-of-the-art infrastructure in the form of well-equipped godowns, which will strengthen the value addition of agricultural produce and provide various services to the members of cooperatives. This will well equip the farmers to store their produce and realise higher prices through sales at the appropriate time.

A new sub-scheme of the PM Matsya Sampada Yojana in this year's budget, with an outlay of Rs 6,000 crore, will help fisheries cooperatives,

fish vendors, and micro- and small enterprises enhance and expand their business activities, improve value chain efficiencies, and expand the market. With such an enhanced package benefiting weaker sector cooperatives like fisheries, there is a need for fisheries and other cooperative federations to promote and register the fisheries cooperatives in underdeveloped areas with government support.

As of today, there are 8.54 lakh credit and non-credit cooperative societies. In comparison to 2.54 lakh gram panchayats in India, there are approximately 90,000 PACS, 1,51,956 dairy cooperative societies, and 23,670 fisheries cooperatives. In this year's budget, to cover a larger number of farmers under the cooperative fold, the government aims to form and promote new primary credit, fisheries, dairying, and multipurpose cooperative societies in the uncovered panchayats and villages in the next five years. The task is challenging and requires the multi-stakeholders' support in not only the promotion and formation of these new cooperatives but also in making them self-sustainable.

There are many opportunities for the cooperative sector to grow and benefit from the budgetary announcements. For example, the launch of Pradhan Mantri Kaushal Vikas Yojana 4 to skill lakhs of youth within the next three years provides an opportunity for cooperatives to generate employment.

In a paradigm shift, the budget recognises the significance of cooperative models and mentions that the government is promoting cooperative-based economic development models for small and marginal farmers and other marginalised sections of society. It also mentions initiatives such as computerisation of PACS with an outlay of Rs 2,516 crore, development of model bye-laws to enable them to become multi-purpose PACS, and development of a national cooperative database for mapping cooperative societies. Other notable initiatives include the setting up of new multistate cooperative societies in the areas of seed, organic farming, and exports.

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