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Review Of Research



SWOT ANALYSIS OF PRIMARY AGRICULTURAL CREDIT SOCIETIES IN INDIA WITH SPECIAL REFERENCE TO ANDHRA PRADESH STATE

V S Rama Krishna Gogulamud

Research Scholar , Dept. of Com & Bus Admn. , Acharya Nagarjuna University.

ABSTRACT:

The progress of agriculture is closely linked to the credit facility of rural people which can enhance agricultural activity, as over 60% of Indian population depends on agriculture as livelihood. Hence prosperity of such people depends on progress of agriculture and leads to the



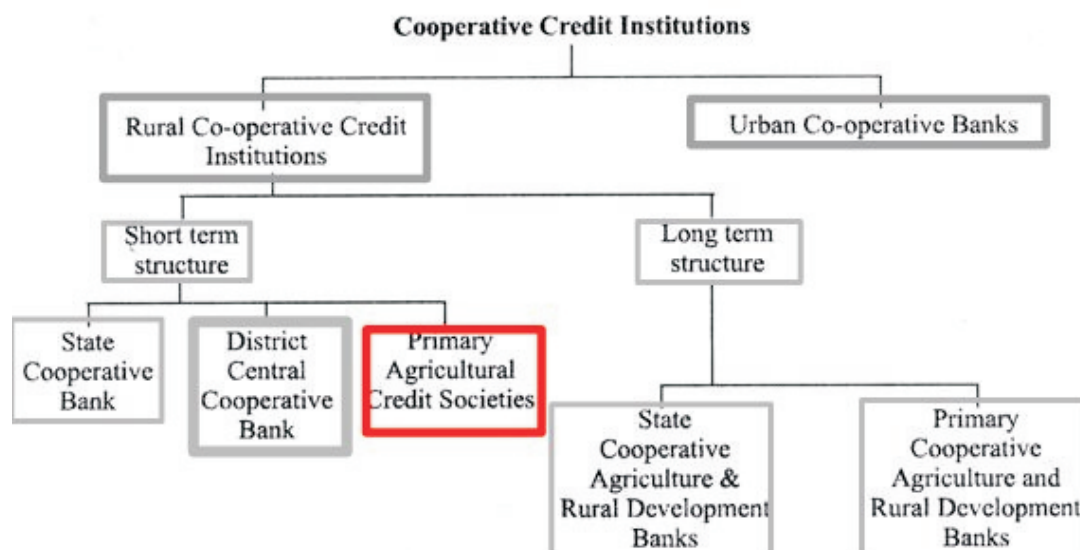
development of the country as a whole.

KEY WORDS: progress of agriculture ,Indian population , economic activity.

INTRODUCTION:

Co-operation as form of economic activity was formally recognized in India 1904, when the first co-

operative act was passed by the Government of India. The act was passed merely to grant recognition to large number of small farmers. Village institutions being set up on the basis of spirit of co-operation, thrift, self help and mutual help with a view to minimize borrowings from private money lenders.



A Primary Agricultural Credit Society (PAC) is a basic unit and smallest co-operative credit institutions in India. It works on the grassroots level viz., gram Panchayat and village level.

Primary Agricultural Credit Societies (PACS) play a vital role in the co-operative credit structure and form its fulcrum. PACS are structured at the base level of small villages. PAC is the fundamental unit which deals directly with the rural agricultural borrowers, apportions loans and monitors repayments of loans given. It serves as the ultimate connection between the borrowers on the one hand and the higher financing agencies, namely the SCBS, and the RBI/NABARD on the other hand.

The cooperative structure in India comprises different constituents. At the base of this structure are the primary societies which provide several types of services. Out of this a great number about 80% is concerned with agriculture and about 60% deal with credit only. Thus a majority of primary societies are related to agriculture and credit. They perform sundry functions such as credit, irrigation, marketing, transports etc. PACS have immense significance in a country like India because: •

- They are targeted at the poor, illiterate and unskilled people
- They are designed to render mutual help and sharing
- They reduce the class inconsistency and ease the social cleavages
- They decrease the bureaucratic vile and failures of political factions
- They conquer the limitations of agricultural progress
- They form favorable atmosphere for small and cottage industries

Many committees and agencies have probed into the functioning of the co-operative banking system and established unanimously the frailty of PACS in the structure. In spite of all the endeavors that have gone into stabilizing these societies into strong and viable unit, the position prolongs to be highly inadequate so that not all earn profit or have full-time paid secretaries/managing directors and there is no complete unanimity about the test of viability of PACS.

METHOD:

This is a humble attempt at micro level to study the status of Primary Agricultural Credit Societies in India, especially with reference to utilization of Co-operative Credit and its impact on

adoption of new agricultural, leading to progress in Cropping pattern, production, income etc. and like problems at the Society and individual level in deploying and obtaining of Co-operative credit. Factors like strengths, weaknesses, threats and opportunities affecting performance of credit co-operatives and future prospects of PACS have also been considered based on secondary data.

WORRYING WEAKNESSES:

Though geographically, PACS cover about 90% of villages, there are parts of the country, especially in the north-east, where this coverage is very low. Further, the rural population covered as members is only 50% of all the rural households.

A distinction needs to be made between nominal coverage as given by mere membership and 'effective coverage' as given by the proportion of borrowing members in the total membership. The percentage of second one is what that actually accounts for success of PACS.

Co-operative Credit Structure is steadily losing its ability to meet the rapidly growing credit needs of agriculture.

The resources of the PACS are much too inadequate in relation to the short-and medium-term credit needs of the rural economy.

Large over-dues, of more than 40 per cent of demand and of credit outstanding, have become a big problem for the PACS.

Co-operative credit is insufficient in many ways. Primarily, the PACS grant credit to only a small share of the total rural population. Secondly, the societies do not offer full credit even for all fruitful agricultural activities. The credit given is restricted mainly to crop finance and medium-term loans for particular purposes such as digging of wells, installation of pump sets, etc.

TOTTERING THREAT:

Despite the phenomenal outreach and volume of operations, the health of a very large proportion of PACS has deteriorated significantly. The institutions are beset with major threats as follows

- Poor governance
- Defaults of members in loan repay-ment
- Inadequate Internal control and audit
- Incapability of societies to raise resources,
- Helplessness of the members to provide the prescribed security,
- Ineligibility of certain useful loans,
- Inadequacy of credit limits prescribed,
- Inadequate Internal control and audit

STRENGTHENING STRATEGIES:

Rendering of sufficient and timely credit is the main condition for improving the efficiency of farmers and others in villages.

The number of defaulters should be minimized for which effective loan repay-ment strategies should be adopted.

The ability of societies to raise resources should be increased.

Member's inability to provide the prescribed security should be addressed.

Certain loans which are useful and eligible should be incorporated.
Prescribed credit limits should be reset.

The problem of indifferent management or mismanagement of societies should be addressed.
Vested interests and group politics in societies should be mitigated.

Lending policies leading to over financing, financing unrelated to actual needs, diversion of loans for other purposes etc should be rectified.

Supervisory measures should be fortified over the use of loans by the borrowers so also the recovery effort.

The problem of uncertainty in agricultural prices should be properly dealt with.

Andhra Pradesh Scenario

The PACS are passing through a long phase of re-organization" which was formally started in early 1960's, following the recommendations of the Committee on Co-operative Credit (1960). But advancement to date has been very sluggish. But the state of Andhra Pradesh has taken initiatives to stabilize and fortify PACS, as a part AP has adopted following measures.

Governance and Management: The Andhra Pradesh Cooperative Societies Act 1964 was amended through the AP Cooperative Societies (Amendment) Act 2007 and Official Gazette notification was issued on 16 April 2007, also rules were amended. Bye-laws of PACS, CCBs and StCB have been amended. In the State Government of Andhra Pradesh, elections have been completed in 2780 out of 2949 PACS and in 20 out of 22 CCBs and in APCOB. The SLTF in its meeting held on 28 March 2013 advised CC & RCS to ensure cooption of the Professional Directors by the Board of DCCBs and APCOB. CEOs of all 22 CCBs and APStCB are as per fit and proper criteria.

Audit: Statutory Audit has been completed as on 31 March 2008, 2009, 2010, 2011 and 2012 in APStCB and all 22 CCBs by Chartered Accountants from NABARD approved panel.

Computerisation: All PACS have implemented CAS w.e.f 01 April 2009. State Government has engaged Co-Option Technologies for IT enabled services in PACS, wherein CAS/MIS would be incorporated as per decision of SLIC. So far 1234 PACS have been computerised and MIS has been generated in all the PACS.

HRD Initiatives: APCOB-CTI identified as nodal agency to coordinate and organise training programmes for capacity building in the state. In AP, all PACS have prepared Business Development Plans (BDPs).

The analysis of the secondary data revealed that the problems of farmers in their agricultural operations can be solved to a great extent by providing adequate and timely finance. For increasing the membership of the Society, steps need to be taken for increasing the deposits of the society by building up the confidence of the members in the Society.

As stated by Dr. Deepali Pant Joshi, Executive Director, Reserve Bank of India at the National Meet of CEOs of State Cooperative Banks held at Mumbai on March 21, 2014, cooperatives should practice good corporate governance and social responsibility. These institutions should be purely 'member-driven' keeping the principle of cooperation in letter and spirit. Professionalism should be introduced in staffing and adequate training opportunities should be provided to the employees of cooperatives for skill up gradation. They should frame sound and prudent policies for loans and investments and conduct themselves in the larger interests of the depositors and the general public. Cooperatives should overcome their inertia and resistance to change and emerge as technology-

driven, well-managed institutions to inspire confidence in the public and secure their survival.

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