



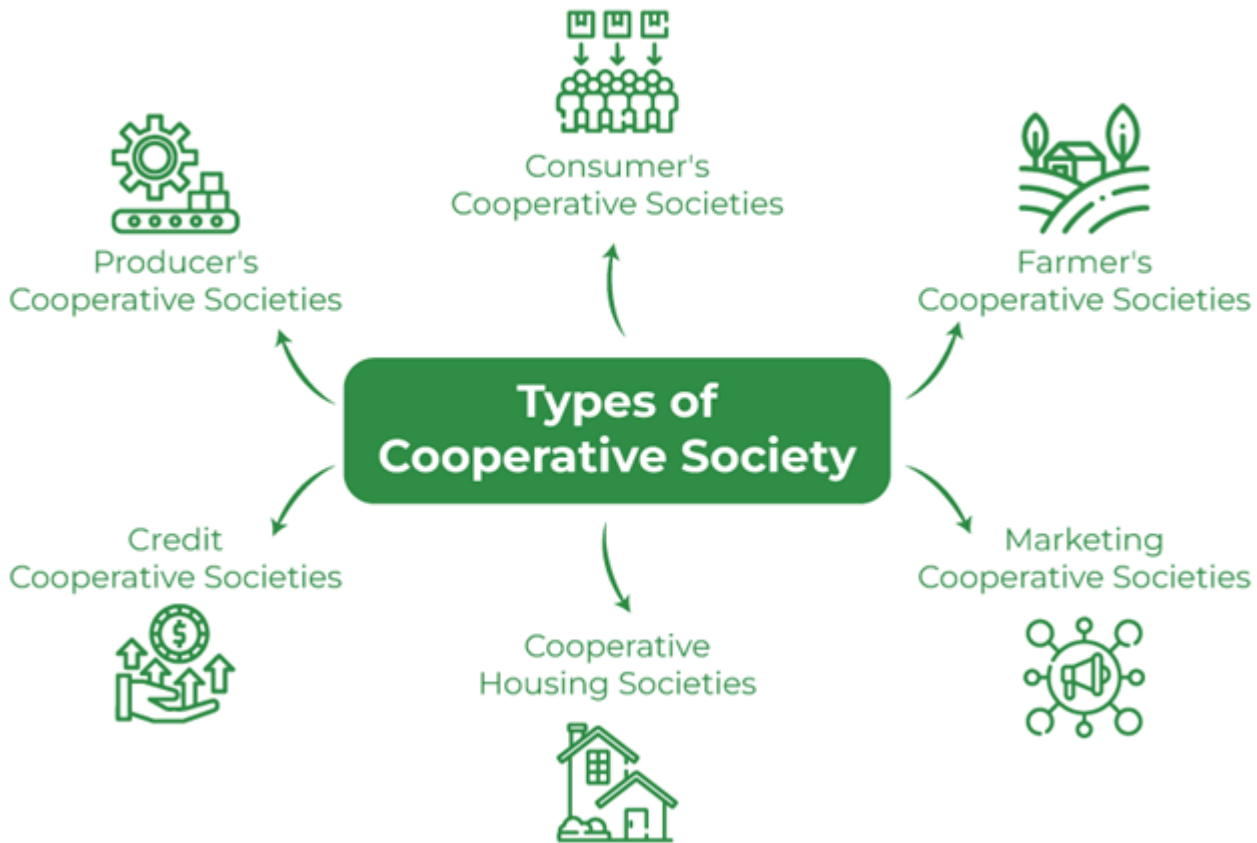
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Primary Agricultural Credit Societies

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Cooperative societies are playing significant role in this and share a major credit in the growth of rural sector which along with government and private sectors contribute to the overall economy of India.

Cooperatives encompass almost all activities of rural economy and thus have tremendous potential as well as need major impetus from the government for the rural economy to thrive.

Small-scale industries benefit from cooperative organisations' efforts to give new and worldwide opportunities, and artisans aid them with necessary credit and skill assistance. This increases their employment options and, as a result, their standard of living.

Co-operatives have played a significant role in channelizing money lending in a formal manner by establishing up Co-operative banks and credit societies in rural India, which has seen the largest number of cases of farmers' suicide owing to exploitation by money lenders.

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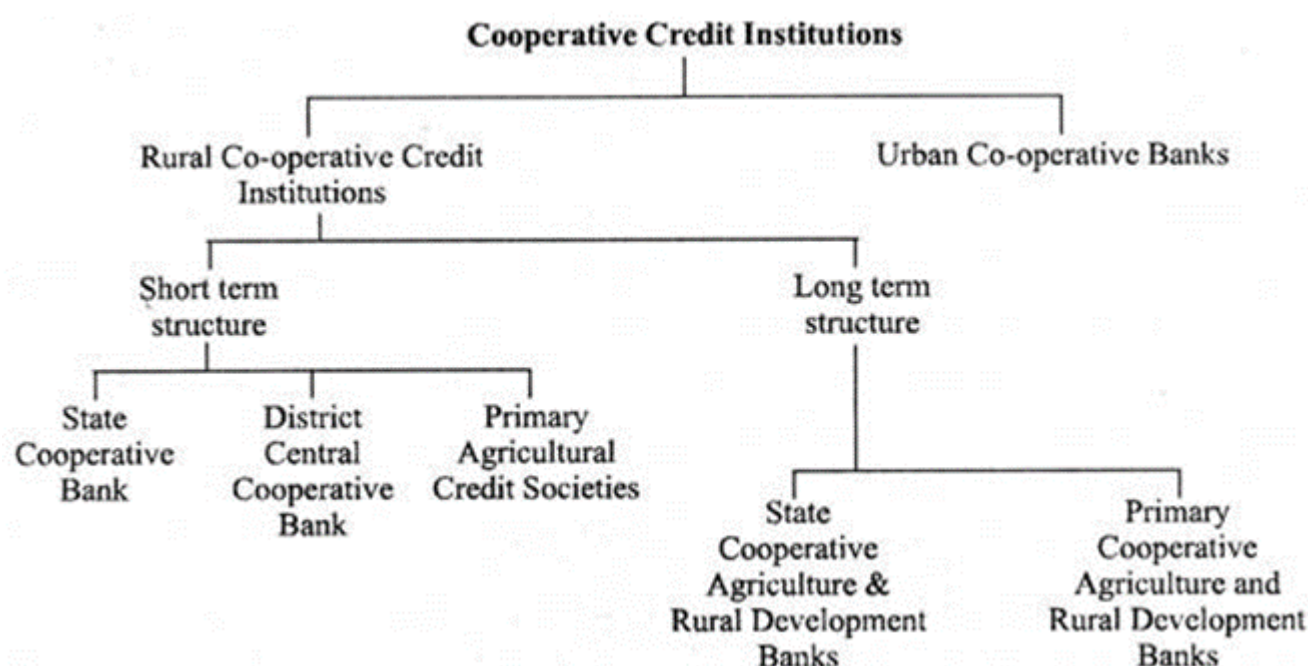
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Women's empowerment is another important role of cooperative societies in rural development. These societies educate rural women to be aware of their rights and empowered via skill development through a variety of activities. These societies have worked on the ground to break down cultural and societal barriers to women's growth.

Cooperative societies have had an impact on rural education by encouraging kids to go to school. In India, cooperative schools can be found all around the country.

Co-operative societies have aided many poor sectors of rural communities by offering access to new technologies, good training in natural resource management, and raising agricultural output by increasing the availability of goods.

About Primary Agricultural Credit Societies (PACS)



PACS are village level cooperative credit societies that serve as the last link in a three-tier cooperative credit structure headed by the State Cooperative Banks (SCB) at the state level.

Credit from the SCBs is transferred to the district central cooperative banks, or DCCBs, that operate at the district level. The DCCBs work with PACS, which deal directly with farmers.

Since these are cooperative bodies, individual farmers are members of the PACS, and office-bearers are elected from within them. A village can have multiple PACS.

PACS are involved in short term lending or what is known as crop loan. At the start of the cropping cycle, farmers avail credit to finance their requirement of seeds, fertilisers etc.

Banks extend this credit at 7 per cent interest, of which 3 per cent is subsidised by the Centre, and 2 per cent by the state government. Effectively, farmers avail the crop loans at 2 per cent interest only.

A report published by the Reserve Bank of India on December 27, 2022 put the number of PACS at 1.02 lakh. At the end of March 2021, only 47,297 of them were in profit.

The same report said PACS had reported lending worth Rs 1, 43,044 crore and NPAs of Rs 72,550 crore. Maharashtra has 20,897 PACS of which 11,326 are in losses.

Significance of PACS

The attraction of the PACS lies in the last mile connectivity they offer.

For farmers, timely access to capital is necessary at the start of their agricultural activities.

PACS have the capacity to extend credit with minimal paperwork within a short time. With other scheduled commercial banks, farmers have often complained of tedious paperwork and red tape.

For farmers, PACS provide strength in numbers, as most of the paperwork is taken care of by the office-bearer of the PACS.

In the case of scheduled commercial banks, farmers have to individually meet the requirement and often have to take the help of agents to get their loans sanctioned. NABARD's annual report of 2021-22 shows that 59.6 per cent of the loans were extended to the small and marginal farmers.

Need for computerisation

While SCBs and DCCBs are connected to the Core Banking Software (CBS), PACS are not.

Some PACS use their own software, but a compatible platform is necessary to bring about uniformity in the system

Computerisation of PACS has already been taken up by a few states, including Maharashtra. The Maharashtra State Cooperative Bank has plans to directly lend to PACS in districts where the DCCBs are either financially weak or have lost their banking licence. In such a scenario computerisation of PACS would help.

Challenges faced by Rural Cooperatives

Despite their significant contribution to rural development, cooperative organisations face a number of challenges.

The main problem they face is the shortage of funds. Its working capital is low and insufficient due to which they are unable to meet their requirements. As a result, these societies face a significant financial dilemma and are unable to pursue their job properly.

Furthermore, because politicians employ cooperative societies as a vote bank, these society can be easily exploited by politicians which can be a real task to deal with

Also, there have been occasions where certain members of these societies have joined the organisation for personal advantage. It deviates from the initial objective and causes a schism in the community.

The Way Ahead

Despite these obstacles, cooperative organizations are playing an increasingly important role in the development of rural communities across the country. The involvement of cooperative societies will be critical to the future success of rural communities