

# **Implications of Budget 2022 on Cooperatives**

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The Budget 2022 pursues to visualize doubling the farmer's income through building an adroit system to get access to finance, entree to the marketplace, and access to new-age technology and improved farming practices associated with organic farming, drone technology etc.

Government has allocated sizable allocation to rural infrastructure development this will lead to support farmers to get better access to the marketplace. These all steps of government will lead farmers to grow organic, use technology in farming and get good prices for their farm produce. As per data of National Federation of State Co-operative Banks Ltd. (NAFSCOB) 2019-20, 1381.57 cores of farmers are members of Primary Agricultural Credit Societies. It shows that farmers are members of cooperative societies. This indicates the linkage and importance of cooperative societies in India.

In the month of October 2021, a separate Ministry of Cooperation was formed to handhold cooperatives working in India. Union Budget has allotted 900 crores to the Ministry of Cooperation. Cooperative sector is working as main pillar at the grass-root level to support weaker section of society and farmers in the country. This budget gave super power capsule of 900 core to boost cooperatives in nation.

## **Cooperative Training**

The cooperative sector has huge potential but there was a need to give proper plans and funds to support training and development programme. This budget has taken into consideration the importance of the creation of awareness, updating knowledge and skill improvement through a training programme. A separate budget of Rs.25 crore has been allotted for cooperative. This step of government gives direction to training institutes working in the cooperative sector to conduct more training programmes in the coming financial year.

## **Budget for Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM)**

Vaikunth Mehta National Institute of Cooperative Management is a national apex institute working under the Ministry of Cooperation. VAMNICOM has been at the forefront in the training and development of the cooperative sector for Rural Development. VAMNICOM is dealing with national-level research studies and consultancy in the cooperative sector. VAMNICOM is specialised in cooperative training and executive development programmes for different types of cooperatives at the national as well as international level. This budget has allotted a separate budget of Rs. 11 crore for strengthening the training and research at VAMNICOM. This fund will result in to more research in cooperative sector as well as infrastructure development at VAMNICOM.

## **Digitalization of Primary Agriculture Cooperative Societies**

As per data of National Federation of State Co-operative Banks Ltd. (NAFSCOB) 95,995 PACS are working in India. In the year, 2014 RBI gave directives to implement and use core banking solutions and technology in credit cooperatives. Primary Agriculture Cooperative Societies were facing different issues in adopting digitalization. The central issue was

funding to implement computerization and technology. In this budget, Rs. 350 crore has been allotted for the digitization of Primary Agriculture Cooperative Societies. In coming years we can expect increase in efficiency, profitability, transparency & accountability in the working of PACS.

### **Budget for Prosperity through Cooperatives**

To make India a \$5 trillion economy, cooperatives can make a huge contribution. To make self-reliant Indian cooperatives can make a huge contribution. In view of an aspect, Rs. 274 crore has been allotted under the scheme of “Prosperity through Cooperatives”. This scheme has a number of subcomponents with the aim of all-round development of all different types of cooperatives working in India. This scheme will lead to making dreams come true in the coming years.

### **Amendment in AMT and surcharge for cooperative societies**

The Minimum Alternative Tax (MAT) was launched for corporate/ company under section 115JB of the Income Tax Act in AY1997-98. Initially the MAT was 18.5% but in AY 2019-20, the MAT has reduced to 15%. The Alternate minimum tax (under sec 115 JC) is applicable to all non-corporate assesses except the company. AMT is applicable on adjusted income. In this budget, the Alternate Minimum Tax rate for cooperative societies has reduced to 15% from 18.5%. In addition, this tax reduction government has also announced cooperatives societies having net income between Rs. 1 to 10 Crores will pay 7% surcharge in place of 12%. In the coming year, cooperative societies will save 3.5% tax amount and 5% surcharge. This change in AMT and surcharge will help cooperative societies to use this saved profit for the betterment or to sustain in a competitive environment. Co-operatives will drive towards organised farming due to reduction in AMT.

Budget 2022 inclined towards more capital expenditure to develop technology and infrastructure in the country. First-time government has allotted 900 crore to the cooperative sector. This shows that in the coming years cooperative sector will have prosperity to support farmers in India. In the coming years, we will see a growing Krishi Bharat with the support of cooperative societies and other initiatives of Government of India.