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A STUDY ON SURVEY OF THE TAMILNADU PRIMARY AGRICULTURAL CO-OPERATIVE CREDIT SOCIETIES (PACCS) IN TAMILNADU, INDIA

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ABSTRACT

A basic agricultural credit society is the smallest cooperative entity in India. It operates at the local level (gramma panchayats and villages). A hamlet or town was the site of the first agricultural credit union. It provides agricultural financing, distributes products such as fertiliser, and operates Public Distribution System outlets. Crop loans are the most prevalent kind of credit given to farmers by major agricultural cooperative lending organisations, and they are offered with no collateral security. A loan in excess of this amount is secured by a mortgage or a jewellery pledge. Primary Agricultural Cooperative Credit Societies also issue loans for non-agricultural reasons such as housing, education, and professional loans, in addition to agricultural objectives such as farm machinery purchases. Farmers can get short-and long-term agricultural loans with low interest rates. The study looks on the sustainability of primary agricultural loans in Tamil Nadu primary agricultural cooperative credit societies.

KEYWORDS: Agricultural Credit, long-term development goals, Interest subvention.

INTRODUCTION

The agricultural sector of India has grown up since independence but after green revolution in agriculture got an express speed for its development. Though there are so many problems arise in agriculture after independence. Like a water resource was very limited, seed qualities was not good, availability of fertilizer was less than the requirement etc. Over all in many problems, there was a significant problem of credit for agriculture. More than seventy five percent agriculturist was receiving the credit from money lenders for their agricultural cultivation. The rate of interest was very high and so the people couldn't survive their economic position. Farmer wanted some method for to solve this problem.

Primary Agricultural Cooperative Credit Societies

The cooperative movement began in India as a move to provide credit to release the rural community from the clutches of moneylenders. RBI started special department for the development and growth of Cooperative credit Societies, farmer can get the credit from the

primary agriculture credit co-operative society. These societies are working for farmer, by the farmer.. India has only four month rainy season in a year. During that time the credit deliver a significant role for the cultivation of agriculture. In 1912, the Co-operative Societies Act was enacted which permitted the registration of non-credit co-operative societies as well.

Primary agricultural cooperative credit society is an institutional set up that caters to the economic needs of the members who reside cultivate in the area of operation of the society. The agricultural cooperative credit society movement is a pioneer in providing loans to agriculture. The cooperative credit societies Act, 1904 was passed on 25th march, the first credit society was started on 21st august 1904 in Tirur, Tiruvallur district. Co-operative societies play an important role in uplifting the poor and downtrodden. These have made a significant contribution to the all-round socio-economic development of the state. The cooperative societies provide credit to the people, particularly in rural areas at reasonable interest rates thereby reducing the dependency of the farmers on informal credit and usurious rate of interest. Since most cooperative societies are located in villages and spread across the state, geographically and culturally it is the most convenient institutional arrangement for availing the credit by farmers.

Functions of Primary agricultural cooperative credit societies (PACCS)

In Tamil Nadu, there are 4,451 primary agricultural cooperative credit societies. The main purpose is to provide agricultural and non-agricultural loans in rural areas. Agricultural credit includes crop loans and loan for allied agricultural activities like purchase of farm machineries, purchase of milk animals, micro irrigation etc. Non-Agricultural credit includes loans for housing, income generating activities of self help groups, loans to petty traders and other non-farm sector loans. These societies distribute and sell agricultural inputs such as fertilizers and seeds etc. These societies not only encourage farm mechanization by providing agricultural implements like tractor, power tiller etc., at low cost hiring to small and marginal farmers who cannot afford to own them individually but also reduce input cost to a great extent, thus paving the way for increasing the income of the farmers. Custom-hiring facilities such combine harvesters, straw balers, multi-grain threshers etc., to the farmers. The Primary agricultural cooperative credit societies (PACCS) besides proving credit facilities to rural farmers also provide other kinds of loans such as loans for consumption expenditure on the pledge of jewels, loans to self help groups, etc. It plays a major role in providing low interest loans to farmers improve agricultural production.

NEEDS FOR THE STUDY

Farmers are currently facing a major downturn due to unavailability of inputs and funds for agricultural production. Small and marginal farmers have been having great difficulty in getting loans or any benefits from agricultural co-operative credit societies. Therefore, the Agricultural co-operative credit societies should focus more on proving loans and any other befits to small and marginal farmers.

OBJECTIVE OF THE STUDY

1. To study the number of agricultural cooperative credit society in Tamil Nadu.
2. To find out agricultural credit provided to the farmers for the farming
3. To suggest the significant of the agricultural credit for the agricultural sustainable development.

REVIEW OF LITERATURE

Shobana J (2018) studied about performance of Primary Agricultural Cooperative Credit Societies in Thiruvannamalai district Tamil Nadu. This study has been explained about Growth of loan, outstanding, short term loan and medium term loan, recovery of loan to the rural people and meeting financial requirements. Farmers have cultivated various crops through agricultural cooperative credit support. Generally most of the farmers have repaid the loan. All farmers have availed agricultural cooperative loans for their crop cultivation. farmers have

cited various economic, social, administrative and political reasons for not repaying the loan. They point out that the role of agricultural cooperative credits is very important in promoting cultivation practices in the Thiruvannamalai District of Tamil Nadu.

Viyas K and Kadam R.N (2016), studied wide range Performance of Agricultural Co-operative credit Society (PACs) in Shivamokka Telungana district. A study based on statistical data provided by those troubled for a period of 10 years. From 2004-05 to 2013-14. This district has been positive in the field of research and co-operation in various aspects such as number, membership of farmers, deposits, working capital, loans withdrawn outstanding balance, paid up capital etc.

Memon .AS (2012) in his dissertation he evaluates the performance of these Agricultural Cooperative Societies and describes the progress of the Primary Agricultural Cooperative Societies in India from 2000-01 to 2009-10. The start-up Agricultural Cooperative Credit Societies have found that the total number of members has increased and the number of SC members has increased rapidly during those decades, with total borrowing, total deposits and working capital increasing, and a significant factor in overall performance. There are start-up agricultural cooperative societies. The scenario of progress and development is not excellent but good performance has been shown.

Table No: 1

Performance of primary agricultural cooperative credit societies during the last five years is given below

Year	Amount (Rs. In crore)	
	Deposits	Loan Disbursement
2017 - 18	6,606.17	17,784.88
2018 - 19	6,371.79	19,723.89
2019 - 20	6,657.61	22,746.86
2020 - 21	7,131.35	28,276.17
2021 -22 (upto 28.02.2022)	7,505.00	15,590.04

Source: Co-operation, Food and consumer protection department cooperation policy Note 2022-23

Short term and long term cooperative credit structure

The short term cooperative credit structure comprises 4,451 primary agricultural cooperative credit societies (PACCS) at village level, 23 Central Cooperative Banks (CCBs) at the District level and the Tamil Nadu State Apex Cooperative Bank (TNSACB) at State level. They play a vital role in purveying rural credit for agriculture and Non-agriculture sector. Long Term Cooperative Credit Structure comprises Tamil Nadu Cooperative State Agriculture and Rural Development Bank at the State level and 180 Primary Cooperative Agriculture and Rural Development Banks at Taluk / Block level.

Performance Indicators

Indicator number	Performance indicators
1	PACS which have diversified their business
2	PACS which have higher level of members' patronage in capital formation
3	PACS which are placed in the financially viable category
4	PACS which respond properly to the needs of agricultural system
5	PACS which enjoy continuous profit from their business
6	PACS which have implemented Government / NABARD / NCDC schemes and programmes for the development of agriculture and allied sector
7	PACS which have professionally trained and competent staff

Service rendered by the Cooperation Credit Societies for Crop Loan

Primary agricultural Cooperative credit Society mainly provides loans to farmers without any collateral security up to Rs.1.60 lakh and upto Rs.3.00 lakh on the security of collateral. Efforts have been made to achieve inclusive growth by providing crop loans to new farmers including small and marginal farmers, scheduled cast and indigenous farmers. Cooperative society provides crop loans to farmers at 7% interest rate. No interest will be charged to the farmers who repay the crop loan on or before the due date. To compensate for the interest loss incurred by the Associations, the government of Tamil Nadu provides 4% interest incentive in addition to the Government of India's who are the farmers repay the crop loan on or before the due date 3% the interest rate provides. The Government of Tamil Nadu offers 2% interest subsidy to the cooperatives and over the interest subvention received from the government of India for the providing crop loan made out of their own funds.

Common Service Centres

The common service centers operating under the Primary Co-operative Credit Societies and other Co-operative Societies are mainly aimed at providing government service to the general public, especially the rural people. There 4,412 Common Service Centers are being offered through e-district, e-sevai and Digi seva portals. These include e-services revenue department such as community certificate, Income certificates, first Graduate certificate, birth and death certificates, extra of land records etc. Registration department services such as encumbrance certificate, certified copy and social welfare department services etc., are also providing. In the year 2021-2022 til 28.02.2022, 41,15,454 services have been provided by the Common Service Centers to the public and revenue of Rs.14.46 crore has been generated.

Crop Insurance

During the period of 2021-22 up to 28.02.2022, 3,25,265 farmers have been registered through cooperative societies and Rs.32.21 crore was collected from the farmers share of premium and paid to the respective insurance companies. As on 28.02.2022, Rs.6,047.63 crore has been provided to 28,47,800 farmers, who have insured for their 29 crops from the year of 2016-2017 and compensation for loss of yield by cooperative societies.

Primary Cooperative Agricultural and Rural Development Bank

There are 180 primary cooperative Agricultural Rural Development banks functioning in the state of Tamil Nadu. These banks are at currently issuing jewel loans out of their own funds and by getting refinance from the Tamil Nadu cooperative state agricultural and rural development bank. During the year 2021-22 upto 28.02.2022, jewel loans to the tune of Rs.609.64 crore has been disbursed.

Integrated Cooperative Development

The Integrated Cooperative Development Program (ICDP) aims to improve the credibility of co-operative, thereby improving service delivery to members filling gaps in infrastructure within co-operatives, increasing the business size of cooperatives by increasing margin cash assistance and capacity of the staff and members. The scheme covers all types of cooperatives. The project funding is enclosed by loan given by National Cooperative Development Corporation to the Government of Tamil Nadu which is extended to the Co-operative Societies in combination of credit and share capital. 25% subsidy from the Government of India for sub-projects dealing with agricultural marketing, processing and infrastructure development. Integrated Cooperative Development Project has been implemented and completed in 28 districts with an outlay of Rs.462.97 crore during the period from 1989 to 2017 as detailed below;

Table No: 2
Integrated Cooperative Development Project has been implemented and completed in
28 districts with an outlay of Rs.462.97 crore during the period from 1989 to 2017
(Rs.in Lakh)

S.no	Name of the District	Years of implementation	Outlay
1.	Viruthunagar	1989 - 1995	840.86
2,3.	Cuddalore - Villupuram	1992 - 1997	1,445.08
4,5.	Coimbatore - Tiruppur	1995 - 2001	1,080.99
6,7.	Dharmapuri - Krishnagiri	1995 - 2001	1,160.25
8.	Tiruvannamalai	1996 - 2001	816.58
9.	Kancheepuram	1998 - 2005	1,103.88
10.	Ramanathapuram	2000 - 2004	664.04
11.	Tiruchirapalli	2002 - 2008	1,216.97
12.	Thanjavur	2002 -2008	1,091.59
13,14.	Perambalur - Ariyalur	2008 - 2008	926.62
15.	Tiruvarur	2002 - 2008	1,222.44
16.	Theni	2005 - 2011	978.17
17.	Tuticorin	2005 - 2011	942.08
18.	salem	2009 - 2013	2,651.58
19.	Erode	2009 - 2013	3,534.32
20.	Madurai	2009 - 2013	2,376.45
21.	pudukottai	2009 - 2013	1,437.56
22.	Dindigul	2010 - 2013	3,078.35
23.	Sivagangai	2010 - 2014	2,738.69
24.	Tirunelveli	2010 - 2014	4,201.07
25.	Karur	2011 - 2016	2,541.02
26.	Vellore	2011 - 2016	3,100.13
27.	Nagappattinam	2011 - 2016	4,147.08
28.	Nilgiris	2012 - 2017	2,974.43
Total			46,297.19

Source: Ministry of co-operation policy note - 2022–2023

Investment Credit for Agricultural and allied activities

Cooperative are encouraged to continue lending to agricultural investment activities such as land development, micro-irrigation, animal husbandry, farm mechanization and fisheries with the aim of increasing farmers' income and encouraging capital formation and ensuring sustainable growth in agricultural production. An investment loan of Rs.97.98 crore has been disbursed to 13,110 farmers till 20.02.2022 in 2021 – 22.

SUGGESTION

The government should provide credit to all farmers, especially small and marginal farmers. The cooperative society should inform every farmer in a timely manner about the provision of inputs like seed, fertiliser and any concessions. The repayment time should be extended to the farmers. Agricultural cooperative credit society should make counselling to the farmers about the loan utilization and formalities to be relaxed. Farmers are required to provide accurate information on repayment times and the management of the agricultural co-operative credit society should encourage farmers to repay their loans. The agricultural cooperative

society should increase the number of credit facilities available to farmers during different cropping seasons and provide timely credit to the agricultural production.

CONCLUSION

This research was conducted on the Tamil Nadu Primary Agricultural Cooperative Credit Society. Farmers benefit greatly from agricultural cooperative loans for crop output. The majority of farmers are tiny and marginal. Small and marginal farmers find it difficult to get crop cultivation loans from cooperative associations. Due to economic constraints, they are having significant difficulty in agricultural output. Loans or other benefits are not provided on schedule and in sufficient quantities. The cooperative credit society cannot provide loans to all farmers; cooperative society members only receive loans and other perks. Farmers are unable to repay the loan in the event of crop loss, natural calamities, or low yield. As a result, farmers induce an economic downturn. It should be highlighted that agricultural cooperative credit is critical in supporting farming methods.

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