



**KAMARAJ IAS ACADEMY**  
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# Government Announces 3-Year Tax Break on Cooperative Dividends

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The Government of India has announced a 3-year tax exemption on dividends received from cooperative societies, aimed at boosting the cooperative sector and increasing members' income. The move is expected to strengthen rural economies and financial inclusion by encouraging greater participation in cooperatives.

## Key Highlights

- Tax exemption on cooperative dividends for a period of three years
- Applicable to members receiving dividends from cooperative societies
- Intended to provide relief to small investors, farmers, and rural stakeholders
- Expected to enhance returns from cooperative participation

## Objectives and Significance

- Promote the growth of the cooperative movement in India
- Increase income of members, especially in rural areas
- Encourage investment and participation in cooperative institutions
- Support sectors like:

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Agriculture

Dairy

Credit and banking

Aligns with the government's vision of "Sahkar se Samridhi" (Prosperity through Cooperation)

### **Additional Facts:**

Cooperative Societies in India:

Governed by the Cooperative Societies Act, 1912 (and state laws)

Work on principles of voluntary membership and democratic control

Ministry of Cooperation:

Established in 2021 to strengthen the cooperative sector

Current Union Minister: Amit Shah

Major Cooperative Institutions:

Amul (Gujarat)

IFFCO

Economic Role:

Cooperatives contribute significantly to agriculture, dairy, banking, and rural credit systems

This measure complements schemes like:

PM-KISAN

National Cooperative Development Corporation (NCDC) initiatives