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## ROLE OF PRIMARY AGRICULTURE CO-OPERATIVE SOCIETIES IN ECONOMIC DEVELOPMENT

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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 and farmers at reasonable interest rates to meet their various needs. The study findings that the number of viable PACS, 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 in India.*

**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 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 and farmers at reasonable interest rates to meet their various needs. The loans are given to members for the purchase of cattle, fertilizers, pesticides, etc.

## **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
<b>Short-term and Medium term credit (Three tier System)</b>	
State Co-operative Banks (SCBs)	31
District Central Co-operative Banks (DCCBs)	370
Primary Agriculture Co-operative Societies (PACS)	97289
<b>Long term credit (Two tier System)</b>	
State Co-operative Agriculture and Rural development Banks (SCARDBs)	20
Primary Co-operative Agriculture and Rural Development Banks (PCARDBs)	697

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

### Objective of the Study

1. To analyze the Cooperative Credit structure in India.
2. To analyze the Role of Primary Agriculture Cooperative Societies in Economic Development 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)**

<b>Year</b>	<b>No. of PACS</b>	<b>Growth Rate (%)</b>
<b>2004-05</b>	108779	-
<b>2005-06</b>	106394	-2.19
<b>2006-07</b>	93224	-12.37
<b>2007-08</b>	94950	1.85
<b>2008-09</b>	95633	0.71
<b>2009-10</b>	94647	-1.03
<b>2010-11</b>	93413	-1.30
<b>2011-12</b>	92432	-1.05
<b>2012-13</b>	91833	1.14
<b>2013-14</b>	93042	-0.47
<b>2014-15</b>	97289	4.56
<b>CAGR</b>	<b>-1.01</b>	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

Table 1 shows the number of primary agriculture co-operative societies have decreased from 108779 in 2004-05 to 97289 in 2014-15 i.e. decrease of 0.89 times. The compound annual growth rate of it accounts for -1.01 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)**

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

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

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)**

	<b>No. of Members PACS</b>	<b>Growth Rate (%)</b>
<b>2004-05</b>	127406	-
<b>2005-06</b>	125197	-11.50
<b>2006-07</b>	125792	-3.66
<b>2007-08</b>	131530	0.90
<b>2008-09</b>	132350	-4.13
<b>2009-10</b>	126419	34.3
<b>2010-11</b>	121225	-4.10
<b>2011-12</b>	113595	-6.29
<b>2012-13</b>	139376.79	22.69
<b>2013-14</b>	130119.00	-6.64
<b>2014-15</b>	121087.81	-6.94
<b>CAGR</b>	<b>-0.46</b>	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

Table 3 shows the number of members of primary agriculture co-operative societies has decreased from 127406 in 2004-05 to 121087.81 in 2014-15 i.e. decrease of 0.95 times. The compound annual growth rate of it accounts for -0.46 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	-
2005-06	1956119	3.08
2006-07	2348407	20.05
2007-08	2544926	8.36
2008-09	2624538	3.12
2009-10	3528606	34.44
2010-11	3723815	3.53
2011-12	5025278	34.94
2012-13	6287416	25.11
2013-14	8189409	30.25
2014-15	8461632	3.32
CAGR	14.55	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

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	-
2005-06	4101760	1.90
2006-07	4371449	6.57
2007-08	4784797	9.47
2008-09	4893844	2.27
2009-10	5176389	5.57
2010-11	5400009	4.31
2011-12	8883556	64.50
2012-13	11565823	29.85
2013-14	9583580	-17.13
2014-15	9998011	4.32
CAGR	9.59	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

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)**

<b>Year</b>	<b>No. of Borrowers PACS</b>	<b>Growth Rate (%)</b>
<b>2004-05</b>	45070	-
<b>2005-06</b>	46076	-3.79
<b>2006-07</b>	47910	-18.73
<b>2007-08</b>	79408	1.46
<b>2008-09</b>	46219	-1.25
<b>2009-10</b>	59800	29.38
<b>2010-11</b>	52388	-12.39
<b>2011-12</b>	44886	-14.32
<b>2012-13</b>	49532	-4.01
<b>2013-14</b>	48081	11.60
<b>2014-15</b>	49857	3.69
<b>CAGR</b>	<b>0.92</b>	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

Table 6 shows the borrowers of primary agriculture co-operative societies has increased from 45070 in 2004-05 to 49857 in 2014-15 i.e. an increase of 1.10 times. The compound annual growth rate of it accounts for 0.92 percent per annum during the study period. The highest growth rate of borrowers of PACS has 29.38 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	3921172	-
2005-06	4291965	9.45
2006-07	4961275	15.59
2007-08	5764248	16.18
2008-09	5878674	1.98
2009-10	7493753	27.47
2010-11	9130382	21.83
2011-12	10730023	17.51
2012-13	16190916	50.59
2013-14	17141956	5.87
2014-15	15905029	-7.21
<b>CAGR</b>	<b>13.57</b>	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

Table 7 shows that the total loan and advanced issued by primary agriculture co-operative societies has increased from 3921172 in 2004-05 to 15905029 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.

## Loan Outstanding of PACS

Total-8

(Rs. In Laks)

Year	Total Loan Outstanding of PACS	Growth Rate (%)
2004-05	4878546	-
2005-06	5177856	6.13
2006-07	5862015	13.21
2007-08	6566638	12.02
2008-09	6404424	-2.47
2009-10	7647983	19.41
2010-11	8776794	14.75
2011-12	9124321	3.95
2012-13	13939871	52.77
2013-14	13005386	-6.70

<b>2014-15</b>	14722557	13.20
<b>CAGR</b>	<b>10.56</b>	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

Table 8 indicates that the total loan outstanding by primary agriculture co-operative societies has increased from Rs. 4887282 Lakhs in 2004-05 to Rs. 14722557 Lakhs in 2014-15 in India. The compound annual growth rate of it accounts for 10.56 percent per annum during the study period. The highest growth rate of total loan outstanding of PACS has 52.77 per cent during the period 2012-13.

## Overdues of PACS

**Table-9**

(Rs. In Lakhs)

<b>Year</b>	<b>Overdues of PACS</b>	<b>Growth Rate (%)</b>
<b>2003-04</b>	1629517	-
<b>2004-05</b>	1605223	-1.49
<b>2005-06</b>	1546623	-3.55
<b>2006-07</b>	1575291	1.85
<b>2007-08</b>	2400348	52.37
<b>2008-09</b>	3793654	58.04
<b>2009-10</b>	3952401	4.18
<b>2010-11</b>	2269760	-42.57
<b>2011-12</b>	2430359	7.07
<b>2012-13</b>	3829563	57.57
<b>2013-14</b>	2963194	-22.62
<b>2014-15</b>	3579059	20.78
<b>CAGR</b>	<b>7.41</b>	

**Source: Performance of Primary Agriculture Credit Societies for Various years.**

The table 9 shows that the total overdues of PACS have increased from Rs. 1605223 lakhs in 2004-05 to Rs. 3579059 lakhs in 2014-15 in India. The compound annual growth rate of total overdues is about 7.41 per cent per annum during the study period. The highest growth rate of overdues of PACS has 58.04 per cent in 2008-09.

## Conclusion

The study findings that the number of viable PACS, 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. But the total no. of PACS and number of members has decreased of PACS during the study period.

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