

**GOVERNMENT OF INDIA
MINISTRY OF COOPERATION**

**LOK SABHA
UNSTARRED QUESTION NO. 333
TO BE ANSWERED ON 02nd DECEMBER, 2025**

EXEMPTION OF COOPERATIVES FROM GST

333. DR. NISHIKANT DUBEY:

Will the Minister of COOPERATION (सहकारिता मंत्री) be pleased to state:

- (a) whether the States and Cooperative Societies are demanding exemption of articles manufactured by Cooperative Societies from GST and other concessions to improve their commercial viability;
- (b) if so, the details thereof along with the decision of the Government thereon; and
- (c) the details of the financial assistance extended by the Central Government to support the success of Cooperative institutions?

ANSWER

**THE MINISTER OF COOPERATION
सहकारिता मंत्री (SHRI AMIT SHAH)**

(a) to (b): A request was received for exemption from GST on products and services of cooperative societies. The proposal related to GST are examined by GST Council (a constitutional body), the Government has so far extended following tax related benefits to the cooperatives:

- i. **Surcharge reduced from 12% to 7% for co-operative societies having income between Rs. 1 to 10 Cr.:** This will reduce the burden of Income Tax on Cooperative Societies and more capital will be available with them to work for the benefit of their members.
- ii. **MAT reduced for cooperatives from 18.5% to 15%:** With this provision, now there is parity between Cooperative Societies and Companies in this regard.
- iii. **Relief in cash transactions under section 269ST of the Income Tax Act:** In order to remove difficulties in cash transactions by cooperatives under Section 269ST of IT Act, Government has issued a clarification that cash transaction of less than Rs. 2 lakhs done by a cooperative society with its distributor in a day will be considered separately, and will not be charged with income tax penalty.
- iv. **Tax cut for new manufacturing Cooperative societies:** Government has decided that a flat lower tax rate of 15% will be charged, compared to an earlier rate of up to 30% plus

surcharge, for new cooperatives commencing manufacturing activities by March 31, 2024. This will encourage the formation of new cooperative societies in the manufacturing sector.

- v. **Increase in limit of Cash Deposits and Payments by PACS and PCARDBs:** Government has enhanced the limit for Cash Deposits and Payments by PACS and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) from Rs. 20,000 to Rs. 2 lakh per member. This provision will facilitate their activities, increase their business and benefit members of their societies.
- vi. **Increase in limit of Loan and Loan Repayments in Cash by PACS and PCARDBs:** Government has enhanced the limit for Loan and Loan Repayments in Cash by PACS and Primary Cooperative Agriculture and Rural Development Banks (PCARDBs) from Rs. 20,000 to Rs. 2 lakh per member. This provision will facilitate their activities, increase their business and benefit members of their societies.
- vii. **Increase in the limit of Tax Deducted at Source (TDS) in Cash Withdrawal:** Government has increased the cash withdrawal limit of cooperative societies without deduction of tax at source from Rs.1 crore to Rs.3 crore per year. This provision will save Tax Deducted at Source (TDS) for cooperative societies, which will enhance their liquidity.
- viii. **Relief from Income Tax to Sugar Cooperative Mills:** Through Finance Act, 2015 Section 36(1)(xvii) was inserted in Income Tax Act 1961 to provide for deduction on account of the amount of expenditure incurred by a cooperative society engaged in the business of manufacture of sugar i.e Cooperative Sugar Mills (CSMs). The measure came into force w.e.f. 1.4.2016 i.e. assessment year 2016-17. However, the issue of treatment of additional payment for sugarcane price by CSMs as an income distribution to farmer members and resultant tax liabilities remained uncovered which was clarified by Central Board of Direct Taxes vide Circular No 18/2021 dated 25.10.2021. Accordingly, resultant tax liabilities on CSMs on additional payment for sugarcane price by them were mitigated w.e.f. 1.4.2016.
- ix. **Resolution of decades old pending issues related to Income Tax of Sugar Cooperative Mills:** An opportunity has been provided to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. Accordingly, section 155 of the IT Act has also been amended to insert a new sub-section (19) vide Finance Act, 2023, w.e.f. 1st April 2023. In order to standardize the manner of filing application to the Jurisdictional Assessing Officer under sub-section (19) of section 155 of the Act and its disposal by the Jurisdictional Assessing Officer under the said section, CBDT vide Circular No. 14 of 2023 dated 27.07.2023 has issued Standard Operating Procedure for making application by the concerned Cooperative Sugar Mills. This has resolved the income tax issues in this matter pending for decades. This is expected to provide relief of almost ₹10,000 crore.
- x. **Reduction in GST on molasses from 28% to 5%:** Government has decided to reduce the GST on molasses from 28% to 5% which will enable cooperative sugar mills to earn more profits for its members by selling molasses to distilleries with higher margins.

(c): Government has taken following initiatives to extended financial assistance to support the success of cooperative institutions are as:-

- I. **Strengthening of PACS through Computerization-** To strengthen PACS, project for Computerization of functional PACS with a total financial outlay of ₹2,925.39 Crore has been approved by the Government of India, which entails bringing all functional PACS in the Country onto a common ERP based national software, linking them with NABARD through StCBs and DCCBs. A total of 79,630 PACS from 31 States/ UTs have been sanctioned under the project. A total of 60,494 PACS have been onboarded on ERP Software and hardware has been procured by 30 States/UTs. The state-wise details of PACS approved and released amount under this project is at **ANNEXURE-I**.
- II. **Computerization of Agriculture and Rural Development Banks (ARDBs):** To strengthen the long-term cooperative credit structure, the project of computerization of 1,851 units of Agriculture and Rural Development Banks (ARDBs) spread across 13 States/ Union Territories has been approved by the Government. NABARD is the implementing agency for the project. So far, proposals from 10 States/UTs have been received and sanctioned. Further, GoI share amounting to Rs 9.84 crore has been released to 10 States/UTs in FY 2023-24, FY 2024-25 and FY 2025-26 for procurement of hardware, digitization and setting up of support system. The State-wise details of ARDBs approved and released amount under the project Computerization of Agriculture and Rural Development Banks (ARDBs) is at **ANNEXURE II**.
- III. **Rs.10,000 crore loan scheme launched for strengthening of Sugar Cooperative Mills:** Government has launched a scheme through NCDC for setting up ethanol plants or cogeneration plants or for working capital or for all three purposes. So far, Ministry has assigned ₹ 1000 crore to NCDC during 2022-23 and 2024-25. Under the scheme, NCDC has released ₹ 10,005 crore to 56 CSMs.
- IV. **National Cooperative Development Corporation (NCDC),** a statutory Corporation under the Ministry of Cooperation, Government of India was established on 14.03.1963 under an Act of Parliament (NCDC Act of 1962) for economic development through cooperative societies. The major objective of the NCDC is to promote, strengthen and develop cooperatives for increasing production and productivity and instituting post harvest facilities. NCDC provides assistance either through State Governments or directly to eligible cooperative societies, in accordance with the prescribed terms and conditions. The financial support is extended in the form of short-term and long-term loans, and subsidy wherever available under Government of India schemes.

As on 25.11.2025, NCDC has cumulatively disbursed ₹4,67,455.66 crore for the development of cooperative institutions across the country. Activity-wise disbursement during the last five years is placed at **Annexure-III**.

Since its inception, NCDC has been providing financial assistance under its Corporation-sponsored schemes as well as Central Sector Schemes of various Ministries, covering a wide spectrum of notified commodities and services. Details of the activities supported and schemes implemented are furnished at **Annexure-IV.**

ANNEXURE I

State-wise details of PACS approved and released amount under the project Strengthening of PACS through Computerization-

S.No	States/UTs	PACS Sanctioned	Total amount released (Cr)
1.	Maharashtra	12,178	130.73
2.	Rajasthan	8,525	84.83
3.	Gujarat	6,216	93.97
4.	Uttar Pradesh	6,257	67.10
5.	Karnataka	5,894	67.83
6.	Madhya Pradesh	5,455	66.43
7.	Tamil Nadu	4,561	51.73
8.	Bihar	4,495	51.76
9.	West Bengal	4,187	45.79
10.	Punjab	3,482	32.94
11.	Andhra Pradesh	2,037	35.31
12.	Chhattisgarh	2,028	28.35
13.	Himachal Pradesh	1,885	26.74
14.	Jharkhand	2,797	34.30
15.	Haryana	710	8.79
16.	Uttarakhand	1,216	3.69
17.	Assam	850	17.02
18.	J&K	708	10.37
19.	Tripura	475	7.11
20.	Manipur	308	3.14
21.	Nagaland	231	4.43
22.	Meghalaya	330	2.34
23.	Sikkim	131	3.28
24.	Goa	86	1.19
25.	ANI	46	0.69
26.	Puducherry	45	0.67
27.	Mizoram	99	1.27
28.	Arunachal Pradesh	139	0.36
29.	Ladakh	10	0.12
30.	Odisha	4,240	18.07
31.	DNH&DD	9	0.12
	Total	79,630	900.49

ANNEXURE II

State-wise details of ARDBs approved and released amount under the project Computerization of Agriculture and Rural Development Banks (ARDBs)-

S. No.	States/UTs	ARDB Approved	Total Amount released (Cr)
1.	Puducherry	2	0.11
2.	Punjab	113	0.94
3.	Tripura	6	0.04
4.	Uttar Pradesh	342	1.75
5.	Karnataka	207	1.28
6.	Tamil Nadu	216	1.96
7.	Haryana	90	0.76
8.	Himachal Pradesh	88	1.04
9.	Gujarat	195	0.82
10.	Rajasthan	163	1.14
	Total	1,422	9.84

Note: J&K has opted out from this project.

Annexure III**NCDC Activity wise Assistance in last 5 years****Rs. in Crore**

S. No	Activity	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 (as on 25.11.2025)
1	Marketing & Inputs	19605.79	26779.65	28031.70	52919.63	77,945.72	52,503.93
2	Processing	1643.91	1343.84	800.03	2223.71	8,101.01	290.08
3	Storage & Cold Chain	7.29	7.72	4.84	19.14	59.73	4.41
4	Weaker Section Prog.	288.58	870.38	600.96	345.14	75.17	21.80
5	Computerisation of Coop.	30.87	25.06	45.02	0.42	4.58	0.23
6	Consumer Coop.	0.89	2.69	1.40	4.13	-	
7	ICDP	152.61	283.06	177.87	23.26	1.62	
8	C,IC&SC	2996.23	4894.2	11322.3	5000.77	8,874.83	6,121.30
9	Yuva Sahakar	0.27		0.10	0.84	0.13	0.10
10	P&D	4.48	6.44	6.15	6.75	-	
11	FPO	2.32	8.04	38.25	48.33	71.97	61.37
12	FFPO			2.78	26.35	48.12	21.45
13	Agri Export & Export Promotion						50.00
	GRAND TOTAL	24,733.24	34,221.08	41,031.40	60,618.47	95,182.88	59,074.67

PART A: NCDC SPONSORED SCHEME

ACTIVITIES ASSISTED:

NCDC provides financial assistance in the form of loans (both Term Loans and Investment Loans) and subsidy to the cooperative societies for their development. The loan component is provided from out of NCDC's own funds while the eligible subsidy is provided after dovetailing from other Central Sector Schemes. The list of activities assisted by NCDC is as under:-

- a) **Marketing;**
- b) **Processing;**
- c) **Storage;**
- d) **Cold Chain;**
- e) **Industrial;**
- f) **Distribution of essential consumer articles through cooperatives;**
- g) **Credit & Service Cooperatives/ Notified Services;**
- h) **Cooperative Banking Unit;**
- i) **Agricultural Services;**
- j) **District Plan Schemes;**
- k) **Weaker Section Cooperatives;**
- l) **Assistance for Computerization of Cooperatives;**
- m) **Promotional and Developmental programmes.**

FOCUSSED PRODUCTS OF NCDC

- a) **YUVA SAHAKAR - Cooperative Enterprise Support and Innovation Scheme:** The scheme aims at encouraging newly formed cooperative societies with new and/ or innovative ideas.
- b) **AYUSHMAN SAHAKAR:** The scheme has a comprehensive approach to cover hospitals, healthcare, medical education, nursing education, paramedical education, health insurance and holistic health systems such as AYUSH.
- c) **NANDINI SAHAKAR:** The scheme aims to improve the socio-economic status of women and supports the entrepreneurial dynamism of women through women's cooperatives. It will converge critical inputs of women's enterprise, business plan formulation, capacity development, credit and subsidy, and/ or interest subvention of other schemes.
- d) **DAIRY SAHAKAR:** It is a cooperative dairy business focused framework of financial assistance for encouraging cooperatives to achieve higher outcomes in ESG (environmental, social, governance) linked activities. It includes the creation of infrastructure by cooperatives for new projects and modernization and/or expansion of existing projects.

- e) **DIGITAL SAHAKAR:** Aligned with the principles of Digital India, NCDC has conceived a focused financial assistance framework for Digitally Empowered Cooperatives for handholding and credit linkage by NCDC, dovetailed with grant, subsidy, incentives, etc. from the Government of India / State / UT / agencies with the objective of cooperatives actively partaking in Digital India.
- f) **SWAYAM SHAKTI SAHAKAR YOJNA:** - Scheme for providing NCDC's financial assistance to Agricultural Credit Cooperatives for providing loan/advances to Women Self Help Groups (SHGs).
- g) **DEERGHAVADHI KRISHAK PUNJI SAHAKAR YOJNA:** Scheme for extending NCDC's long-term financial assistance to Agricultural Credit Cooperatives towards their onward lending of long-term loans/advances for activities/commodities/services under the purview of NCDC.

PART B: SCHEMES OF MOC and OTHER MINISTRIES / DEPARTMENTS BEING IMPLEMENTED BY NCDC

- a) **Grant in aid to NCDC for strengthening of the Cooperative Sugar Mills-** Ministry of Cooperation.
- b) **Agricultural Marketing Infrastructure (AMI)** sub-scheme of Central Sector Integrated Scheme on Agriculture Marketing (CSISAM) for Storage and other than Storage Infrastructure - Ministry of Agriculture & Farmer's Welfare.
- c) **Mission for Integrated Development of Horticulture (MIDH) – Integrated Post Harvest Management** - Ministry of Agriculture & Farmer's Welfare.
- d) **Interest Subvention & Credit Guarantee through Financing Facility under Agriculture Infrastructure Fund** scheme - Ministry of Agriculture & Farmers' Welfare.
- e) Assistance for Boosting the Seed Production component under the Sub-Mission for Seed and Planting Material (SMSP) of the **National Mission on Agricultural Extension and Technology (NMAET).**
- f) **PM Matsya Sampada Yojana (PMMSY)** – Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying.
- g) **PM Formalisation of Micro Food Processing Enterprises (PMFME)** - Ministry of Food Processing Industries.
- h) **Scheme for Formation and Promotion of 10,000 Farmer Producer Organizations (FPOs)** – Ministry of Agriculture & Farmer's Welfare.
- i) (i) **Pradhan Mantri Kisan Sampada Yojna (PMKSY)** – Scheme for Food Processing and Value Addition - Ministry of Food Processing Industries.
(ii) **Pradhan Mantri Kisan Sampada Yojna (PMKSY) - Integrated Cold Chain and Value Addition Infrastructure Scheme** - Ministry of Food Processing Industries.
- j) **National Scheduled Tribes Finance and Development Corporation (NSTFDC)** - Ministry of Tribal Affairs.
- k) **National Livestock Mission (NLM) and Rashtriya Gokul Mission (RGM)** - Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry & Dairying.

- 1) **Re-aligned Animal Husbandry Infrastructure Development Fund (AHIDF)**, Ministry of Fisheries, Animal Husbandry & Dairying
