GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 2485

ANSWERED ON MONDAY, AUGUST 3, 2026/ SHRAVANA 12, 1948 (SAKA)

Safeguarding Financial Interests

2485. SHRI ANURAG SINGH THAKUR:
Will the Minister of FINANCE be pleased to state:

(a) whether it is true that Cooperative Banks have ceased to offer preferential interest rates to Primary Agricultural Cooperative Societies, if so, the details thereof;
(b) whether the Government is planning to extend any tax deduction benefits to cooperative societies on interest earned from deposits with nationalised and private banks, if so, the details thereof;
(c) whether the Government has examined extending the benefit available under Section 80P (2)(d) of the Income-tax Act, 1961, to interest earned by cooperative societies on deposits maintained with scheduled banks, particularly in areas where cooperative banking facilities are inadequate, if so, the details thereof;
(d) whether the Government has considered permitting Primary Agricultural Credit Societies (PACS) and other cooperative societies to open and maintain deposit accounts with India Post Payments Bank (IPPB) to enhance banking access and financial inclusion, if so, the details and the present status thereof; and
(e) the steps being taken or proposed to be taken by the Government for safeguarding financial interests of cooperative societies?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Interest rates on deposit by Rural Cooperative Banks (RCBs), are governed by Reserve Bank of India (Rural Co-operative Banks – Interest Rate on Deposits) Directions, 2025 dated 28 Nov 2025 (Updated as on June 17, 2026).

Further, Cooperative Banks determine their lending rates, including the rates applicable to Primary Agricultural Credit Societies (PACS) and other cooperative institutions, based on their financial position, cost of funds, regulatory requirements and Board-approved policies.

(b) & (c) Central Board of Direct Taxes (CBDT) has informed that no such proposal is under consideration.

(d) As per extant instructions contained in paragraph 12(6), read with Schedule-I, of the Reserve Bank of India (Payments Banks – Interest Rate on Deposits) Directions, 2025, dated November 28, 2025, the Payments Banks can open savings deposit accounts for Primary Co-operative Credit Society subject to the conditions stipulated in the said Direction.

(e) National Bank for Agriculture and Rural Development (NABARD) being supervisory institution for Rural Cooperative Banks has undertaken various initiatives to safeguard financial interest of cooperative societies, which, inter-alia, includes short-term and long-term refinance support to Cooperative Banks, capacity-building of cooperative institutions, support for digitisation and computerisation of Primary Agriculture Credit Societies (PACS), strengthening of governance and risk management practices etc. NABARD also works closely with State Governments, RBI and other stakeholders for improving the operational efficiency, financial resilience and long-term sustainability of cooperative institutions.

Further, Central Registrar of Cooperative Societies has reported that The Multi-State Cooperative Societies (MSCS) (Amendment) Act & Rules, 2023 have been notified on 03.08.2023 and 04.08.2023 respectively to strengthen governance, enhance transparency, increase accountability and reform electoral process etc. in the Multi State Cooperative Societies.

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