



सहकार संरक्षण समिति
సహకార సంరక్షణ సమితి
Co-operative Movement Protection Council
NATIONAL CONVENING COMMITTEE, HYDERABAD.

'Sahakara Nilayam', 8-6-363/87/14P, Manikanta Colony, Old Bowenpally, Secunderabad - 500 011. TS.
E-mail: coopmovementprotectioncouncil@gmail.com Cell: 9248591934

To, Lr.No.CMPC/25/2018

Date : 21-12-2018

To,
Shri Narendra Modi Jee
Hon'ble Prime Minister
Govt. of India. New Delhi.

COOPERATIVE GREETINGS!

Dear Sir,

Sub: Income of the Primary Cooperatives such as Primary Agricultural Coop. Societies, Urban Coop. Banks –A view submission to exempt from Section 80P of Income Tax Act by The Cooperative Movement Protection Council –Favourable action- Request – Regarding.

Cooperative Movement Protection Council

The Cooperative Movement Protection Council is an association of cooperative primary members, the cooperator, the cooperative academicians, striving for the protection of the "Cooperative Concept" and the cooperative movement in India. It is a Forum for the all the Cooperatives in India.

Sir, in recent past the Income Tax Department is giving notices to the Primary Agricultural Cooperative Societies for payment of income tax.

Sir the Primary Agricultural Cooperative Societies (PACS) in rural India are of the User members of Small/Marginal farmers, rural artisans and landless poor people. They associated themselves to get their needy services like crop loans, fertilizer ,seeds and other farm inputs. The Income Tax people are after them as if they are Investors.

The Primary Coop. Societies are carrying forward the Welfare and Development Schemes of the Governments in rural India in other words, they are implementing the " Welfare State " concept of our Indian Constitution.

Kindly examine the differences between the Private Sector and the Cooperative Sector.

Difference between Private Sector and Co-operative Sector

	Private Sector	Cooperative Sector
1	Association of Capital.	Association of Users.
2	Share Capital is an investment from the income of an individual (Investor).	Share Capital is the portion set aside from the User (member) necessities, not an investment from the income of the member.
3	Investor's economy.	User's economy.
4	Joint stock Company form of business is the main tool.	Federation of Primary Cooperatives is the main tool and it is a backbone.
5	Regulated by Companies Act and Partnership Act.	Regulated by the Cooperatives Acts.
6	Profit distribution according to their share capital ratio.	Surplus distribution; it is patronage dividend.
7	Control vests in accordance with the size of the share holding.	Control vests in the members equally and democratically controlled.
8	Centralizes the 'Production', 'Marketing' and the 'Wealth'.	Decentralizes the 'Production', 'Marketing' and the 'Wealth'.
9	Exploitation is its' nature.	Principle action is to eliminate the exploitation.
10	Economic rights of the people are suppressed.	Promotes the economic rights of the people.
11	Curtails the peoples economic democracy.	Seeks to establish the economic democracy.
12	The fittest only survives.	Makes all the user members economically self-reliant.

Characteristic of the Primary Cooperatives Society:

1. The Primary Cooperative Society is an association of user members who have common needs.
The User member keeps 10% of his needs in the Society and uses the 90%, but he pays the interest on 100% amount. Here he is paying on non used amount also. The Primary Cooperative Society serves the members directly in fulfilling their needs in common, in the process the Society gets the income, which will be used for common benefit of that community.
2. The Cooperative Society is not formed for Profits, but formed to get common needs of the Members.

The Cooperatives are emerged by the volunteer association of Users to achieve their common needs, by the activities of this association i.e. Cooperative, any surplus remained after adjusting statutory reserves and the expenses, will be redistributed to the User member in proportionate to his services got from the Cooperative society. The share capital of the User member is emerged from reducing his necessities; nearly 10% of his requirement will be kept in the society to run the society business.

Hence the Cooperatives are not profit oriented business organization. They do business to protect themselves (users) from the investor's undue exploitation.

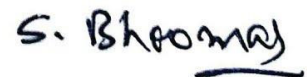
Therefore the income from the Users business, and the income from Investors business had to be looked in differently. The income of the Invertors business at the cost of Users. The income of the Users business is of himself only, not from others.

Further the income emerged from the (Users) Cooperative is used for the whole community of the area and for their socio-economic development. Whereas the income of the Private investor is for himself only.

Therefore taxing on Users (Cooperative) income had to be looked differently. Hence the Cooperative Movement Protection Council request your kind authority to exempt all kinds Primary Cooperative Societies from Section 80p of Income Tax per view, at the larger interests of the sustainable development in rural India.

Thanking you.

In the Service of the
Cooperative Movement.



(Sambharapu Bhoomaiah)

CONVENOR