

A STUDY ON THE WORKING PERFORMANCE OF PRIMARY AGRICULTURAL CO-OPERATIVE SOCIETIES IN INDIA

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Abstract: The cooperative movement became the prime socio-economic movement in the world. Primary Agricultural Credit Society is really organized at the grass-roots level a village or a group of small villages in India. It is the fundamental unit which deals with rural credit to farmers for meeting their financial necessities. It provides short-term and medium-term loan to farmers which helps to meet their short-term financial requirements. . This paper highlighted working performance of PACS from 2005-2006 to 2014-2015 onwards in India.

KEYWORDS: PACS, Socio-Economic, Grass-root, Working Performance.

Introduction

The cooperative movement became the fundamental socio-economic movement in the world. It has contributed significantly to the reduced of poverty, making of creative employment and the enrichment of social integration in the country. The co-operative movement in India has taken deep roots in different sectors. It has also been making a important involvement towards economic and social development of the people. "Cooperatives have commonly concerned with agricultural credit, marketing of agricultural produce and distribution of fertilizers and pesticides and other essential commodities. Cooperative Banking Structure has a unique position in the Rural Credit Delivery System of India." They have made significant strides in the field of rural credit. Over the years, they have remained the key institutional agency with their enormous network, broad coverage, and outreach extending to the remote parts of the country. At present, "there are 8.33 lakhs cooperative societies running with the membership of 27.49 crores."

At present up to 2015 in India, there are 92,789 Cooperative credit societies including FSS and LAMPS (Farmers service societies) and (Large sized Adivasi multipurpose societies).

Scope of the study

PACS play a crucial role in short-term credit structure. Even though there are various agencies, which offer short-term credit to the farming activity, the PACS's are continued to be the most preferred agency of the farmer community. But the PACS's are encountered with many problems like increasing over dues, insufficient capital base, and lack of trained staff. So far, the studies conducted on working performance of PACS's are very limited and have not thrown light on multi facets of the problem. Hence, present study is an attempt to evaluate working performance of PACS's in a holistic approach encompassing both quantitative as well as qualitative variables relating to the societies.

Importance of the present study

Cooperative credit society is the key organization for providing credit both for crop production and investment in agriculture. In the present economic situation characterized by deregulation and global competition, the vital role of cooperative banks in meeting the socio-economic requirements of the farming community has been duly recognized. As such, strengthening and promoting the cooperative banks assumes greater importance. PACS's have been assigned a crucial role in agricultural development of our country. It is through the branches of these societies that various programs of the government are being implemented in the agriculture sector. The basic task of these societies is to develop agriculture sector, which is the most important occupation of the majority of people in our country and a maximum contributor to national income.

Review of Literature

Misra and Biswa swarup (2009) this paper analyzed the factors governing loan recovery performance of the primary agricultural credit societies in 19 states of India during 1997-2005. The paper's main finding is that the government's contribution to equity capital of credit societies is detrimental to their recovery. Increase in member size and rising proportion of non-borrowing depositors also adversely affects their recovery. Globally, the co-operative sector is making impressive strides. This study made an attempt to decipher the factors that contribute to the recovery performance of the primary agriculture co-operative societies. Unlike the extant literature on Indian co-operatives, which is primary narrative and in some instance based on case studies, this study was a model based attempt to examine the performance of co-operatives. The study also found that as deposits grow in proportion to borrowings, the recovery performance is adversely affected. This is perhaps because non-borrowing members do not have voting rights in the primary agriculture co-operative societies.

Karee mullah (2013) this study investigated the status of primary Agricultural Co-operative Societies and its whole functions analyzed by state wise. Primary Agricultural Co-operative Societies (PACs), along with Farmer Service Societies (FSS) and large sized Adivasi Multipurpose Co-operative societies (LAMPS), form the lowest base of the co-operative credit system in India. These base level institutions are affiliated to the district central co-operative banks at the district level, which in turn are affiliated to the state co-operative banks at the state level. Besides the credit business, PACs are also involved in non-credit business like agricultural inputs, public distribution system. Over the several decades of their establishment barring the construction of rural godowns under the national co-operative development corporation's scheme, no significant development has taken in the case of PACs. Of course, the business development plans a little enthusiasm, but not for long. In view of these, this paper attempts their prospects, particularly in the context of their competitive environment.

Khoichung Rangamlan (2017) this paper assessed or measured the sustainable development and growth of Kamrup (Rural) District of Assam through the Primary Agricultural Co-operative Societies. The formal co-operative movement in Assam took place around 1904 when the first co-operative credit societies Act was promulgated by the then British Government. The design used for the study is basically descriptive and analytical. Interviewing method was used for gathering the required information from the board of directors, secretary and staff of the society. The most important objective of the society is distribution of essential commodities among the members at reasonable price. The society has adequate infrastructure, assets and is involved in Public Distribution System (PDS) business successfully. The society is maintaining the spirit of co-operative philosophy and ideology. The members as well as non-members of the society are directly getting benefit to fulfill their daily requirements.

Objectives of the Study

1. To study the performance of PACS in India.
2. To study the conceptual aspect of PACS in India.

Research Methodology

The present study is based mainly on secondary data. The data was collected from Library books, Published Annual reports of NAFSCOB, Journals, websites, Research Articles And other published materials.

DATA ANALYSIS AND INTERPRETATION

The Performance of primary agriculture cooperative credit societies in India is discussed in the following. The number of primary agriculture co-operative societies during the period of 2005-2006 to 2014-2015.

Table No. 1.
Number of PACS during 2005-2006 to 2014-2015

CO-OPERATIVE YEARS	NUMBER OF SOCIETIES
2005-2006	89827
2006-2007	53339
2007-2008	67146
2008-2009	46222
2009-2010	89523
2010-2011	90279
2011-2012	101297
2012-2013	90958
2013-2014	93042
2014-2015	92789

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

In the year of 2005-2006, 89827 PACS were functioning in India, after this year next three consecutive years respectively 2006-07, 2007-08 and 2008-09 the trend of number of PACS are highly fluctuated. From 2009-2010 and next two years respectively 2010-2011 and 2011-2012, the number of PACS was highly increased. After 2011-12 again the trend of number of PACS unstapled.

Figure No. 1.

Show the Number of PACS during 2005-2006 to 2014-2015

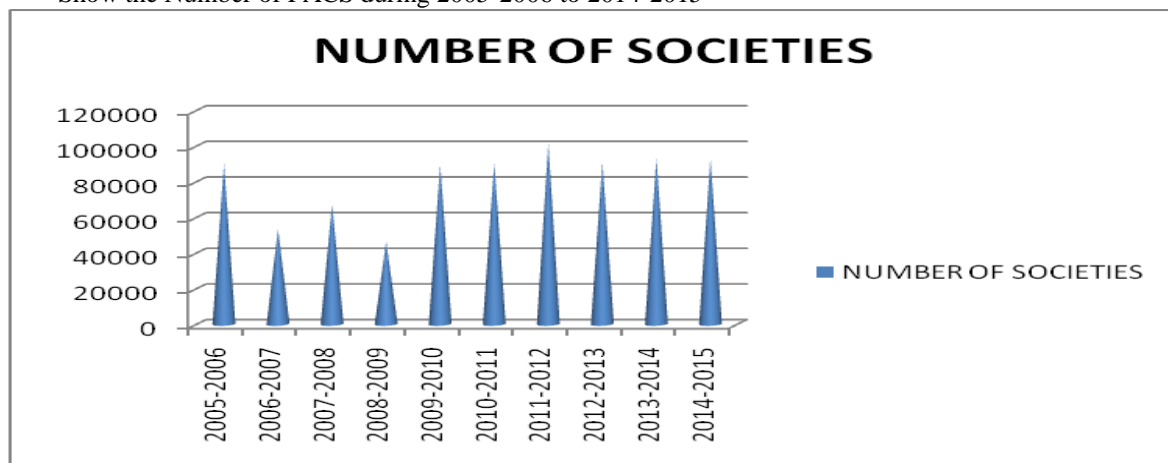


Table No. 2.

Status of Membership during 2005-2006 to 2014-2015 (In thousands)

YEARS	TOTAL MEMBERSHIP
2005-2006	93560
2006-2007	92018
2007-2008	92711
2008-2009	65821
2009-2010	122226
2010-2011	106136
2011-2012	127646
2012-2013	110068
2013-2014	130120
2014-2015	121088

Source: National co-operative Union of India, India Co-operative Movement Statistical Profile-2016

Figure No. 2.

Show the Status of Membership during 2005-2006 to 2014-2015 (In thousands)

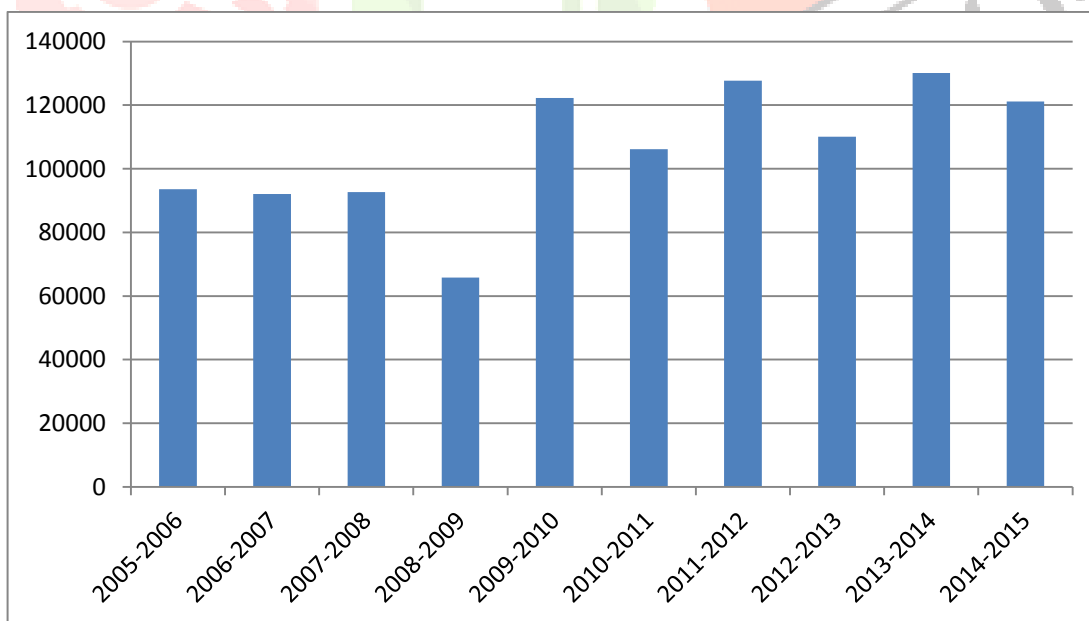


Table No. 3.

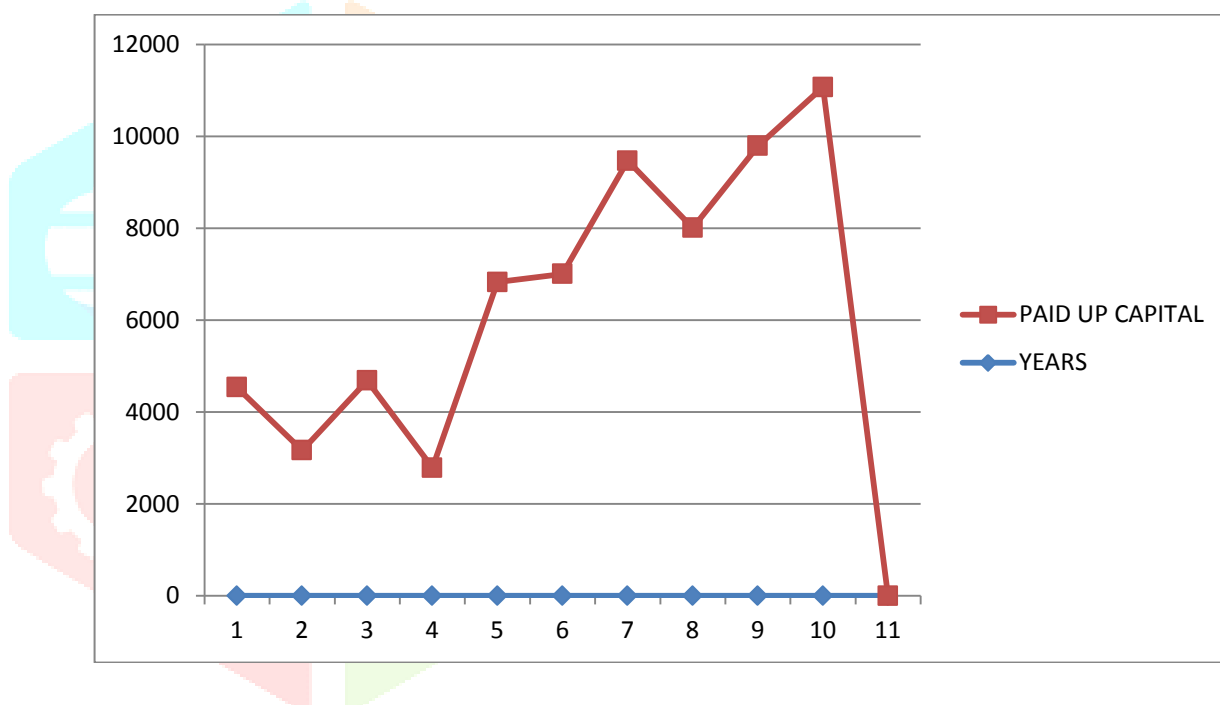
PACS: Status of Paid up Capital During 2005-2006 to 2014-2015

YEARS	PAID UP CAPITAL
2005-2006	4540
2006-2007	3168
2007-2008	4685
2008-2009	2786
2009-2010	6828
2010-2011	7005
2011-2012	9467
2012-2013	8008
2013-2014	9789
2014-2015	11068

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Figure No. 3.

Show the PACS: Status of Paid up Capital during 2005-2006 to 2014-2015

**Table No. 4.**

Status of Deposits during 2005-2006 to 2014-201

(Rupee in Crores)

CO-OPERATIVE YEARS	TOTAL DEPOSITS
2005-2006	17566
2006-2007	16054
2007-2008	10981
2008-2009	13375
2009-2010	35680
2010-2011	37282
2011-2012	54763
2012-2013	37561
2013-2014	81895
2014-2015	84616

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Figure No. 4.
Show the Status of Deposits during 2005-2006 to 2014-2015
(Rupee in Crores)

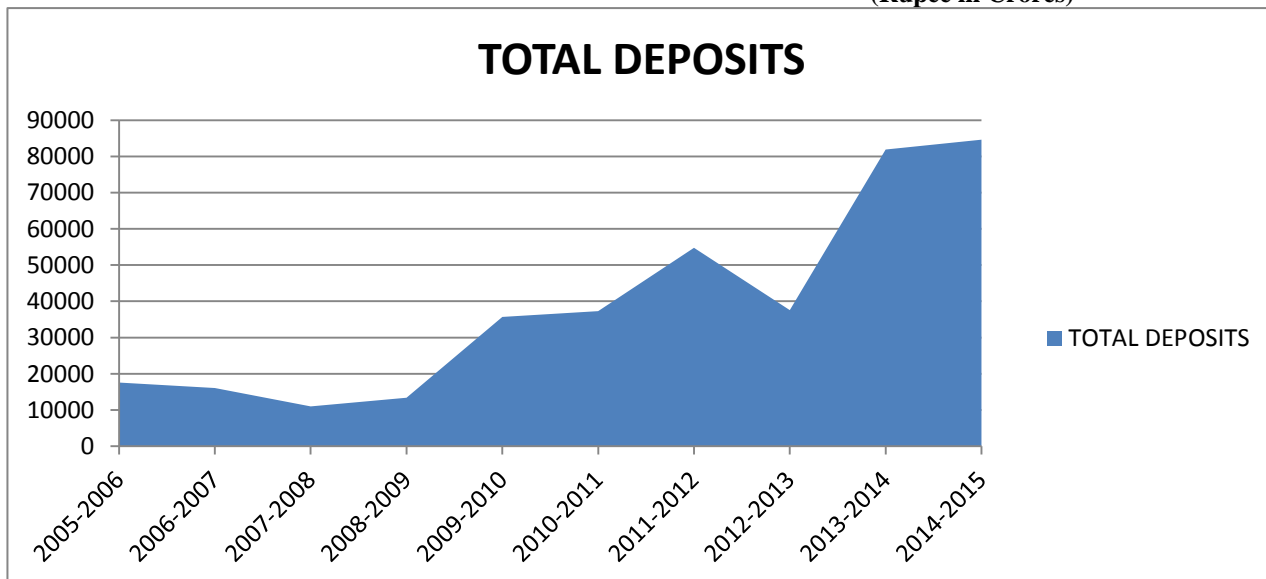


Table No. 5.
PACS: Status of Loan Advanced during 2005-2006 to 2014-2015
(Rupee in Crores)

YEARS	TOTAL LOANS ISSUED
2005-2006	35552
2006-2007	25277
2007-2008	32932
2008-2009	27465
2009-2010	72882
2010-2011	85296
2011-2012	122826
2012-2013	98440
2013-2014	171420
2014-2015	159050

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Figure No. 5.
Show the PACS: Status of Loan Advanced during 2005-2006 to 2014-2015 (Rupee in Crores)

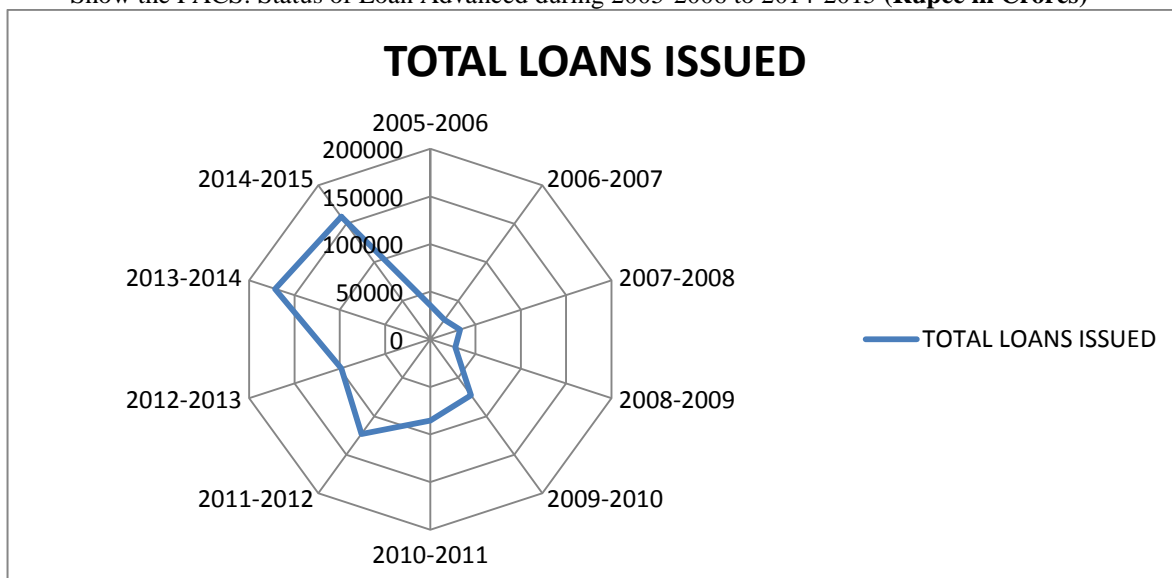
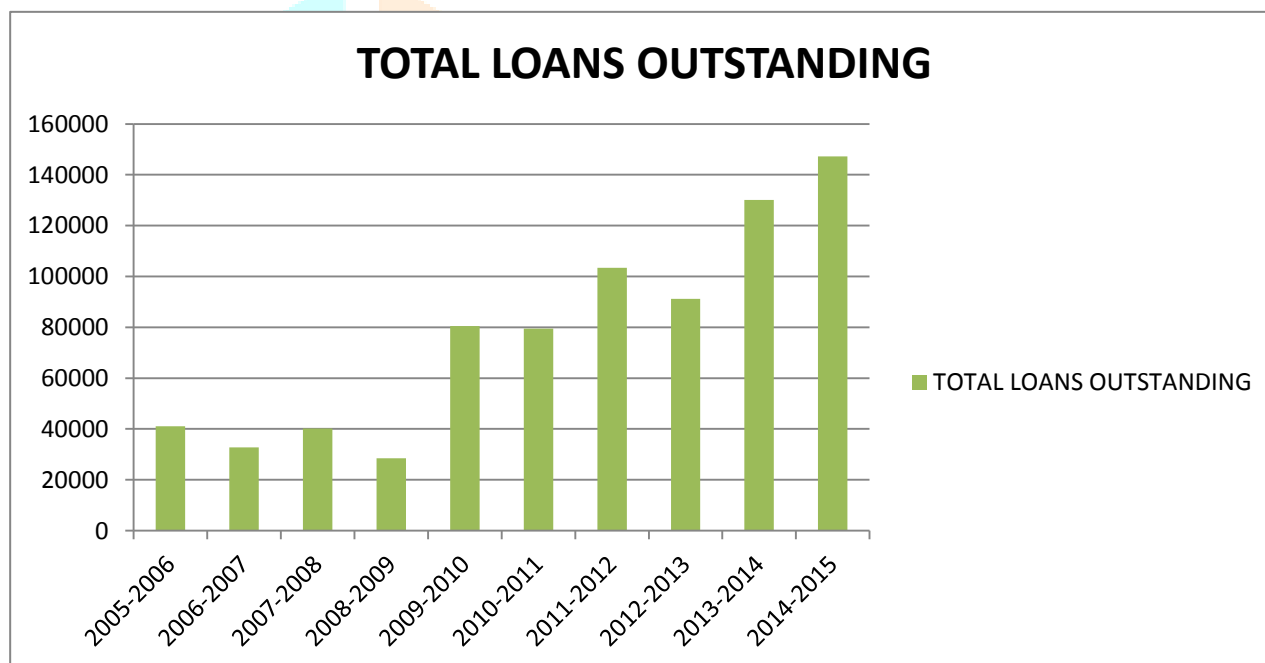


Table No. 6.
Status of loan outstanding during 2005-2006 to 2014-2015 (Rupee in Crores)

YEARS	TOTAL LOANS OUTSTANDING
2005-2006	41024
2006-2007	32773
2007-2008	40244
2008-2009	28515
2009-2010	80487
2010-2011	79504
2011-2012	103462
2012-2-13	91171
2013-2014	130054
2014-2015	147226

Source: National Co-operative Union of India, Indian Co-operative Movement Statistical Profile-2016

Figure No. 6.
Show the Status of loan outstanding during 2005-2006 to 2014-2015 (Rupee in Crores)



Findings:

- From the year 2005-06 to 2008-09, the number of PACS in India were highly decreased from 89,827 to 46,222 and next three consecutive years respectively 2008-2009 to 2011-2012 the number of PACS were highly increased from 46,222 to 1,01,297 that the time the Government of India opened more PACS, again the number of PACS was unstable in the respective years from 2011-12 to 2014-15.
- In the year of 2008-09, the membership of the PACS was highly decreased to 65,821 but in the year of 2009-2010, the membership of PACS was increased from 65,821 to 122,226 remaining years from 2009-2010 to 2014-2015 the membership of PACS was increased as well as decreased. In the year of 2013-2014 the membership of PACS highly increased to 130120. In the study period from 2005-06 to 2014-15 onwards the membership of PACS unstable.
- The paid up capital of PACS is unstable in India from 2005-2006 to 2014-2015 onwards, therefore the paid up capital of PACS increased as well as decreased. In the year of 2008-2009, the paid up capital was highly decreased from 4,540 to 2,786 but in the year of 2014-2015 paid up capital of PACS was increased to 11,068 so it was a highest value paid up capital of PACS in the period of 2005-2006 to 2014-2015.
- The deposit amount of PACS also unstable because it was always changing negatively as well positively in the study period. In the year of 2007-2008 the deposits amount of PACS was highly decreased to 10,981 crores so it was the lowest deposited year of PACS during 2005-2006 to 2014-2015 onwards. In the year 2014-2015 it was highly decreased from 17,566 crores to 84616 crores. Last two consecutive years of 2013-2014 and 2014-2015 the deposit amount of PACS were increased to 81,895 crores and 84,616 crores.
- In the study period 2005-06 to 2014-15 the loan in advanced amount was changing every year positively as well as negatively. In the year 2006-2007 the PACS were issued 25,277 crores only so it was the very lowest amount of loans in advance

of PACS in the study period. PACS was issued Rs.1, 71,420 crores loan in the year 2013-2014 and it was the highest amount of loans in advance of PACs in the study period.

6. The loans in outstanding of PACS were also unstable because it decreases every year as well as increase. In the year 2008-2009 there were Rs. 28,515 crores of loans in outstanding of PACS in India and it was the lowest loans in outstanding of PACS in the study period. In the year of 2014-2015 it was reached highest point of Rs. 1, 47,226 crores of loans in outstanding of PACS in India.

Suggestions:

1. Government of India has to increase the number of PACS in rural areas because our nation has more villages.
2. Government of India has increase the membership of PACS. The co-operative institution shall be conducted co-operation related awareness programmes for agrarian society.
3. Government of India has to take immediate measure to increase the Paid up capital of PACS.
4. Government of India has to motivate member of PACS to deposited more amount in the co-operative sectors.
5. PACS has to liberalize the loan providing Procedures.
6. The loans in outstanding of PACS have to be reduced by co-operative societies. Government of India will take remedial measures for strengthening of efficiency of co-operative sectors, particularly PACS.
7. Government of India has to launch rejuvenation programmes for PACS development in India.

Conclusion:

Primary Agricultural Credit Society is really organized at the grass-roots level a village or a group of tiny remote villages in India. It is the fundamental unit which deals with rural credit to farmers for meeting their financial necessities. It provides short-term and medium-term loan to farmers which helps to meet their short-term financial needs. It supplies agricultural inputs and provides marketing facility for the agricultural commodities. For the development of agricultural sector and allied activities sufficient and timely finance are important. But many financial problems are cropping up in the procedure of development of co-operative system they are lack of sufficient and trained staff, lack of required funds, poor industrial relations environment, lack of professional management, political interruption, change in economic circumstances, more dues and restricted resource of income of the farmers and so on these societies are incapable to offer sufficient finance to the members and they are creating delay in the sanctioning of loan. Therefore to Increase the capability of the society and to provide the rural undeveloped people in a better point of view the cooperative banking should be strong and efficient to face the challenges in competitive circumstances and it needs. This paper highlighted working performance of PACS from 2005-2006 to 2014-2015 onwards in India.

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