

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) to (c) There has been an increase in the prices of Tea over the last one year and the average auction prices (All India) rose from a level of Rs. 62.61 per kg in June, 1997 to Rs. 91.98 per kg in January, 1998. The prices have started showing a declining trend since February, 1998 and according to the latest indications the average All India auction prices have been of the order of Rs. 75.21 per kg during May, 1998. Rise in the prices of Tea has been on account of shortfall in tea production in other producing countries like Kenya coupled with higher domestic and export demand for Indian Tea.

Steps taken to ensure availability of sufficient Tea in the domestic market include (i) directive of the Tea Board to the producers for strict compliance with the provisions of Tea Marketing (Control) Order, 1984 (ii) relaxation of policy regarding sale in the domestic tariff area (DTA) by Export Oriented Units and Units in Free Trade zones for a period of 6 months upto June, 1998 (iii) supply of Nivedan Tea to the consumers at cheaper prices etc.

There has not been any increase in the prices of Coffee during the last one year.

#### Exemption of Cooperative Banks from Income Tax

2567. SHRI MOINUL HASSAN : Will the Minister of FINANCE be pleased to state:

(a) whether the State Cooperative Banks are exempted from paying income tax on interest earned on the Government securities;

(b) if so, the details thereof;

(c) if not, the reasons therefor;

(d) whether levying of income tax is not limiting the capacity of State Cooperative Banks for meeting the credit needs of farmers and other weaker sections;

(e) if so, the details thereof;

(f) whether the Government are contemplating withdrawal of income tax being levied on State Cooperative Banks in all States; and

(g) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCE AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN) : (a) and (b) Under Section 80P of the Income Tax Act, 1961, deduction is available in the Case of an assessee being a cooperative bank if the gross total income includes any income from business of banking or providing credit facilities to its

members or income by way of interest or dividends derived by the society from its investments with any other cooperative society, to the extent of whole of such amount.

(c) to (e) Deduction u/s 80P of the Income Tax Act, 1961 is not available in respect of non-banking income. While distinguishing the banking and non-banking income, it has been held by the Hon'ble Madhya Pradesh High Court (119 ITR 327) and upheld by Hon'ble Supreme Court of India (218 ITR 438), in the case of Madhya Pradesh State Cooperative Bank Vs. Additional CIT, Madhya Pradesh that the income earned from investments out of reserve funds in securities which are not for meeting the withdrawals by the depositors or other transactions cannot be said to be utilised to meet the need of repayment to the depositors and will hence not qualify for deduction u/s 80P.

(f) The Government are not contemplating withdrawal of existing provisions in this regard.

(g) Question does not arise.

#### Procurement of Rubber by STC

2568. SHRI A.C. JOS : Will the Minister of COMMERCE be pleased to state:

(a) whether State Trading Corporation (STC) has been procuring rubber from the open market;

(b) if so, the quantum of rubber procured from open market, particularly from Kerala during each of the last six months; and

(c) the rates at which the STC procured the rubber?

THE MINISTER OF COMMERCE (SHRI RAMKRISHNA HEGDE) : (a) to (c) Yes, Sir. The STC, on the direction of the Government of India, has procured a total quantity of 9596 MTs of Natural Rubber from Kerala during 1997-98 at an average price of Rs. 31.80 per kg.

The Government in May'98 has again ordered the procurement of 20,000 MT of Natural Rubber.

#### Declaration of Mahamaham as National Festival

2569. SHRI K. KRISHNAMOORTHY : Will the Minister of TOURISM be pleased to state:

(a) whether Government are aware that Kumbakomaun in Tamil Nadu is a famous temple city surrounded by big temples and "Mahamaham" like "Kumbh Mela" is being celebrated every 12 years; and

(b) the steps being taken to make this "Mahamaham" as National Festival; as thousands and thousands pilgrims come from all parts of the country attend this festival to Kumbakomaun?