

PRIMARY AGRICULTURAL CREDIT SOCIETIES (PACS)

What are Primary Agricultural Credit Societies?

- ✔ PACS are the **ground-level cooperative credit institutions** that **provide short-term, and medium-term agricultural loans to the farmers** for the various agricultural and farming activities.
- ✔ It works at the grassroots gram Panchayat and village level.

Features

- ✔ The Primary Agricultural Credit Societies are the **association of persons**, unlike in the case of the Joint Stock Companies, where there is just accumulation of capital.
- ✔ Primary Agricultural Credit Societies **confers equal rights to all its members without considering their holding of share** and their social standing.



Organizational Structure

General Body of PACS:

Exercise the control over board as well as management.

Management Committee:

Elected by the general body to perform the work as prescribed by the society's rules, acts, and by-laws.

Chairman, Vice-Chairman, and Secretary:

Work for the benefit of the members by performing their roles and duties as assigned to them.

Functions of PACS

- ✔ To provide **short and medium-term purpose loans** to its members.
- ✔ **Borrowing** an adequate amount of funds from central financial agencies.
- ✔ Maintaining the **supply of the hired light machinery** for the agricultural purpose.
- ✔ Promotes **savings habits** among its members.
- ✔ To make the arrangement of **supplying of the agricultural inputs**. Example -seeds, fertilizers, insecticides, kerosene etc.

Major deficiencies of the PACS

1

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

2

Large over-dues have become a big problem for the PACS.

3

Lack of adequate control of banks (CCBs) over the primary societies

4

Lack of appropriate link between credit and marketing institutions

5

Failure to take prompt action against willful defaulters

Way Ahead

- ✔ PACS **need to be developed as a One Stop Shop** for meeting all the needs of its member
- ✔ PACS have to **look for new Business opportunities**
- ✔ Provide much-needed **forward and backward linkages**.
- ✔ PACS can help transform agriculture into a **more financially viable activity**
- ✔ PACS as Multi Service Centers can help members to become **self-reliant and promote rural entrepreneurship** - facilitating increased income.

