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## **A STUDY OF TRENDS IN COMPARATIVE PERFORMANCE OF PRIMARY AGRICULTURAL COOPERATIVE CREDIT SOCIETIES (PACCS) IN INDIA AND TAMIL NADU SINCE 2007-08 TO 2016-17**

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### **ABSTRACT**

*Primary Agricultural Cooperative Credit Societies are grass root level rural agricultural community participated credit organisations. It lends credit to the rural population for their economic development. This paper comparatively analysed and examined the performance of PACCS at the national level and the state level through its number of banks and its members, number of borrowers and total borrowing. The paper validated the effectiveness of PACCS and their members through its loan outstanding, number of demand, total collection and total overdue of loan. The study found that there is an increasing trend of number of PACCS, number of members, number of borrowers and total borrowing amount. The strength of the PACCS has improved even though there was a fluctuation only in total working capital that was finally recovered. The effectiveness of the PACCS was understood through its overdue that was reduced over the period. At the national level the PACCS performance was increased, strength has improved and it performed effectively over the period from 2007-08 to 2016-17.*

**KEYWORDS:** Primary Agriculture Cooperative Credit Societies, members, demand, over- due, loan outstanding, number of demand, total collection, total overdue, moving average.

### **INTRODUCTION**

The agricultural cooperative credit system began in 1904 in India through Primary Agricultural Cooperative Credit Societies (PACCS) and other many Co-Operative credit institutions. It mainly aims to eliminate the moneylenders and to provide proper institutional arrangements of rural credit market. Post independent period, Government of India considered the recommendations of the All India Rural Credit Survey Committee 1954 and organising PACCS throughout the country. The societies provide short term and long term credit structures, which meet the different forms of credit needs of the cultivators and others in rural areas. The short term cooperative credit structure consist of 31 State Cooperative Banks at State level,

351 District Central Cooperative Banks at district level and 95,509 PACCS at the village level as on 2019- 2020. (Karuppaiah R, 2022). 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 (CCS), farmer can get the credit from the primary agriculture credit co-operative society. These societies are working for farmer, by the farmer (Shobana J, 2018).

**STATEMENT OF THE PROBLEM**

Primary Agricultural Cooperative Credit Societies (PACCS) are the base level institutions on which the whole cooperative network is built. These societies functioning at grass root level have direct contacts with the farmers and meet their financial and non- financial requirements. The PACCS play significant roles in the economic development of a country by promoting thrift and savings and deployment of those resources in the form of loans and advances. The resources available in the PACCS are to be carefully managed and

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distributed in order to maintain efficiency. The efficiency of PACCS lies not only in the efficient mobilization of resources but also in the effective and optimum deployment of resources. This argument is very much relevant in the present context because, out of the totalresources of the PACCS, a good share is to be kept as reserves and the PACCS have to improve their spread by efficiently managing the remaining resources. The problem becomes further complicated in the current environment of global economic reforms and the resultant cut-throat competition. The PACCS are also not free from this global problem (Karuppaiah R, 2022).

This study tries to conduct a comparative analysis of the performance of the Tamil Nadu state PACCS with the national-level PACCS based on a few selected indicators. The indicators are total number of PACCS’ and its members, number of borrowers and total borrowing. In addition to address the level of efficiency through PACCS’ loan outstanding, number of demand, total collection and total overdue of loan. These are all aspects are analysed and that would express a decadal performance of PACCS. The paper validated the effectiveness of PACCS by analysing the above referred indicators. In this context, the study framed the following objectives.

**OBJECTIVES OF THE STUDY**

1. To analyse the number of PACCS and its members over the period
2. To find out the number of borrowers and the borrowing amount for the study period
3. To analyse the comparative outstanding loan amount over the period.
4. To analyse the comparative amount of demand, total collection and total overdue inthe study period.

**METHODOLOGY**

The study used secondary data for the year 2007-08 to 2016-17 to analyse and evaluate the performance of PACCS in India and Tamilnadu for the reference period.

**TOOLS FOR ANALYSIS**

The study used percentage and simple moving average to find out the trends unspecified indicators.

**ANALYSIS OF THE STUDY**

There is no significant relationship between the demand and collection of amount in India

**Table 1**

**Year-wise Total Number of PACCS and its members in India and Tamil Nadu (numbers are in thousands)**

Year	No. of PACCS in (in numbers)				No. of Members			
	In India	India (3 years moving averages)	In Tamil Nadu	Tamil Nadu (3 years moving averages)	In India	In India (3 years moving averages)	In Tamil Nadu	Tamil Nadu (3 years moving averages)
2007-08	67146	-	4513	-	92711	-	8438.72	-

2008-09	46222	67630.33	4530	4521.66	65821	93586	11,245.20	3170.496
2009-10	89523	75341.33	4522	4513.33	122226	98061	9015.74	9924.143
2010-11	90279	93699.66	4488	4516	106136	118669.33	9511.49	9984.41
2011-12	101297	94178	4538	4444.33	127646	114616.66	11426.00	10452.53
2012-13	90958	95099	4307	4385	110068	122611.33	10420.1	12340.8
2013-14	93042	92263	4310	4369	130120	120425.33	15176.3	12430.88
2014-15	92789	93066	4490	4412	121088	126176.66	11695.91	13133.04
2015-16	93367	94705.66	4436	4479	127322	126548.33	12526.93	12474.71
2016-17	97961	-	4511	-	131235	-	13201.3	-

**Source:**

i. Compiled from National Cooperative Union of India (2018) Indian Cooperative Movement, A Statistical Profile of India 15<sup>th</sup> edition

ii. Performance of Primary Agricultural Cooperative Societies for various years, www.nafscob.org,

Table 1 explains trends in total number of PACCS and its members in India compared to Tamilnadu since 2007-08 to 2016-17. It is observed from the three years moving average that in the initial three periods the number of PACCS has increased surprisingly in India and in Tamilnadu. However, after that period there was a slow growth as well as declining trends was experienced, the decline in number of PACCS could be seen in 2012-13 in India and in Tamilnadu. It is happened in 2009-10 to 2013-14 continuously. Even though there was decline in total number of PACCS in India at the end it shown an increasing trend but not in Tamilnadu where it maintained its earlier strength. The three year moving average shows it clearly. The range of number of PACCS in India is from 67,146 to nearly 97,961 and in Tamilnadu it is 4513 to 4511. In the case of membership it is ranged from 9,27,11,000 to 13,12,35,000 in India and in Tamilnadu it is ranged from 84,38,000 to 1,32,01,000.

**Table 2****Year wise Number of borrowers and total borrowings of PACCS in India and Tamil Nadu**

Year	No. of Borrowers in (in thousand)				Total Borrowing (Rs in lakh)			
	India	India(3years moving average)	Tamil Nadu	Tamil Nadu (3years moving averages)	India	India (3years moving averages)	Tamil Nadu	Tamil Nadu (3years moving averages)
2007-08	33859 (50.42)	-	4012.00 (4.755)	-	4784797	-	330240.00	-
2008-09	27317 (59.10)	39659.33	4371.00 (38.87)	4313.69	4893844.00	4951673.99	440999.00	476199.82
2009-10	57802 (64.57)	44277.66	4558.07 (50.56)	4800.35	5176389.98	5156747.87	657360.47	545928.15
2010-11	47714 (52.85)	52630	5472.00 (57.53)	464102	5400009.63	6486652.16	539425.00	699254.21
2011-12	52374 (51.70)	4757.33	3893.44 (34.07)	4782.09	8883556.87	7873160.80	902477.16	806922.61
2012-13	42629 (46.87)	47694.66	4981.27 (47.80)	4945.31	9335915.91	9267684.36	978865.67	992532.95

2013-14	48081 (51.68)	46856	5961.67 (39.28)	5778.65	9583580.31	9639169.08	1096256.02	1102334.21
2014-15	49858 (53.73)	48051	6393.01 (54.66)	6038.40	9998011.03	10283540.17	1231880.96	1173782.45
2015-16	46214 (49.50)	55435.33	5760.53 (45.98)	5907.30	11269029.19	11250045.14	113210.37	1143744.21
2016-17	70234 (71.70)	-	5568.37 (42.18)	-	12483095.2	-	1006141.3	-

Table 2 explains that the year wise number of borrowers and borrowing amount of the members of PACCS. Except the year 2015-16 more than 50 per cent of the members have borrowed loan from their PACCS. In the year 2009-10 and 2016-17 are 64.57 and 71.70 per cent of the members have availed loan respectively. These two years were highest borrowers during the period in India. In Tamilnadu most of the years less than 50 per cent of the borrowers were obtained loan except the year 2010-11 and 2014-15 were 57.53 and 54.66 percent respectively. Tamilnadu performs relatively poor in availing loan than India. In both India and Tamilnadu loan obtained members were almost closer to 50 per cent except a few years which pointed out in the analysis. The three years moving average shows in India it was ups and down at the end it was increased but in Tamilnadu there was an increasing trend except a slight slip at the end. Total borrowings are referred in lakhs, the three years moving average has shown that there was an increasing trend in almost all years for India and Tamilnadu. It is understood that the absolute value of loan amount has been increasing since the 2007-08 to 2016-17 in both India and Tamilnadu. It is proved that every year the loan amount was increased. There was no decline in provision of loan amount in both India and Tamilnadu (Table 2).

**Table 3**  
**Year wise Loan outstanding in PACCS in India and Tamil Nadu ( Rs. in crores)**

Year	India	India(3years moving averages)	Tamil Nadu	Tamil Nadu(3years moving averages)
2007-08	40244	-	7181.959	-
2008-09	28515	49768.66	5274.670	6995.19
2009-10	80487	62835.33	8528.967	7686.096
2010-11	79504	87817.66	9236.651	10586.12
2011-12	103462	91379	13992.77	11684.62
2012-13	91171	108229	11824.45	14236.78
2013-14	130054	122817	16893.13	15917.74
2014-15	147226	145255	19035.64	18041.11
2015-16	158487	158724	18194.58	17473.08
2016-17	170459	-	15189.02	-

**Source:** Compiled from National Cooperative Union of India (2018) Indian Cooperative Movement, A Statistical Profile of India 15<sup>th</sup> edition

Table 3 has shown that the outstanding of loan in PACCS in India and Tamilnadu over the period from 2007-08 to 2016-17. The outstanding loan of India is ranging from Rs. 40,000 crores to Rs. 1,70,000 crores over the period. The three year moving average has showed that there is increasing trends in loan outstanding; even though it is a drawback to PACCS the borrower has flexibility to repay it. The outstanding in Tamilnadu is ranging from Rs. 6995 crores to Rs.15,189 crores. In the year 2012-13 to 2013-14 there was a big jump of outstanding amount from Rs.11824.45 crores to Rs.16, 893.13 crores respectively. However, at the end of the period the performance of PACCS are quite well by recovering the outstanding, because it was declined to Rs. 15,189.02 crores. The three years moving averages of loan outstanding of Tamilnadu has been moderately increasing till end of the duration.

**Table 4**  
**Year wise amount of demand, total collection and total overdue of PACCS in India and Tamil Nadu (Amount in Rs. in crores)**

Year	Total amount of demand				Total Collection				Total Overdue			
	India	India (3 years moving averages)	Tamil Nadu	Tamil Nadu (3 years moving averages)	India	India (3 years moving averages)	Tamil Nadu	Tamil Nadu (3 years moving averages)	India	India (3 years moving average)	Tamil Nadu	Tamil Nadu (3years moving averages)
2007-08	41300	-	3092.4338	-	25885	-	2479.1767	-	15415	-	638.0253	-
2008-09	31978	55278.33	4101.8964	4765.431	22760	34305.33	3354.943	3964.93	9219	20972	771.7216	814.98
2009-10	92557	70097.33	7101.9647	6186.26	54271	47173.66	6060.7002	3138.54	38282	22976	1041.2691	951.37
2010-11	85757	93365.33	7354.9258	4818.96	64490	65155.33	6269.501	5978.53	21428	28314	1041.2691	931.38
2011-12	101782	94488.33	6317.17	8195.92	76705	70513.66	5605.41	7355.24	25234	24080	711.76	825.91
2012-13	95926	117853.66	10915.69	11300.63	70346	91090.66	10190.82	10413.32	25580	26813	724.87	887.31
2013-14	155853	137135	16669.03	15258.44	126221	106800.66	15443.73	14068.52	29632	30334	1225.30	1189.89
2014-15	159626	161754	18190.61	18240.70	123835	126983.33	16571.03	16578.59	35791	31770.66	1619.58	1648.6
2015-16	169783	176624.33	19862.48	18756.78	139894	136966.66	17721.02	17337.69	29889	39657.66	2107.03	1944.5
2016-17	200464	-	18217.27	-	147171	-	17721.02	-	53293	-	2107.03	-

**Source:** Compiled from National Cooperative Union of India (2018) Indian Cooperative Movement, A Statistical Profile of India 15<sup>th</sup> edition.

Table 4 analysed the amount of demand, total collection and total overdue of PACCS in India and Tamilnadu comparatively. Total amount of demand during the period 2007-08 to 2017-17 is ranging from Rs 41, 300 crores to Rs 2,00,464 crores it is almost five fold of demand in India where as in Tamilnadu it is ranging from Rs. 3092 crores to Rs. 18,217 crores over the period. Here it is almost six fold of increase in amount of demand. The three year moving average for amount of demand has been increasing at the national level but in Tamilnadu there was a decline in one year after that there was an increasing trend like national level.

During the period from 2007-08 to 2016-17 the PACCS in India has collected the loan amount successfully, the range of amount is from Rs 25,885 crores to Rs 1,47,171 crores. Except three years other period collection amount was observed that there was an increasing trend, it is also reflected in the three years moving average. But in Tamilnadu in both year wise data and three years moving average there were negative jump. However, in both type of analysis, Tamilnadu has showed an increasing trend. The range of collection amount of Tamilnadu is from Rs 2479 crores to Rs 17,721 crores. During the referred period in Tamilnadu collection amount increase is greater than demand amount (Table 4).

Table 4 again explains the total overdue particulars; in fact an outstanding invoice is not overdue. When an invoice is labelled as outstanding, it means that the payment due date has not passed yet, hence the borrower technically is not late for his due payment. However, once the deadline passes, then the outstanding invoice turns into an overdue one. The range of overdue at the national level is Rs 15,415 crores to Rs 53,293 crores these are less than the collection amount.

It means more than 50 per cent of the demand was collected in India. The three years moving average has shown an increasing trend even though there was negative fluctuation in the middle period. In the case of Tamilnadu the range of overdue is from Rs. 638 crores to Rs. 2107. It is less than fourfold during the period. Three years moving average of overdue shows that a healthy situation, even though there was an increasing trend in the middle of the year overdue amount was declined that was expressed the efficiency of PACCS.

### METHODOLOGY

The study is based on a decadal secondary data of cooperatives **Major Findings of the Study**

Even though there was decline in total number of PACCS in India at the end it shown an increasing trend but not in Tamilnadu where it maintained its earlier strength.

The range of number of PACCS in India is from 67,146 to nearly 97,961 and in Tamilnadu it is 4513 to 4511. In the case of membership it is ranged from 9,27,11,000 to 13,12,35,000 in India and in Tamilnadu it is ranged from 84,38,000 to 1,32,01,000.

More than 50 per cent of the members have borrowed loan from their PACCS. In the year 2009-10 and 2016-17 are the highest. In Tamilnadu most of the years less than 50 per cent of the borrowers were obtained loan and Tamilnadu performs relatively poor in availing loan than India but in Tamilnadu there was an increasing trend except a slight slip at the end.

Total borrowings have shown that there was an increasing trend in almost all years for India and Tamilnadu. There was no decline in provision of loan amount in both India and Tamilnadu.

The outstanding loan of India is ranging from Rs. 40,000 crores to Rs. 1,70,000 crossover the period. There is increasing trends in loan outstanding. The outstanding in Tamilnadu is ranging from Rs. 6995 crores to Rs.15,189 crores. The performance of PACCS are quite well by recovering the outstanding, because it was declined to Rs. 15,189.02 crores. The three years moving averages of loan outstanding of Tamilnadu has been moderately increasing till end of the duration.

Total amount of demand is ranging from Rs 41, 300 crores to Rs 2,00,464 crores it is almost five fold of demand in India but in Tamilnadu it is ranging from Rs. 3092 crores to Rs. 18,217 crores with six fold increase.

During the period from 2007-08 to 2016-17 the PACCS in India has collected th loan amount successfully, the range of amount is from Rs 25,885 crores to Rs 1,47,171 crores. During the referred period in Tamilnadu collection amount increase is greater than demand amount.

More than 50 per cent of the demand was collected in India. In Tamilnadu the range of overdue is from Rs. 638 crores to Rs. 2107.

### CONCLUSION

One of the major supports for cooperative societies usually comes from government contributions towards share capital. Over the years, the government's contribution towards the share capital of primary cooperative societies has fallen significantly. A decline in government contribution compelled the primary societies to depend more on borrowings. However, in recent years, there is a marginal improvement because of the liberal assistance under Integrated Cooperative Development Project. (Xavior Selvakumar A and Mr. K. Lawrence Seekan Paul K 2016)

It is concluded that the present study found that there is an increasing trend of number of PACCS, number of members, number of borrowers and total borrowing amount. The strength of the PACCS has improved even though there was a fluctuation only in total working capital that was finally recovered. The effectiveness of the PACCS was understood through its overdue that was reduced over the period. At the national level the PACCS performance was increased, strength has improved and it performed effectively over the period from 2007-08 to 2016-17.

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