



PERFORMANCE OF PRIMARY AGRICULTURE CO-OPERATIVE SOCIETIES IN INDIA

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ABSTRACT

Primary Agricultural Co-operative Societies (PACSS) are providing agricultural credit to farmers, distributing agricultural inputs like seeds, fertilizers, pesticides, agricultural implements and machinery, providing facilities for marketing of agricultural produce, and inculcating the habit of thrift and savings. PACS are playing an important role in improving the economic and social conditions of the common masses of India. They provide short-term and medium-term loan to the members/farmers at reasonable interest rates to meet their various needs. The study found that the number of PACS, number of viable PACS, number of members, deposits, borrowing, number of borrowers and total loan issued by the Primary Agriculture Co-operative Societies in India has increased significantly during the period from 2004-05 to 2014-15.

Keywords: Agriculture Credit, borrowers and Deposits.

Introduction

Primary agriculture credit societies mean a co-operative society. Primary Agriculture Co-operative Societies (PACS) are also known as “Mini Banks” or “Rural Credit Banks”. Primary Agricultural Credit Societies are the foundation of the co-operative credit structure in India. The first Primary Agriculture Co-operative Societies was organized in India in 1904. PACS are playing a crucial role in improving the economic and social conditions of the common masses of India. They provide short-term and medium-term loan to the

members/farmers at reasonable interest rates to meet their various needs. They are providing credit to the farmers for agriculture purposes at cheap and easy terms. The loans are given to members for the purchase of cattle, fertilizers, pesticides, etc. Agricultural Cooperative Credit Structure Short-term structure is a three tier structure with PACS in Rural areas, Co-operative Central Banks at the District level and the Apex Bank at the State level.

Co-operative Credit Structure in India

The structure consist of Co-operative credit in India can be divided into two broad category.

1. Urban Co-operative Banks:

Urban co-operative banks, though not formally defined, refer to primary co-operative bank located in urban and semi urban areas. These banks till 1996 were allowed to lend money only for non-agriculture purposes.

2. Rural Co-operative Banks:

Rural co-operative banks are divided in to short-term and long-term credit structure. The short-term co-operative banks are three tiered operating in different states. The District Central Co-operative banks are affiliated members of respective State Co-operative banks. Similarly, the societies are constituents of the respective district central co-operative banks. The central co-operative banks are called autonomous units subject to excess control and supervision of registrar co-operative societies.

Short term credit (Three Tier Systems)

The short-term credit not exceeds 15 month and medium term credit range 15 month to 5 year.

- **State Co-operative Banks (SCBs):** They operate at the apex level in the state.
- **District Central Co-operative Banks (DCCBs):** They operate at the District levels.
- **Primary Agriculture Co-operative Societies (PACS):** They operate at the village or grass-root level.

Long term credit (Two tiers System)

- State Co-operative Agriculture and Rural development Banks (SCARDBs)
- Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)

Co-operative Credit Structure in India

Particulars	India
Short-term and Medium term credit (Three tier System)	

State Co-operative Banks (SCBs)	31
District Central Co-operative Banks (DCCBs)	370
Primary Agriculture Co-operative Societies (PACS)	93413
Long term credit (Two tier System)	
State Co-operative Agriculture and Rural development Banks (SCARDBs)	20
Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)	697

Source: Annual Report NABARD: 2011-12

Objective of the Study

1. To analyze the Cooperative Credit structure in India.
2. To analyze the Performance of Primary Agriculture Cooperative Societies in India.

Research Methodology

To fulfill the objective the secondary data have been used and collected information from NAFSCOB (National Federation of State Co-operative Bank) during the years from 2004-05 to 2014-15. To analyze the data, Compound Annual Growth Rate (CAGR) and percentage growth have been used.

Findings of the study

No. of PACS

Table-1

(No. of PACS)

Year	No. of PACS	Growth Rate (%)
2004-05	66576	-
2005-06	58559	-12.27
2006-07	57427	-1.93
2007-08	58479	1.83
2008-09	64872	10.93
2009-10	94647	45.89
2010-11	93413	-1.30
2011-12	92432	-1.05
2012-13	91833	-22.79
2013-14	93042	1.31
2014-15	97289	4.56
CAGR	3.50	

Source: National Federation of State Co-operative Bank.

Table 1 shows the number of primary agriculture co-operative societies have increased from 66576 in 2004-05 to 97289 in 2014-15 i.e. an increase of 1.46 times. The compound annual growth rate of it accounts for 3.50 percent per annum during the study period. The highest growth rate of no. of PACS has 45.89 per cent during the period 2009-10.

NO. of Viable PACS

Table-2

(in 000)

Year	No. of Viable PACS	Growth Rate (%)
2004-05	32614	-
2005-06	13768	-57.08
2006-07	27047	96.44
2007-08	27447	1.47
2008-09	23046	-16.03
2009-10	65540	18.43
2010-11	65985	0.63
2011-12	66813	1.25
2012-13	64978	-2.74
2013-14	66577	2.46
2014-15	67016	0.65
CAGR	6.76	

Source: National Federation of State Co-operative Bank.

Table 2 shows the number of viable primary agriculture co-operative societies has increased from 32614 in 2004-05 to 67016 in 2014-15 i.e. an increase of 2.05 times. The compound annual growth rate of it accounts for 6.76 percent per annum during the study period. The highest growth rate of no. of viable PACS has 96.44 per cent during the period 2006-07.

NO. of Members PACS

Table-3

(in 000)

Year	No. of Members PACS	Growth Rate (%)
2004-05	30934.00	-
2005-06	30578.00	-11.50
2006-07	29458.00	-3.66
2007-08	29725.00	0.90
2008-09	28495.00	-4.13
2009-10	126419.00	34.3
2010-11	121225.00	-4.10
2011-12	113595.00	-6.29
2012-13	139376.00	22.69
2013-14	130119.00	-6.64
2014-15	121087.81	-6.94
CAGR	13.20	

Source: National Federation of State Co-operative Bank.

Table 3 shows the number of members of primary agriculture co-operative societies has increased from 30934 in 2004-05 to 121087.81 in 2014-15 i.e. an increase of 43.91 times. The compound annual growth rate of it accounts for 13.20 percent per annum during the study period. The highest growth rate of no. of membership of PACS has 34.3 per cent during the period 2009-10.

Total Deposits of PACS

Table-4

(Rs. In Lakhs)

Year	Total Deposits of PACS	Growth Rate (%)
2004-05	1897604.00	-
2005-06	1956119.00	3.08
2006-07	2348407.00	20.05
2007-08	2544926.00	8.36
2008-09	2624538.00	3.12
2009-10	3528606.00	34.44
2010-11	3723815.00	3.53
2011-12	5025278.00	34.94
2012-13	6287416.00	25.11
2013-14	8189409.00	30.25
2014-15	8461632.00	3.32
CAGR	14.55	

Source: National Federation of State Co-operative Bank.

Table 4 shows the deposits of primary agriculture co-operative societies has increased from 1897604.00 in 2004-05 to 8461632.00 in 2014-15 i.e. an increase of 4.45 times. The

compound annual growth rate of it accounts for 14.55 percent per annum during the study period. The highest growth rate of total deposits of PACS has 34.94 per cent during the period 2011-12.

Total Borrowings of PACS

Table-5

(Rs. In Lakhs)

Year	Borrowings of PACS	Growth Rate (%)
2004-05	4024949.00	-
2005-06	4101760.00	1.90
2006-07	4371449.00	6.57
2007-08	4784797.00	9.47
2008-09	4893844.00	2.27
2009-10	5176389.00	5.57
2010-11	5400009.00	4.31
2011-12	8883556.00	64.50
2012-13	11565823.00	29.85
2013-14	9583580.00	-17.13
2014-15	9998011.00	4.32
CAGR	8.62	

Source: National Federation of State Co-operative Bank.

Table 5 shows the borrowings of primary agriculture co-operative societies has increased from 4024949.00 in 2004-05 to 9998011.00 in 2014-15 i.e. an increase of 2.48 times. The compound annual growth rate of it accounts for 8.62 percent per annum during the study period. The highest growth rate of borrowing of PACS has 64.50 per cent during the period 2011-12.

NO. Of Borrowers PACS

Table-6

(In Thousands)

Year	No. of Borrowers PACS	Growth Rate (%)
2004-05	7253.00	-
2005-06	6978.00	-3.79
2006-07	5671.00	-18.73
2007-08	5736.00	1.46
2008-09	5664.00	-1.25

2009-10	59799.58	95.57
2010-11	52387.59	-12.39
2011-12	44885.51	-14.32
2012-13	43082.70	-4.01
2013-14	48081.20	11.60
2014-15	49857.65	3.69
CAGR	19.15	

Source: National Federation of State Co-operative Bank.

Table 6 shows the borrowers of primary agriculture co-operative societies has increased from 7253.00 in 2004-05 to 49857.65 in 2014-15 i.e. an increase of 6.87 times. The compound annual growth rate of it accounts for 19.15 percent per annum during the study period. The highest growth rate of borrowers of PACS has 95.57 per cent during the period 2009-10.

Total Loan and Advanced Issued of PACS

Table-7

(Rs. In Lakhs)

Year	Total loan and Advanced issued	Growth Rate
2004-05	39211.72	-
2005-06	42919.65	9.45
2006-07	49612.75	15.59
2007-08	57642.48	16.18
2008-09	58786.74	1.98
2009-10	74937.53	27.47
2010-11	91303.82	21.83
2011-12	107300.23	17.51
2012-13	161909.16	50.59
2013-14	171419.56	5.87
2014-15	159050.29	-7.21
CAGR	13.57	

Source: National Federation of State Co-operative Bank.

Table 7 shows that the total loan and advanced issued by primary agriculture co-operative societies has increased from 39211.72 in 2004-05 to 159050.29 in 2014-15 i.e. an increase of 4.05 times. The compound annual growth rate of it accounts for 13.57 percent per annum during the study period. The highest growth rate of total loan and advanced issued of PACS has 50.89 per cent during the period 2012-13.

Conclusion

The study findings that the number of PACS, number of viable PACS, number of members, deposits, borrowing, number of borrowers and total loan issued by the Primary Agriculture Co-operative Societies in India has increased significantly during the period from 2004-05 to 2014-15. The analysis of data shows that Primary Agriculture Co-operative Societies plays a significant role in agricultural credit and rural development.

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