

A Study on Members' Awareness And Satisfaction of Services Provided By Paccs (Primary Agricultural Co-operative credit Societies)

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Abstract: *The co-operative banks are the largest source of lender for the customers and the members in the credit co-operative sector. Irrespective of the member status the Primary Agricultural Co-operative Credit Societies (PACCS) provide a large number of schemes and operations. The members who have been become members in the present age and those who have been traditional members have given freedom and choice to avail the various benefits provided by the PACCS. The PACCS have been actively performing the role of banks in bringing the various developments of the corporate banks as on today. The co-operative banks have been rendering loans and deposits for the benefits of the rural and urban members and customers. The banks offering loans and schemes for developing the Agriculture related productions thereby pave the way for increase in the GDP of the economy.*

I. Introduction

The Primary Agricultural Co-Operative Credit/Service Societies (Paccs)

As per the census 2011, about 68.8 percent of population resides in rural area and depending directly or indirectly upon agriculture for their livelihood. The contribution of this sector to the gross domestic product (GDP) is however declining very rapidly and is presently about 14.5 percent (in 2010-11) and this sector is also showing deceleration in growth rates. Therefore, it is very important for this sector to achieve higher growth rates and also be an engine of growth, so that growth in other sectors and overall growth rate of the economy can be achieved. The primary agricultural credit co-operative societies are considered to be the pillars of the entire cooperative edifice. The PACSs continue to be the main source of agricultural credit to the farmers in rural areas. RBI started special department for the development and growth of Co-operative credit Societies. Credit is very important to the agriculture. India has only four month rainy season in a year. During that time the credit plays a significant role for the cultivation of agriculture.

On the basis of farmers' economical background no one is ready to provide credit to them. Because there is no surety of repayment of loan by the farmers, because the income from agriculture is not guaranteed. In this situation farmers can get the credit from the primary agriculture credit co-operative society. These societies are working for the farmers, and by the farmer. The Co-operative Societies Act 1912 permitted the registration of non-credit co-operative societies as well. These societies are affiliated to the District Co-operative Central banks. And the district Central co-operative banks are affiliated to the State Co-operative banks. Primary agriculture co-operative credit societies are providing short and medium term loans for the farming purposes.

Primary Agricultural Credit Society provides financial accommodation to its members for agricultural purposes or for purposes connected with agricultural activities (including the marketing of crops) and the bye-laws of which do not permit admission of any other co-operative society as a member.

II.Objectives

The major objectives of the primary agricultural credit service societies are to supply agricultural credit to meet the requirements of funds for agricultural production, the distribution of essential consumer commodities, the provision of storage and marketing facilities and for light agricultural implements and machinery. Owing to an increasing emphasis on the development of land and agriculture, long-term co-operative credit has assumed great importance.

Functions:

- PACCS provides credit to the farmers, distributes inputs like fertilizers and also runs outlets under Public Distribution System.
- It provides short term and medium term credit for agriculture and allied activities.

- The short term loans are repayable within a period of 12 to 15 months and the medium term loans are repayable within 3 to 5 years.
- Crop loan is the prominent item of credit to the farmers by Primary Agricultural Cooperative societies, provided without collateral security up to 10 acres in respect of registered sugarcane growers and up to Rs.1 lakh in respect of other crops.
- The loan amount exceeding this limit is secured with mortgage of property or pledge of jewels.
- Primary Agricultural Cooperative society also issues loans for other agricultural purposes like purchase of farm machineries and for non-agricultural purposes including loans for the purchase of consumer durables, housing loans, education loans and professional loans.
- It provides marketing facilities for the sale of agricultural produce
- It associates itself with economic and social welfare programmes of the village.

Present position of paccs:

The PACCS in Tamilnadu have significantly made a lot of contribution to enhance the socio-economic growth and the development of people through a vast network of cooperatives institutions in Tamilnadu. At present there are 4803 Cooperative credit societies and 4569 non-credit cooperative in the state. All the 17047 villages and 616.70 lakhs population are covered; 16.54 lakhs agricultural labourers, 30.22 lakhs rural artisans, 223.37 lakhs farmers and others numbering nearly 109.49 lakhs are served by cooperatives. 378.69 lakhs persons are members of credit cooperatives and 286.04 lakhs persons are members of non-credit cooperatives. **

To strengthen the capital base, to create new infrastructural facilities and to revamp the Primary Agricultural Cooperative Credit Societies, financial assistance is provided to them from the “**Primary Cooperative Development Fund**” which is formed out of the contributions from the District Central Cooperative Banks and TNSC Bank and administered by TNSC Bank for the following purposes:

Construction of modern building with strong rooms and defender doors, installation of defender doors, grill doors and installation of lockers and safe vaults. In **2013-14**, strong rooms with defender doors have been constructed in **50** Primary Agricultural Cooperative Credit Societies at a cost of **Rs.232 lakhs**. Interest subsidy for the Cash Credit facilities is given to the Primary Agricultural Co-operative Credit Societies, which are ineligible to avail financial assistance under the Short Term Cooperative Credit Structure Revival Package.

Interest subsidy for the Medium Term loans is sanctioned to the Primary Agricultural Cooperative Credit Societies for the purchase of Agricultural equipments and Interest subsidy for the Medium Term loans is sanctioned to the Primary Agricultural Cooperative Credit Societies for the purchase of computers and its accessories.

E-Banking facility has been introduced in the Primary Agricultural Cooperative Credit Societies under the guidance of Tamil Nadu State Apex Cooperative Bank. This facility has benefited the members of Primary Agricultural Cooperative Credit Societies to have seamless transfer of funds at minimum cost. This scheme has not only benefited the people residing in remote rural areas, but also increased the revenue of the Primary Agricultural Cooperative Credit Societies.

Services Provided By Paccs

The Primary Agricultural Cooperative Credit Societies till recently were functioning only as Credit Institutions. With a view to bring about a positive change in the rural economy, the Primary Agricultural Cooperative Credit Societies have diversified their activities by extending other services to their members and people in rural areas.

The following are some of the diverse services provided by PACCS:

(a) Improving the Sale of inputs:

Primary Agricultural Cooperative Credit Societies are encouraged for improving the sale of fertilizers, seeds and agricultural inputs. During **2013-14**, **Rs.552.67 crore** worth of fertilizers and **Rs.22.85 crore** worth of seeds were sold.

(b) Agri Clinics:

Agri clinics provide water and soil testing services, and recommend improved agricultural practices to farmers. **190** Agri clinics have been established with a grant of **Rs.3 lakh** each from Primary Cooperative Development Fund and **Rs.3 lakh** subsidy from the National Agriculture development programme.

(c) Common Service Centers

Common Service Centres have been established in **1,538** Primary Agricultural Cooperative Credit Societies and in **100** Primary Cooperative Agriculture and Rural Development Bank with twin objective of

providing a range of e-services to members and people living in remote rural areas and to supplement the income of the society. The e-services include e-mail, extract of land records, e-ticketing, digital photographs, etc. These societies have earned an income of **Rs.398.25 lakh** during **2013-14** by rendering these new e-services.

(d) Agro Service Centers

To increase productivity in agriculture and to overcome shortage of agricultural labour during cultivation season, increased use of machines is indispensable. With a view to help the small and marginal farmers to increase agricultural production and to enable them to reap the benefits of farm mechanization, **2,104** Agro Service Centres have been established in Primary Agricultural Cooperative Credit Societies to let out farm machineries and implements on hire to farmers at reasonable rates. The Government have granted **50%** subsidy subject to a maximum of **Rs.20 lakh** for each society. The Primary Agricultural Cooperative Credit Societies have earned an income of **Rs.494.68 lakh** from the agro service centers during **2013-14**.

(d) Micro Insurance

The Primary Agricultural Cooperative Credit Societies have been permitted to become agents of Life and General insurance companies for sale of insurance policies. This arrangement has enabled the Primary Agricultural Cooperative Credit Societies to provide better service and to earn commission income. During **2013-14**, **62,496** rural People have been enrolled in insurance schemes and **Rs.101.62 lakh** was collected as premium.

(e) Processing

To enable farmers who are cultivating banana, to get better price for their produce, Banana Cooling and Ripening Plant has been established at Varadharajapuram Primary Agricultural Cooperative Credit Society in Tiruchirapalli District at a cost of **Rs.28 lakh**.

(f) Computerization

To keep pace with the latest developments in Information Technology sector and to upgrade the quality of services on par with commercial banks, computerization is being implemented in all **4,530** Primary Agricultural Cooperative Credit Societies and its branches. The process of computerization has been completed in **4,412** Societies. Financial assistance of **Rs.25,000** each amounting to **Rs.2.80 crore** has been provided to **1,121** Primary Agricultural Cooperative Credit Societies to purchase computers from "Affiliates Development Fund" maintained by the State.

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(g) Strengthening the Safety Measures in Cooperative society

It is imperative to strengthen the basic safety measures in Primary Agricultural Cooperative Credit Societies. Strong room facilities are made in the societies in order to secure the safety of the pledged jewels in the Cooperative Institutions, to prevent incidents of theft and to gain the confidence of public. At present out of **4,530** societies, **3,474** societies are having strong room facilities.

Problems Faced By The Co-Operative Credit Societies

The problems and constraints faced by the co-operative sector are:

- Lack of supervision and inspection by Registrar of Co-operative Societies resulting into financial misuse and disproportion institutional development.
- Government is hesitating to entrust any important government work since it does not have any participation.
- These Co-operatives are away from the mainstream. The Co-operative Banks and other important institutions are not prepared to admit them as members.
- NABARD and RBI are not agreeing for conversion of Central and Urban Co-operative Banks.
- R.B.I. has also objection about the use of word "Co-operative" since Banking Regulation Act uses the word "Co-operative Society".
- Perhaps the people/institution are not prepared or educated or sensitized enough to work without control and supervision.
- Mischievous persons may take advantage of the situation to cheat the general public.
- When the Government is exploring the possibility of regulating the Non-governmental organizations having vast experience, it is doubtful as to whether the mutually aided Co-operatives in various fields can give desired result.
- Poor recovery of loans due to persuasive policy, differential rates of interest when compared to commercial and private banks and also no customer friendly technological solutions, restricted area of operation of the PACCS, and high transaction costs as well as the traditional policy of undiversified lending.
- On the management side, there is a need for rationalization of staff and introduction of modern management techniques

- The circumstances and the situation give rise to the Co-operative Movement in the Countries are still prevalent. The market is still not accessible to small and marginal farmers. Supply of agricultural credit is not adequate. About 50% of our rural and tribal households still have no facility for institutional credit.
- The Co-operatives are today at the cross road at their existence, particularly in view of the fast emerging economic liberalization and globalization. The Co-operatives still continued to function in a traditional way with poor governance and management, poor resource mobilization, outside interference, dependence on Government and lack of professionalization.

Strategies for successful co-operatives credit societies:

- Co-operatives need to be member-driven; stakeholders should have a command over its affairs and activities. There is need for more transparency, more of interaction and confidence building measures.
- Aggressive marketing strategy is to be adopted for sensitizing members and general public about the service and quality rendered by the Co-operatives. Commitment to best service and pursuit for excellence should be the hallmark of Co-operatives. Every society should adopt their customers' or members' charter and should meticulously adhere to this charter.
- Co-operative should compete with other players in prevailing market forces without any protectionist or discriminator approach.
- In respect of short-term, medium-term, long-term loans restrictions have been stipulated by Reserve Bank of India and NABARD. These restrictions need be liberalized which would help Co-operative to optimize its lendable resources and provide finance to members.
- Strengthening information and database of Co-operatives is utmost importance. MIS is to be adopted by the process of computerization and inter-connectivity to provide best services to members and customers with anytime and anywhere service.
- Professionalization of management is one of the basic prerequisites of Co-operatives. Both the personnel as well as directors of committee of management should be exposed to regular training, interaction and orientation.
- Adoption of scientific planning for deployment of human resources on the principle of 'right man for the right post at right time' would help Co-operatives to accelerate the pace of reforms. Human resources need be proactive. Motivation, recognition for good work and leadership is inculcated for augmenting productivity.
- Basic tenets of corporate governance like fair play, transparency and accountability are to be adopted.
- Cooperatives have to be repaid on time and necessary infrastructure including consumer/farmer-friendly technologies in cooperative institutions have to be adopted. In agriculture, more importance has to be given to the emerging agricultural extension and diversification activity such as horticultural development and godown construction. Lending has to be extended to horticultural, herbal crops, wasteland development programmes and micro irrigation schemes. Diversified lending for profitable avenues has to be encouraged. Common Service Centers (CSCs), Agri-clinics and Agro Service Centers are also being established in PACCS to diversify their activities.

III. Conclusion

Government of India is giving top priority to the agriculture sector. The farmers belonging to the villages do not have sufficient financial resources and background to carry out agricultural operations on a regular and continuing basis. On many occasions they depend on PRIVATE money-lenders and other similar sources to generate finance for performing agricultural activities.

However, they get only a meager support from this unorganized source of finance. As a result of this financial shortage and the burden of already availed help make their life miserable. In this context, it is apt to consider an old adage that **“the Indian farmer is born in debt lives in debt and dies in debt”**. The sufferings of the farmers are never-ending. As a result of this, villages and suburban areas witness many suicides and agonies in this section of the population. In this backdrop, Co-operative societies assume greater significance and scope. Co-operative societies are institutions organized under the principles of co-operation set up for saving the hapless victims of fate by extending financial support to rejuvenate their occupation.