



PRIMARY AGRICULTURAL CREDIT SOCIETIES (PACS)



What are Primary Agricultural Credit Societies?

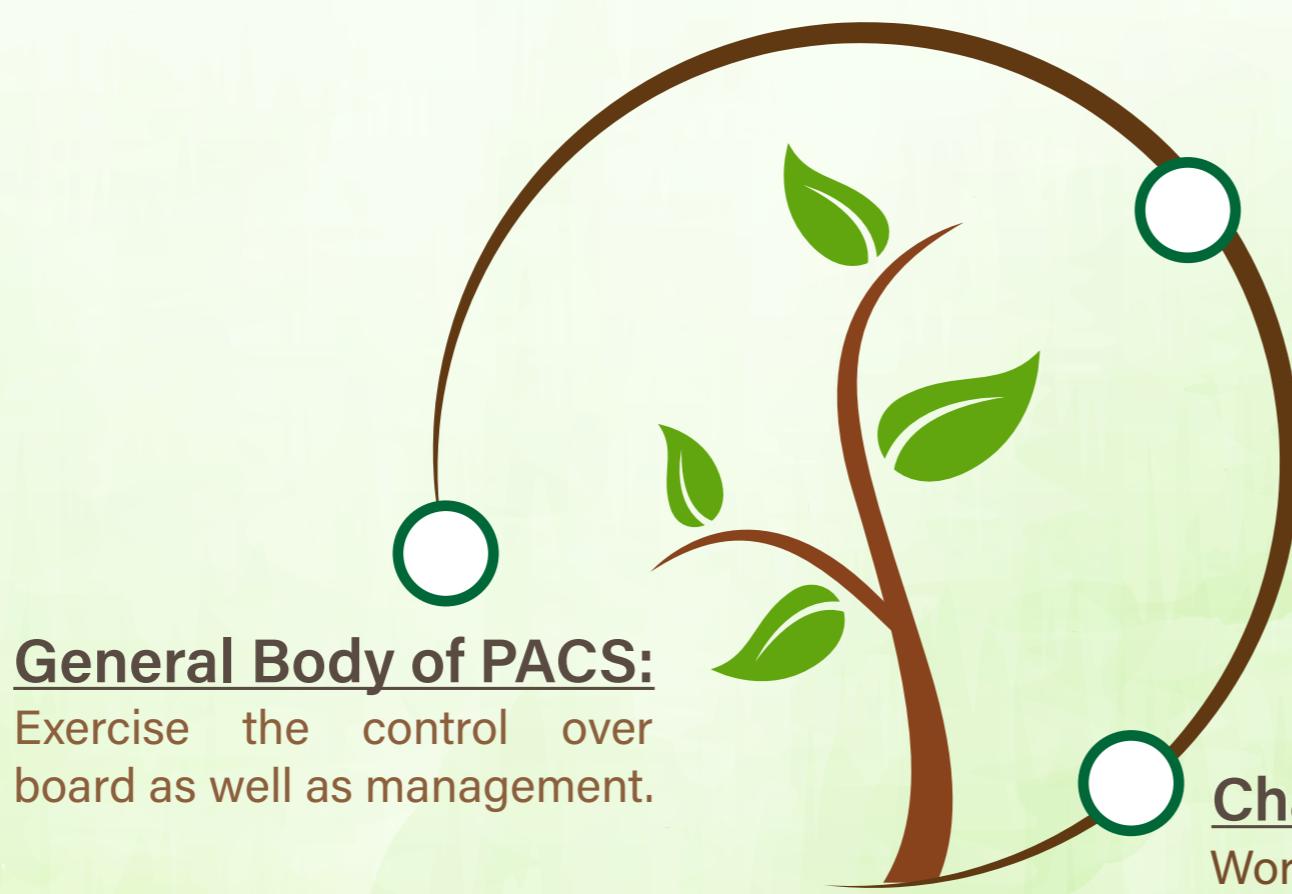
- PACS are the ground-level cooperative credit institutions that provide short-term, and medium-term agricultural loans to the farmers for the various agricultural and farming activities.
- It works at the grassroots gram Panchayat and village level.

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



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.

