



Progress of Primary Agricultural Cooperative Societies in India and Tamil Nadu: An Analysis

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ABSTRACT

No sector in the economy can develop without the support of timely and adequate finance. Agriculture is no exception to this. A vast majority of the farmers are poor; it becomes challenging for them to borrow. As well as, it is difficult for them to manage the agricultural operations without borrowing. The cooperative societies at the grassroots protect the weaker sections of the society and promote the economic interests of the people. The cooperative societies support the agriculturalists by providing adequate finance, agricultural inputs and marketing facilities. However, despite their vast network and greater support from the state government, the primary level cooperative societies cannot remain as viable units in their business for several unexplainable reasons. Very few societies function efficiently and earn surplus to survive competition from other formal and informal rural financial institutions. The present study analyzes the performance of PACSs in India and Tamil Nadu in terms of the key indicators like Number of PACSs, membership, share capital, reserves, working capital, deposits, borrowings, loan issued, loan outstanding, demand, collection and overdue.

Keywords: Cooperative, PACSs, Share Capital, membership, reserves, deposits, borrowings, loan issued, loan outstanding, collection and overdue.

1. Introduction

The cooperative banks constitute the second largest segment in the Indian banking network. It is considered as the most convenient institutional arrangement for the farmers to avail farm credit. The Cooperatives accept deposits from their members and advance at a reasonable interest rate in urban and rural areas. These societies reduce the dependency of the farmers on informal credit sources, which changes the usurious rate of interest. That is, cooperatives provide service at a lower cost without exploitation. The role of cooperative societies continues to be increasingly important day by day in the matter of rural financing. Their business in urban areas has also increased phenomenally in recent years.

2. Cooperative Credit Structure in India

The cooperative credit structure is the single largest institutional credit delivery system in the country. There are two different types of cooperative credit institutions in India. These institutions are classified into two broad categories - agricultural and nonagricultural cooperatives. Agricultural credit institutions dominate the entire cooperative credit structure. Agricultural credit institutions are further categorized into short-term agricultural credit institutions and long-term agricultural credit institutions. The short-term agricultural credit institutions cater to the short-term financial needs

of agriculturists. It is built on a three-tier federal structure. There is a state cooperative bank at the apex level in each state; at the district level, there are cooperative central banks; and at the village level, there are primary agricultural cooperative societies.

2.1. Primary Agricultural Cooperative Societies

The PACSs play various roles in the upliftment of the agricultural sector through their vast network. They function at the grass-root level and serve as a last link between the ultimate member borrowers, i.e., the rural people, on the one hand, and the higher-level agencies, i.e., Central Cooperative Bank, State Cooperative Bank and Reserve Bank of India on the other. It is said to be an association of the borrowers and non-borrowers who reside in a local area. The area of operation of PACSs is normally limited to a compact area, preferably a village or a group of small hamlets. The PACSs directly deal with individual farmers and provide short and medium-term loans for both agricultural and non-agricultural purposes. These societies also undertake activities such as distribution and sale of agricultural inputs, viz., fertilizers, seeds and small agricultural equipment to the farmers, operating Public Distribution Systems, Common Service Centers, Agri Clinics and Agro Service Centers.

3. Features of PACSs

- Limiting their banking and other activities to their service villages only.
- Belonging of the members of the PACSs to the local community.
- Providing short-term and medium-term loans only to its members.
- Promoting thrift and saving habits among the members.
- Supplying agricultural inputs such as fertilizers, seeds, insecticides, implements, etc.
- Supplying domestic requirements such as rice, sugar, kerosene, etc., under public distribution system.
- Providing marketing facilities for the sale of agricultural produce of the member farmers.
- Providing loans for the development of rural women and other weaker sections of the society.
- Deciding the loan repayment schedule by the society as per the purpose of the loans.
- Limiting the liability of the members of the primary agricultural Cooperative societies.

4. Objectives of the Study

To study the performance and financial progress of the Primary Agricultural Cooperative Societies both in India and Tamil Nadu.

5. Methodology of the Study

The present study is a desk study using secondary data derived from the National Federation of State Cooperative Banks Ltd., website, Mumbai. For the study, the data was collected for a period of ten years from 2008-2009 to 2017-2018. This paper evaluates the performance of PACSs in India and Tamil Nadu in terms of key variables such as share capital, deposits, working capital, etc. The study is analytical in nature, and it uses simple statistical tools such as averages, standard deviation, coefficient of variation and compound growth rate.

6. Progress of PACSs in India and Tamil Nadu from 2008-09 to 2017-18

The PACSs have made many significant contributions to enhance the socio-economic growth and the development of people through their vast network. The members of the societies are, to a larger extent, farmers who take shares in the PACSs to borrow money for agricultural purposes. The value of each share is generally nominal so as to enable even the poorest farmer to become a member. The members have limited liability; that is, each member is responsible for the loss of the society to the extent of share capital contributed by the member. The management of the society is entrusted with a team consisting of a President or a Special Officer and a Secretary. They are assisted by a number of sub-staff, depending on the size of the business and the business turnover.

In order to assess the recent trends in the progress of PACSs in India and Tamil Nadu, the researcher has analyzed the data for ten years from 2008-09 to 2017-18, and the details are presented in tables.

6.1. Number of PACSs in India and Tamil Nadu

The PACSs are assigned a vital role in the agricultural development of our country. The various programmes of the government are being implemented in the agricultural sector through these societies. Today agricultural cooperative societies are working positively.

Table 1
Number of PACSs in India and Tamil Nadu from 2008-09 to 2017-18

Year	INDIA			TAMIL NADU		
	Number of Societies	Increase / Decrease	Growth Rate	Number of Societies	Increase / Decrease	Growth Rate
2008-09	95,633	-	-	4,530	-	-
2009-10	94,647	-986	-1.03%	4,522	-8	-0.18%
2010-11	93,413	-1,234	-1.30%	4,488	-34	-0.75%
2011-12	92,432	-981	-1.05%	4,538	50	1.11%
2012-13	93,488	1,056	1.14%	4,307	-231	-5.09%
2013-14	93,042	-446	-0.48%	4,310	3	0.07%
2014-15	92,789	-253	-0.27%	4,490	180	4.18%
2015-16	93,367	578	0.62%	4,436	-54	-1.20%
2016-17	95,595	2,228	2.39%	4,511	75	1.69%
2017-18	95,238	-357	-0.37%	4,520	9	0.20%
Total			9,39,644			44,652
Mean			93,964			4,465
ACGR			-0.05%			-0.02%

Source: www.nafscob.org

Table 1 reveals that the actual number of PACSs in India has declined during the first four years of the study period. After that, it shows a wavering trend. The average number of societies during the reporting period was 93,964, and the study has registered a negative compound growth rate of (-) 0.05 per cent.

The table also shows that in Tamil Nadu, the number of PACSs has gone up from 4,530 in 2008-09 to 4,538 in 2011-12; subsequently, it shows an up and down trend. The growth rate of a number of societies has also shown a fluctuating trend with a compound growth rate of (-) 0.02 per cent during the study period.

6.2. Membership Position of the Societies

The membership of the Cooperative society is open to all persons with good character. All agriculturists, agricultural labourers, artisans and small traders who reside in the local area can become members of the society. A person who intends to use the services of PACSs can become a member of society.

Table 2
Membership Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(In thousands)

Year	INDIA			TAMIL NADU		
	Number of Members	Increase /Decrease	Growth Rate	Number of Members	Increase /Decrease	Growth Rate
2008-09	1,32,350	-	-	11,245	-	-
2009-10	1,26,419	-5,931	-4.48%	9,016	-2,229	-19.82%
2010-11	1,21,225	-5,194	-4.11%	9,511	495	5.49%
2011-12	1,13,596	-7,629	-6.29%	11,426	1,915	20.13%

2012-13	1,27,468	13,872	12.21%	10,420	-1,006	-8.80%
2013-14	1,30,120	2,652	2.08%	15,176	4,756	45.64%
2014-15	1,21,088	-9,032	-6.94%	11,696	-3,480	-22.93%
2015-16	1,27,322	6,234	5.15%	12,527	831	7.10%
2016-17	1,51,857	24,535	19.27%	13,201	674	5.38%
2017-18	1,30,547	-21,310	-14.03%	12,288	-913	-6.92%
Total	12,81,992			1,16,506		
Mean	1,28,199			11,651		
ACGR	-0.15%			0.99%		

Source: www.nafscob.org

Table 2 presents the details of the total membership of PACSs in India. It points out a declining trend from 13,23,50,000 in 2008-09 to 11,35,96,000 in 2011-12. After that, it has occurred ups and downs during the period taken for study. The mean value of membership has been recorded as 12,81,99,000 over the ten years. The growth rate has ranged between (-) 14.03 per cent and 19.27 per cent, with a negative annual compound growth rate of (-) 0.15 per cent.

In Tamil Nadu, the growth rate of the total membership shows an oscillating trend, ranging between 45.64 per cent and (-) 22.93 per cent. The annual compound growth rate of the membership is found to be 0.99 per cent.

6.3. Share Capital Position of the Societies

Share capital is one of the primary sources of internal finance of the Cooperative banks/societies. Among the types of owned funds, the share capital plays a vital role. The owned funds can be strengthened by way of increasing the share capital and reserves. Raising from the members, it forms a significant part of the working capital. The collection of share capital from members is a good way of promoting thrift among them.

Table 3
Share Capital Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Share Capital	Increase /Decrease	Growth Rate	Share Capital	Increase /Decrease	Growth Rate
2008-09	7,60,988	-	-	61,071	-	-
2009-10	7,80,464	19,476	2.56%	69,795	8,724	14.29%
2010-11	8,16,854	36,390	4.66%	72,607	2,812	4.03%
2011-12	8,93,588	76,734	9.39%	96,773	24,166	33.28%
2012-13	10,63,508	1,69,920	19.02%	84,937	-11,836	-12.23%
2013-14	10,53,251	-10,257	-0.96%	98,150	13,213	15.56%
2014-15	11,90,235	1,36,984	13.01%	1,07,871	9,721	9.90%
2015-16	13,07,931	1,17,696	9.89%	1,10,939	3,068	2.84%
2016-17	14,95,080	1,87,149	14.31%	1,17,883	6,944	6.26%
2017-18	14,94,939	-141	-0.01%	1,26,514	8,631	7.32%
Total	1,08,56,838			9,46,541		
Mean	10,85,684			94,654		
ACGR	7.79%			8.43%		

Source: www.nafscob.org

It is clear from Table 3 that the share capital position of India has shown a steep increase from ₹.7,60,988 lakhs in 2008-09 to ₹.14,94,939 lakhs in 2017-18, which indicates a two-fold increase. The mean value of share capital was ₹.10,85,684 lakhs, and it varied between 19.02 per cent and (-) 0.96 per cent during the study period. The table indicates the positive growth (7.79 per cent) of the share capital during the reference period.

The share capital of PACSs in Tamil Nadu shows a greater increasing trend. It has increased from ₹.61,071 lakhs in 2008-09 to ₹.1,26,514 lakhs in 2017-18, registering a 2.07 times increase. The average compound growth rate of the share capital was 8.43 per cent. This increase is due to an increase in membership.

6.4. Reserve Funds Position of the Societies

The reserve fund is one of the most important sources of owned funds. The reserve funds are raised from the net profits earned by the societies every year. As per the Tamil Nadu Cooperative Societies Act 1983, twenty-five per cent of the net surplus was allocated towards the reserve fund. The purpose of creating a reserve fund is to meet unforeseen losses, claims of creditors and other financial needs in times of scarcity.

Table 4
Reserve Funds Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Reserve	Increase /Decrease	Growth Rate	Reserve	Increase /Decrease	Growth Rate
2008-09	4,88,850	-	-	40,435	-	-
2009-10	5,33,021	44,171	9.04%	59,626	19,191	47.46%
2010-11	6,90,444	1,57,423	29.53%	50,250	-9,376	-15.73%
2011-12	7,71,577	81,133	11.75%	51,970	1,720	3.42%
2012-13	8,64,795	93,218	12.08%	93,903	41,932	80.68%
2013-14	9,13,550	48,755	5.64%	1,23,297	29,394	31.30%
2014-15	10,60,659	1,47,109	16.10%	96,224	-27,073	-21.96%
2015-16	12,16,207	1,55,549	14.67%	1,11,384	15,160	15.76%
2016-17	18,86,031	6,69,824	55.07%	1,37,259	25,875	23.23%
2017-18	16,79,971	-2,06,061	-10.93%	1,45,842	8,583	6.25%
Total			1,01,05,104			9,10,191
Mean			10,10,510			91,019
ACGR			14.70%			15.32%

Source: www.nafscob.org

Table 4 shows that the total reserves of the PACSs in India has increased from ₹.4,88,850 lakhs in 2008-09 to ₹.16,79,971 lakhs in 2017-18, registering an annual compound growth rate of 14.70 per cent. The maximum reserves have been 55.07 per cent in 2016-17, and the minimum happens to be (-) 10.93 per cent in 2017-18.

The total reserves of the PACSs in Tamil Nadu, which was ₹.40,435 lakhs in 2008-09, went up to ₹.1,45,842 lakhs in 2017-18, which shows a 3.6 times increase. The growth rate was swinging between a high of 80.68 per cent in 2012-13 and a low of (-) 21.96 per cent in 2014-15. The annual compound growth rate of reserves in Tamil Nadu was 15.32 per cent.

6.5. Working Capital Status of the Societies

The working capital comprises owned and borrowed funds. The share capital and the reserves constitute the owned funds and deposits and the borrowings represent the borrowed funds. The share capital of the cooperative societies is contributed by the members or by the government. The reserves are created out of their profit. The mobilization of deposits is an important component of the working capital, and it is collected from the members and non-members. The owned capital will rarely be sufficient for meeting the credit demands of the members, so it is supplemented by borrowing funds. The PACSs borrow money from the central cooperative banks, government and other financial institutions.

Table 5
Working Capital Status of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18
 (₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Working Capital	Increase /Decrease	Growth Rate	Working Capital	Increase /Decrease	Growth Rate
2008-09	94,58,488	-	-	7,89,442	-	-
2009-10	1,35,19,152	40,60,664	42.93%	11,24,092	3,34,650	42.39%
2010-11	1,44,22,190	9,03,038	6.68%	11,52,164	28,072	2.50%
2011-12	1,60,50,797	16,28,607	11.29%	15,89,648	4,37,484	37.97%
2012-13	2,80,81,643	1,20,30,846	74.95%	14,84,160	-1,05,488	-6.64%
2013-14	2,12,42,917	-68,38,726	-24.35%	17,84,381	3,00,221	20.23%
2014-15	2,23,71,057	11,28,140	5.31%	19,60,026	1,75,645	9.84%
2015-16	2,01,30,441	-22,40,616	-10.02%	20,28,002	67,976	3.47%
2016-17	2,39,96,699	38,66,258	19.21%	18,24,868	-2,03,134	-10.02%
2017-18	2,43,56,251	3,59,552	1.50%	20,39,833	2,14,965	11.78%
Total		19,36,29,636			1,57,76,617	
Mean		1,93,62,964			15,77,662	
ACGR		11.08%			11.12%	

Source: www.nafscob.org

The total working capital of PACSs in India is shown in Table 5. It stood at ₹.94,58,488 lakhs in 2008-09, rose to ₹.2,43,56,251 lakhs in 2017-18, showing more than a 2.5 times increase. It is also found that the total working capital shows a volatile trend, and it varies from 74.95 per cent to (-) 24.35 per cent. The annual compound growth rate is worked out to be 11.08 per cent.

The working capital of PACSs in Tamil Nadu stood at ₹.7,89,442 lakhs in 2008-09. It steadily increased to ₹.20,39,833 lakhs in 2017-18 except 2012-13 and 2016-17 registered a 2.58 times increase. The average working capital during the study period was ₹.15,77,662 lakhs. The overall average rate of growth of working capital was 11.12 per cent during the study period, and the rate of growth ranged from 42.39 per cent to (-) 10.02 per cent.

6.6. Deposits Position of the Societies

A deposit is the lifeblood of any financial institution, as it constitutes the main source of funds to take lending operations. The Cooperative societies offer various deposit schemes at a lower rate of interest. Mobilizing deposits help the Cooperatives to meet the growing demands of the farmer members. It depends on the branch network and the quality of services offered to their members and non-members.

Table 6
Deposits Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18
 (₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Deposits	Increase /Decrease	Growth Rate	Deposits	Increase /Decrease	Growth Rate
2008-09	26,24,538	-	-	2,86,647	-	-
2009-10	35,28,607	9,04,069	34.45%	3,44,997	58,350	20.36%
2010-11	37,23,816	1,95,209	5.53%	3,83,335	38,338	11.11%
2011-12	50,25,279	13,01,463	34.95%	5,33,073	1,49,738	39.06%
2012-13	67,11,310	16,86,031	33.55%	4,72,540	-60,533	-11.36%
2013-14	81,89,491	14,78,181	22.03%	8,06,578	3,34,037	70.69%
2014-15	84,61,633	2,72,142	3.32%	7,13,433	-93,144	-11.55%

2015-16	1,01,06,548	16,44,915	19.44%	7,99,227	85,793	12.03%
2016-17	1,15,88,420	14,81,873	14.66%	9,46,027	1,46,801	18.37%
2017-18	1,19,63,233	3,74,812	3.23%	8,27,036	-1,18,991	-12.58%
Total	7,19,22,874			61,12,893		
Mean	71,92,287			6,11,289		
ACGR	18.36%			12.49%		

Source: www.nafscob.org

Table 6 shows the deposit position of India during the study period from 2008-09 to 2017-18. The quantum of deposits has registered a substantial increase from ₹.26,24,538 lakhs in 2008-09 to ₹.1,19,63,233 lakhs in 2017-18, showing more than a fourfold increase. The deposit collected from the members thus has continued to form the major source of the working capital of the PACSs. The mean value of deposits in India during the period from 2008-09 to 2017-18 was ₹.71,92,287 lakhs, and 18.36 per cent as an annual compound growth rate.

It could be observed from the table that the total deposits of PACSs in Tamil Nadu rose to ₹.8,27,036 lakhs in 2017-18 as against ₹.2,86,647 lakhs in 2008-09, showing more than a four times increase. The mean value of deposit amount stood at ₹.6,11,289 lakhs in Tamil Nadu during the period under study, with an annual compound growth rate of 12.49 per cent.

6.7. Borrowings Status of the Societies

The working capital of the PACS is derived mainly from borrowings. The PACSs borrow funds when their own resources are not able to meet their demands. Internal funds alone are not sufficient for carrying on the banking business. So it is supplemented by borrowing funds. It involves obtaining a certain amount of funds to be repaid as specified in the note. Only the members of PACSs are entitled to borrow from it.

Table 7 presents the total borrowings of PACSs in India during the period from 2008-09 to 2017-18. The total borrowings of PACSs rose from ₹.48,93,844 lakhs in 2008-09 to ₹.1,28,33,322 lakhs in 2017-18, which is more than a two-time increase. The total borrowings to working capital is worked out to be 51.74 per cent in 2008-09 and it has increased to 52.69 per cent in 2017-18. This shows that the dependence of PACSs on external borrowings has been increasing gradually. The annual compound growth rate of borrowing registered was 11.31 per cent, and the mean value was ₹. 89,85,675 lakhs over the ten years of the study period.

Table 7
Borrowings Status of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Borrowings	Increase /Decrease	Growth Rate	Borrowings	Increase /Decrease	Growth Rate
2008-09	48,93,844	-	-	4,40,999	-	-
2009-10	51,76,390	2,82,546	5.77%	6,57,360	2,16,361	49.06%
2010-11	54,00,010	2,23,620	4.32%	5,39,425	-1,17,935	-17.94%
2011-12	88,83,557	34,83,547	64.51%	9,02,477	3,63,052	67.30%
2012-13	93,35,916	4,52,359	5.09%	9,78,866	76,389	8.46%
2013-14	95,83,580	2,47,664	2.65%	10,96,256	1,17,390	11.99%
2014-15	99,98,011	4,14,431	4.32%	12,31,881	1,35,625	12.37%
2015-16	1,12,69,029	12,71,018	12.71%	11,93,210	-38,671	-3.14%
2016-17	1,24,83,095	12,14,066	10.77%	10,06,141	-1,87,069	-15.68%
2017-18	1,28,33,322	3,50,227	2.81%	11,12,401	1,06,260	10.56%
Total	8,98,56,755			91,59,017		
Mean	89,85,675			9,15,902		
ACGR	11.31%			10.83%		

Source: www.nafscob.org

The total borrowings of PACSs in Tamil Nadu rose from ₹.4,40,999 lakhs in 2008-09 to ₹.11,12,401 lakhs in 2017-18, which shows a 2.52 times increase. The borrowings of PACSs have shown a fluctuating trend throughout the study period, and the rate of growth ranges from 67.30 per cent to (-) 17.94 per cent. The compound annual growth rate of borrowings is 10.83 per cent.

6.8. Loans Issued Position of the Societies

The PACSs provide both short-term and medium-term loans to their farmer members. The loan is issued for both agricultural and non-agricultural purposes. The short-term loan is given for a period of 12 months. It is issued for the purchase of seeds, chemical fertilizers, pesticides, etc. The medium-term loan is given for a period of 3 to 5 years. It is issued for the purchase of milch animals, purchase of cattle, repairing wells, etc. The rate of interest varies from State to State.

From Table 8, it can be inferred that the total loans issued by PACSs in India have shown a rising trend from ₹.58,78,674 lakhs in 2008-09 to ₹.2,07,32,178 lakhs in 2017-18 except in 2014-15. It ranged between 50.89 per cent and (-) 7.22 per cent and recorded an annual compound growth rate of 15.03 per cent.

In Tamil Nadu, the total loan issued stood at ₹.5,43,270 lakhs in 2008-09, and it rose to 17,42,005 lakhs in 2017-18; thus, the increase was about 3.2 times. During the reference period, the mean loans issued was found to be ₹.15,00,960 lakhs. The growth rate of loans issued shows a fluctuating trend, and it varies between (-) 21.42 per cent and 75.77 per cent during the study period.

Table 8
Loans Issued by the PACSs in India and Tamil Nadu from 2008-09 to 2017-18
(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Loans Issued	Increase /Decrease	Growth Rate	Loans Issued	Increase /Decrease	Growth Rate
2008-09	58,78,674	-	-	5,43,270	-	-
2009-10	74,93,754	16,15,080	27.47%	9,54,879	4,11,609	75.77%
2010-11	91,30,382	16,36,628	21.84%	10,61,855	1,06,976	11.20%
2011-12	1,07,30,023	15,99,641	17.52%	17,75,531	7,13,676	67.21%
2012-13	1,61,90,916	54,60,893	50.89%	16,18,564	-1,56,967	-8.84%
2013-14	1,71,41,956	9,51,040	5.87%	19,34,763	3,16,199	19.54%
2014-15	1,59,05,029	-12,36,927	-7.22%	19,61,819	27,056	1.40%
2015-16	1,80,82,350	21,77,321	13.69%	19,13,339	-48,480	-2.47%
2016-17	2,00,67,839	19,85,489	10.98%	15,03,574	-4,09,765	-21.42%
2017-18	2,07,32,178	6,64,339	3.31%	17,42,005	2,38,432	15.86%
Total		14,13,53,101			1,50,09,598	
Mean		1,41,35,310			15,00,960	
ACGR		15.03%			13.82%	

Source: www.nafscob.org

6.9. Loans Outstanding Position of the Societies

The actual amount which is to be repaid by the borrower is called loan outstanding. It comprises principal, unpaid interest or the total value of both. When the borrower fails to repay the loan properly, it leads to overdue, affecting the working performance of the PACSs.

Table 9
Loans Outstanding Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Loans Outstanding	Increase /Decrease	Growth Rate	Loans Outstanding	Increase /Decrease	Growth Rate
2008-09	64,04,424	-	-	5,27,467	-	-
2009-10	76,47,983	12,43,559	19.42%	8,52,897	3,25,430	61.70%
2010-11	87,76,794	11,28,811	14.76%	9,23,665	70,768	8.30%
2011-12	91,24,321	3,47,527	3.96%	13,99,277	4,75,612	51.49%
2012-13	1,39,39,871	48,15,550	52.78%	11,82,445	-2,16,832	-15.50%
2013-14	1,30,05,386	-9,34,485	-6.70%	16,89,313	5,06,868	42.87%
2014-15	1,47,22,557	17,17,171	13.20%	19,03,564	2,14,251	12.68%
2015-16	1,58,48,725	11,26,168	7.65%	18,19,458	-84,106	-4.42%
2016-17	1,70,45,925	11,97,200	7.55%	15,18,902	-3,00,556	-16.52%
2017-18	1,69,62,968	-82,957	-0.49%	16,65,423	1,46,521	9.65%
Total		12,34,78,954			1,34,82,412	
Mean		1,23,47,895			13,48,241	
ACGR		11.43%			13.63%	

Source: www.nafscob.org

Table 9 shows that the loans outstanding in India have increased from ₹.64,04,424 lakhs in 2008-09 to ₹.1,69,62,968 lakhs in 2017-18, showing a 2.5 times increase. It shows an increasing trend except 2013-14. But the growth rate shows a fluctuating trend, ranging between 52.78 per cent in 2012-13 and (-) 6.70 per cent in 2013-14 over the ten-years. The average amount of loans outstanding over the period from 2008-09 to 2017-18 was ₹.1,23,47,895 lakhs.

In Tamil Nadu, the loans outstanding in 2008-09 stood at ₹.5,27,467 lakhs, and then it gradually increased to ₹.13,99,277 lakhs in 2011-12. After that, it shows a fluctuating trend. The growth rate also shows a varied trend and ranging from (-) 16.52 per cent to 61.70 per cent, with an average compound growth of 13.63 per cent. The average loan outstanding has been ₹.13,48,241 lakhs over the study period.

6.10. Demand Position of the Societies

Demand is part of the loan outstanding recoverable during the given year wholly in the case of crop loans or in instalments in the case of the medium-term loan. Usually, the borrowers are expected to repay the loans within the due date.

Table 10
Demand Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Demand	Increase /Decrease	Growth Rate	Demand	Increase /Decrease	Growth Rate
2008-09	84,63,398	-	-	4,10,190	-	-
2009-10	95,49,660	10,86,262	12.83%	7,10,197	3,00,007	73.14%
2010-11	90,24,036	-5,25,624	-5.50%	7,35,493	25,296	3.56%
2011-12	90,74,802	50,766	0.56%	6,31,717	-1,03,776	-14.11%
2012-13	1,55,38,525	64,63,723	71.23%	10,91,569	4,59,852	72.79%
2013-14	1,55,85,309	46,784	0.30%	16,66,903	5,75,335	52.71%
2014-15	1,59,62,581	3,77,272	2.42%	18,19,061	1,52,157	9.13%
2015-16	1,69,78,314	10,15,733	6.36%	19,86,248	1,67,187	9.19%
2016-17	2,00,46,383	30,68,069	18.07%	18,21,727	-1,64,521	-8.28%

2017-18	1,96,74,994	-3,71,389	-1.85%	16,00,204	-2,21,522	-12.16%
Total	13,98,98,002			1,24,73,308		
Mean	1,39,89,800			12,47,331		
ACGR	9.83%			16.33%		

Source: www.nafscob.org

Table 10 shows the demand position of PACS in India. It has stood at ₹.84,63,398 in 2008-09 and increased to ₹.1,96,74,994 lakhs in 2017-18. The average annual compound growth rate is found to be 9.83 per cent during the period under the review. The growth rate has been higher in 2012-13 (71.23 per cent) and lower in 2010-11 ((-) 5.50 per cent).

The table also reveals that the total demand rose from ₹.4,10,190 lakhs during 2008-09 to ₹.16,00,204 lakhs during 2017-18. It varies from the maximum of 73.14 per cent during the year 2009-10 to a minimum of (-) 14.11 per cent during the year 2011-12 with a compound annual growth rate of 16.33 per cent.

6.11. Collection Position of the Societies

The success and prosperity of the PACSs depend on the recovery of its loan. For any cooperative society, the role of recovery of credit is crucial as it not only ensures the recycling of funds but also builds public confidence. The timely recovery of loans reduces the bad debts and also keeps the business running smoothly. Otherwise, it may result in the closure of societies and makes them inoperative.

Table 11
Collection Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Collection	Increase /Decrease	Growth Rate	Collection	Increase /Decrease	Growth Rate
2008-09	46,69,764	-	-	3,35,494	-	-
2009-10	55,97,260	9,27,496	19.86%	6,06,070	2,70,576	80.65%
2010-11	67,54,323	11,57,063	20.67%	6,26,950	20,880	3.45%
2011-12	66,44,439	-1,09,884	-1.63%	5,60,541	-66,409	-10.59%
2012-13	1,17,08,975	50,64,536	76.22%	10,19,082	4,58,541	81.80%
2013-14	1,26,22,126	9,13,151	7.80%	15,44,373	5,25,291	51.55%
2014-15	1,23,83,523	-2,38,603	-1.89%	16,57,103	1,12,729	7.30%
2015-16	1,39,89,401	16,05,878	12.97%	17,72,102	1,14,999	6.94%
2016-17	1,47,17,085	7,27,684	5.20%	16,11,023	-1,61,079	-9.09%
2017-18	1,48,83,450	1,66,365	1.13%	14,04,885	-2,06,138	-12.80%
Total	10,39,70,346			1,11,37,624		
Mean	1,03,97,035			11,13,762		
ACGR	13.75%			17.25%		

Source: www.nafscob.org

Table 11 shows the collection position of PACSs in India for the period from 2008-09 to 2017-18. It is observed that the position of the collection has shown an increasing trend with fluctuations. The annual rate of growth of collection ranged between (-) 1.89 per cent and 76.22 per cent, with an aggregate average rate of growth of 13.75 per cent.

It is also clear that the collection of PACSs in Tamil Nadu registered an increasing trend with fluctuations. During the year 2010-11, the total collection was ₹.6,26,950 lakhs, which indicates an increase as it was ₹.3,35,494 lakhs in 2008-09. Further, from 2011-12, it has increased significantly up to 2015-16. At the end of the study period, i.e., 2017-18, it has decreased slightly when compared to previous years.

6.12. Overdue Position of the Societies

Overdue is the difference between the total demand and the total recovery. It refers to the bills that are not paid on time or on the maturity date. It arises when the part of the outstanding loan is not realized within the maturity date. It is

a big issue of the loan operation of the Cooperative societies. The mounting overdue hampers the availability of working funds for carrying on the banking business and decreases the earning capacity.

Table 12
Overdue Position of the PACSs in India and Tamil Nadu from 2008-09 to 2017-18

(₹. In Lakhs)

Year	INDIA			TAMIL NADU		
	Overdue	Increase /Decrease	Growth Rate	Overdue	Increase /Decrease	Growth Rate
2008-09	37,93,654			74,695		
2009-10	39,52,401	1,58,747	4.18%	1,04,127	29,432	39.40%
2010-11	22,69,759	-16,82,642	-42.57%	1,08,542	4,416	4.24%
2011-12	24,30,363	1,60,604	7.08%	71,176	-37,366	-34.43%
2012-13	38,29,563	13,99,200	57.57%	72,487	1,311	1.84%
2013-14	29,63,194	-8,66,369	-22.62%	1,22,530	50,043	69.04%
2014-15	35,79,059	6,15,865	20.78%	1,61,958	39,428	32.18%
2015-16	29,88,913	-5,90,146	-16.49%	2,14,146	52,188	32.22%
2016-17	53,29,298	23,40,385	78.30%	2,10,703	-3,443	-1.61%
2017-18	47,91,544	-5,37,754	-10.09%	1,95,319	-15,384	-7.30%
Total			3,59,27,748			13,35,683
Mean			35,92,775			1,33,568
ACGR			2.63%			11.27%

Source: www.nafscob.org

The above given Table 12 shows the overdue position of PACSs in India, and the increasing trend with fluctuations. The quantum of overdue was high during 2016-17, and it was low during 2010-11. The annual average compound growth rate of overdue was 2.63 per cent, and the mean over due was found to be ₹.35,92,775 lakhs during the reference period.

The position of overdue was uneven in Tamil Nadu. The maximum overdue was found to be ₹.2,14,146 lakhs in 2016-17, and the minimum was found to be ₹.71,176 lakhs in 2011-12. The growth rate of overdue has been swinging between (-) 34.43 per cent and 69.04 per cent during the study period. The overall annual average growth rate during the study period was 11.27 per cent.

7. Conclusion

The present study examines the performance of the Primary Agricultural Cooperative Societies both in India and Tamil Nadu in terms of the key performance variables. During the study period, the number of PACSs and membership shows an unstable growth both in India and Tamil Nadu. The position of the share capital shows an increasing trend in Tamil Nadu, but in the case of India, it has increased for the first five years, and then it shows up and down trend. The position of reserve funds in India shows an increasing trend, whereas, in the case of Tamil Nadu, it does not show any particular trend. The position of working capital has shown a growing trend in both India and Tamil Nadu during the ten-year period. The total deposits have grown substantially in both India and Tamil Nadu over the study period. The position of borrowings also has increased during the study period, which indicates the heavy dependence of other financial institutions. The position of loans issued shows an increasing trend both in India and Tamil Nadu during the study period. The total demand has increased, proportionate to the loans issued, but the total collection does not increase proportionately both in India and Tamil Nadu. The position of the collection has shown an increasing trend with fluctuations both in India and Tamil Nadu. The position of overdue has shown uneven growth both in India and Tamil Nadu. However, PACSs face severe financial problems primarily due to significant erosion of their own funds, deposits and low recovery rates. The overdue has crippled the financial effectiveness and made the PACSs financially non-viable entities. The major part of weakness of the Society is due to the poor financial health and deficiency of PACSs in the

pattern they are organized and managed. Various policies have been adopted to improve the financial health of the PACSs. In this regard, Taskforce on Short-Term Cooperative Credit Structure headed by Prof. Vaidhyanathan (2004) reveals the finding that the Revival package must include the assistance in restoring the PACSs with good financial health. These packages would enable the PACSs to shine as a democratic, self-governing and financially well-managed Societies.

8. Suggestions

The performance of societies is good at all years, but at the same time, it is found that most of the societies are suffering from continuous loss. So, the government should take necessary measures to revamp the administrative systems of societies. The following suggestions are offered to improve the working of the PACSs.

- The cooperative societies must improve their owned funds by increasing their share capital through enhancing membership and maximizing their profit to create reserves.
- The societies must be in a position to pay higher interest rates on their deposits than that has been offered by the other institutions and must inspire greater confidence regarding the safety of deposits with them.
- The PACSs must reduce their level of borrowings and try to function without depending much on the refinancing institutions.
- The PACSs need to mobilize more deposits from both member and the general public to make adequate loans and advances to the farmer members. The loan is given only to loyal customers to avoid any malpractices.
- The cooperative societies must take continuous monitoring and follow-up action to reduce overdue. A large number of field staff must be employed in the collection of dues.

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