

Reinventing PACS- Major Government Initiatives

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Abstract

PACS which have a history of more than 100 years have been viewed as the panacea to the problem of rural credit as they operate at the grassroot level. However, the overall financial health of PACS reveals that only 46% of PACS have earned profits. An important point to note is that while PAC membership is 13.7 crores, the number of borrowers is 5.36 crores which indicates that only 39.13% of members are borrowers. The recovery of loans to Demand Ratio is 71.1% and some PACS are dormant or defunct. Despite these weaknesses, PACS have a formidable presence in terms of number and reach and taking this into consideration, the newly formed Ministry of Cooperation, in coordination with other Ministries, has notified several major initiatives to strengthen PACS and make them economically viable and vibrant. This paper attempts to discuss the initiatives of the government which aim at revitalizing the rural economy.

Key Words: PACS, major initiatives, diversify activities, strengthen

Backdrop:

Historically, Primary Agricultural Credit Societies (PACs), have occupied a pre-eminent position in the delivery of rural short-term cooperative credit at the grass root level. The legal basis for cooperatives dates back to colonial rule with the passing of the Cooperative Societies Act in 1904, followed by the Cooperative Societies Act of 1912 being enacted which permitted the registration of non-credit cooperative societies. Post these legislations, between 1904 and 1915, more than 800 primary cooperatives were formed. The Maclagan Committee on Cooperation in India which was constituted in 1915, to look into the state of cooperatives, recommended that there should be one cooperative in every village and there should also be a cooperative bank in every province. The need to strengthen the cooperative movement received a further boost by the report of the Royal Commission on Agriculture in 1928 (Singh Gurdev, 2009). A three tier cooperative structure was created at the State, District and Village level. With the formation of the Reserve Bank of India (RBI) in 1935, the need to reinvigorate the cooperative credit movement was considered to be a pressing need, as credit supplied by moneylenders was subject to very high interest rates, besides other usurious

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practices. The RBI through several surveys concluded that the problem of inadequate rural credit could be resolved through creating a sound cooperative credit structure. The cooperative movement was therefore leveraged as a major economic and social force in the post independence period. The PACS are the foundation stone on which the entire cooperative credit structure is built with the main objective of meeting short term credit requirements such as crop loans for the rural economy.

Status of PACS in India:

PACS have since inception been viewed as the panacea to the problem of rural credit as they provide a platform for the rural population to come together and form an economic enterprise that operates on the principle of cooperation. They serve as grassroot level institutions in the cooperative structure and raise resources through both borrowings and deposits in order to provide crop loans mainly to small and marginal farmers. PACS also give medium term loans and are engaged in supplying some inputs such as fertilizers to farmers. The profile of PACS and present status is indicated in Table 1 & 2 respectively.

Table 1: A Profile of Primary Agricultural Credit Societies (2021)

Item	Performance
A. (i) Number of Societies	1,02,559
ii) Number of Members (crores)	13.7
iii) Number of Borrowers (crores)	5.36
B. Balance Sheet Indicators	
i. Owned Funds (Capital + Reserves) (Rs crores)	42,311
ii. Deposits (Rs crores)	1,70,922
iii. Borrowings (Rs crores)	1,43,044
iv. Loans and Advances (Rs crores)	2,29,443
v Loans & Advances Per Member (Rs)	42,806
vi. Total Liabilities/Assets (Rs crores)	3,34,718
C. Financial Performance	
i. Institutions in Profits	
a. Number	47,297
b. Amount of Profit (Rs crores)	5,298
c. Average Profit Per society (Rs)	11,20,156
ii. Institutions in Loss	
a. Number	37,419
b. Amount of Loss (Rs crores)	4,320
C. Average Loss Per Society (Rs)	11,54,494
ii © Number of societies not reporting	17843
iii(a) Overall Profits (+)/Loss (-) (Rs crores)	978
iii (b) Overall Average Profit Per society (Rs)	1,15,445
D. Non-performing Assets	
i. Amount (Rs crores)	72,550
ii. As percentage of Loans Outstanding	33.5
E. Recovery of Loans to Demand Ratio (%)	71.1

Source: Reserve Bank of India (2021-22), Report on Trend and Progress of Banking in India,

Link : https://www.nafcub.org>regulatory_updates>77

It can be observed from Table 1 that PACS have a membership of 13.7 crores and considering that there are 102559 PACS across the country, it appears

that on an average one PAC has on average 1337 members. Also considering that India has 664369 villages, about 6 to 7 villages are served by one PAC. An important point to note is that while the PAC membership is 13.7crores, the number of borrowers is only 5.36 crores, which indicates that only 39.13% of members are borrowers. The loans & advances per member is Rs 42,806 on an average and majority members are unable to borrow from the society. It is possible that members are non borrowers because they were defaulters with overdues and hence not eligible to avail of loans.

The overall financial health of PACS reveals that institutions in profit are 47297 or 46% and the profit earned is Rs 5298 crores which indicates an average profit of Rs 11,20,156 per society. The number of societies in loss are 37419 with a total loss of Rs 4320 crores which indicates an average loss of Rs 11,54,494 per society. Out of total of 84716 PACS reporting their financial performance, it can be observed that the overall profit is Rs 978 crores or Rs 1,15,445 per society. The financial indicators of 17843 PACS are not reported. The overall picture of the profile of PACS reveals that their financial health is not sound with NPA of Rs 72550 crores which is 33.5% of loans outstanding.

Table 2: Status of PACS in India (2021)

Region	Number of PACS	No. of Societies Viable	No. of Societies Potentially Viable	No. of Societies Dormant	No. of Societies Defunct	Others
Northern	14112 (100)	5135 (36.4)	1731 (12.3)	295 (2.1)	234 (1.7)	6717 (47.6)
North-Eastern	9440 (100)	8995 (95.3)	239 (2.5)	59 (0.6)	57 (0.6)	90 (0.95)
Eastern	18627 (100)	14172 (76.1)	2866 (15.4)	586 (3.1)	413 (2.2)	590 (3.2)
Central	15708 (100)	12544 (79.9)	2471 (15.7)	392 (2.5)	168 (1.05)	133 (0.85)
Western	29273 (100)	20856 (71.2)	7505 (25.6)	651 (2.2)	176 (0.60)	85 (0.29)
Southern	15399 (100)	10846 (70.4)	3185 (20.68)	358 (2.32)	62 (0.40)	948 (6.2)
ALL INDIA	102559 (100)	72548 (70.7)	17997 (17.5)	2341 (2.3)	1110 (1.20)	8563 (8.3)

Source: Reserve Bank of India (2021-22), Report on Trend and Progress of Banking in India

Link : https://www.nafcube.org/regulatory_updates/77

It can be observed from Table 1 that out of 102559 PACS in the country 70.7% are viable and 17.5 % are potentially viable. Further 2.3% PACS are dormant while 1.08% are defunct and about 8.3 % do not appear to be

reporting their status. The picture with respect to PACS in Northern India appears to be most precarious with only 36.4% viable.

The overall picture that emerges from Table 1 & 2 is that although PACS are spread throughout the country, their business indicators are not very impressive.

Credit Flow by Cooperative Sector:

Availability of rural credit was a chronic problem in pre independent India as institutional credit was largely absent. The farmers were mainly in the hands of moneylenders who charged exorbitant rates of interest. Hence, soon after independence, the government began to take steps to address the problem of rural credit on priority basis through the establishment of cooperative credit societies. Accordingly, institutional credit, notably credit through cooperatives began to gain momentum as can be observed from Table 3.

Table 3 : Share of Institutional and Non-Institutional Rural Credit (%)

Source of Credit	1951	1961	1971	1981	1991	2002	2013
Institutional	7.2	14.8	29.2	61.2	64	57.1	56
Government	3.3	5.3	6.7	4	5.7	2.3	1.2
Co-operative Societies/Banks, etc.	3.1	9.1	20.1	28.6	18.6	27.3	24.8
Commercial Banks	0.8	0.4	2.2	28	29	24.5	25.1
Insurance, Provident Fund	-	-	0.2	0.6	1.4	0.6	0.3
Other Agencies	-	-	-	-	9.3	2.4	4.6
Non-Institutional	92.8	85.2	70.8	38.8	36	42.9	44
Moneylenders	69.7	60.8	36.9	16.9	15.7	29.6	33.2
Relatives, Friends, etc.	14.2	6.9	13.8	9	6.7	7.1	8.5
Traders & Commission Agents	5.5	7.7	8.7	3.4	7.1	2.6	0.1
Landlords	1.5	0.9	8.6	4	4	1	0.7
Others	1.9	8.9	2.8	4.9	2.5	2.6	1.4
Total	100	100	100	100	100	100	100

Source: Hoda & Terway (2015), *Credit Policy for Agriculture in India-An Evaluation*, ICRIER

With the launching of the First Five Year Plan in 1951, the share of non-institutional credit was 92.8% with moneylenders having a share of 69.7%. Gradually over five decades or so, post independence, the share of non-institutional credit declined to 36 % in 1991, while the share of moneylenders declined to 15.7% in the corresponding period. The share of cooperatives in providing credit which comprised of both institutional and non-institutional, increased from a negligible share of 3.3% in 1951 to 27.3% in 2002. This clearly reveals that the government succeeded in strengthening the cooperative credit structure accompanied by a geographical spread of the same. However, the picture with respect to share of cooperatives in institutional credit in the recent years is again a cause of concern.

Table 4: Share of Institutional Credit to Agriculture (%)

Year	Cooperatives	Regional Rural Banks (RRBs)	Commercial Banks
Average of 1970s	78	2	20
Average of 1980s	55.9	5.3	38.8
Average of 1990s	51.5	6.2	42.3
Average of 2000 to 2010	21	9	70
Average of 2011 to 2020	14.4	11.6	74
2019-20	11.3	11.87	76.83
CAGR 1999 to 2020	12.97	22.93	21.84

Source: Reserve Bank of India Bulletin, November 2004

link: (ii) derived from NABARD Working Paper 2021-I June 2021, link:

It can be observed from Table 4 that there is a drastic fall in share of cooperatives in institutional credit to the agricultural sector. While the share was as large as 78% in 1970s, it has kept declining and is as low as 11.3% in 2019-20. Accordingly, the share of commercial banks has rapidly increased to 76.83%. Also, the growth rate of credit by commercial banks during the period 1999 to 2020 was 21.84 % p.a while that for cooperatives was 12.97% p.a during the corresponding period.

The data from Table 1 to 4 clearly reveal the unsatisfactory performance of PACS. The economic activities undertaken by PACS are guided by their respective Bye-laws which are outdated as PACS have been in operation since last 100 years or so. The Bye laws require revision and in order to address this issue and transform PACS into more vibrant economic organizations at the village level, the newly formed Ministry of Cooperation has undertaken several measures to revitalize PACS.

Major Initiatives by Government for Strengthening PACS:

Since PACS are the grass root level institutions in the short-term cooperative structure and have a formidable presence in terms of number and reach, their financial health is a primary concern to policy framers. In this context, the Ministry of Cooperation took several initiatives for strengthening the PACS.

The following are the major initiatives for economic strengthening of PACS :

1. Model Bye-Laws for making PACS Multipurpose : In order to diversify the activities of PACS and increase their sources of revenue, Model Bye-laws for PACS were prepared after consultation with all States/Union Territories, National Federations and other stakeholders. All States/UTs are expected to adopt the revised Bye –laws so that PACS are able to undertake more business activities in agriculture, non-agriculture, credit and non-credit and thus get converted into Multi Purpose Agricultural Credit Societies. This will increase their income and also help to create more employment opportunities.
2. Strengthening of PACS through Computerization: The Ministry envisaged that computerization of the data base of PACS will improve their efficiency and hence this process has been initiated. The PACS have largely been out of the ambit of technology support. However, the large outreach of PACS to the small and marginal farmers makes them a very large rural financial system and with this view in mind the government approved a Centrally Sponsored Project for computerization of PACS over a period of five years from 2022-23 to 2022-27. NABARD is the implementing agency for the scheme and will work under the guidance and directions of the National Level Monitoring & Implementation Committee and Ministry of Cooperation. The main stake holders in the scheme are the Government of India, State Governments, NABARD, State Cooperative Banks (St CBs), District Central Cooperative Banks (DCCBs),

PACS, National Level PACS Software Vendor, National Level Data Repository Vendor, System Integrator in each state, etc.

PACS computerizations entails bringing all functional PACS into an Enterprise Resource Planning (ERP) based common software, linking them with NABARD through St CBs and DCCBs.

The main objectives of computerization of PACS :

- (a) Increasing the efficiency of the operation of PACS;
- (b) Speedy disbursement of loans, lowering the transaction costs and reducing imbalances in payment;
- (c) Enhancing trustworthiness in the working of PACS among farmers;

- (d) Implementation of a Common Accounting System (CAS) and Management Information System (MIS) enabling PACS to carry out their operations online and obtain refinance /loans for their various activities from NABARD through StCBs and DCCBs.

There are 3 components of assistance to the PACS under the scheme:

- (a) Hardware-Each PAC under the scheme will be given a computer webcam, Virtual Private Network, printer and a biometric device which are necessary for complete computerization.
- (b) National Level PACS Software (NLPSV) – An ERP is being developed for PACS which will enable them to digitize their day to day operations, provide services to the members and facilitate proper reconciliation of accounts.
- (c) System Integrator- PACS in each state/UT will be assigned to one or more System Integrator which will help the PACS to digitize its legacy data, adapt the ERP and customize the ERP as per the policy of the state. All PACS across the country will be provided with one common ERP software that will enable them to capture data on all their functionalities, with respect to credit and non-credit. The software would be customized for state-specific needs. All functional PACS will be eligible to participate in the project and they will be deemed to be functional if there is completion of their Audit of Accounts of the year previous to which they commence the computerization process.

The expected outcome of computerization is :

- (a) PACS will be able to function faster, become transparent in their operations and also become accountable;
- (b) Migration of legacy data will be possible;
- (c) There will be timely generation of MIS;
- (d) Members of PACS will be able to avail of credit and non credit facilities in a timely manner;
- (e) Financial irregularities will be prevented;

- (f) Work efficiency of the staff employed in PACS will improve;
- (g) Financial inclusion and business opportunities of the members of PACS will be enhanced.
- (h) Establishment of Multipurpose PACS/Dairy/Fisheries Cooperative Societies (2 lakh new societies) in every Panchayat/Village: India has about 664369 villages and presently on an average about 6 to 7 villages are being served by one PAC. The government realizing the catalyst role that PACS can play in stimulating the rural economy, has set a target to form 2 lakh more PACS. With this increase in number of PACS, it will be possible for one PAC to serve two villages. Hence the rural sector will immensely benefit by leveraging such institutions.

3. India's dairy sector has played a dominant role in socio economic development, particularly in rural areas. The sector has demonstrated its role in achieving not only food but also nutrition security, reducing poverty, generating employment, particularly for women, landless and marginal farmers and finally providing a regular source of income for rural households. The dairy sector contributes 4.5% to the country's GDP and 24% to the GDP from agriculture. The sector also stimulates other value addition activities such as manufacturing milk products, probiotics, etc alongwith backward linkage such as cattle feed infrastructure. Further, the industry produces cattle waste which serves as a manure for agriculture which maintains soil health and improves soil fertility. The export potential of the dairy sector has still to be tapped which can be achieved through increase in milk productivity, processing and logistics. Taking these factors into consideration, the government aims at creating multi purpose PACS which can diversify into dairy activities.

The fisheries sector comprising of marine and inland fisheries together with aquaculture is an important source of income, employment, food and nutrition security besides being a source of foreign exchange earnings. The sector contributes 7.28% to agricultural GVA. The country is experiencing continuous increase in fish production and from a low of 2.4 million tonnes in 1980-81, the production increased to 16.2 million tonnes in 2021-22. This clearly indicates an increasing long term trend in

production. Notably, fish is a major item of export, accounting for about 2.6% of total exports and about 17.34% of agricultural export. Despite considerable contribution, this sector is plagued by several constraints such as inefficient organization and management, prevalence of traditional fishing practices, inadequate infrastructure, etc. The fishermen are also resource poor with low levels of literacy and technical skills. Hence, formation of cooperatives can prove beneficial to capitalize on the potential of this sector and strengthen the entire value chain. While the government has launched several schemes to boost this sector, allowing PACS to diversify into fisheries will revive the rural economy through employment and income generation. There is scope to export fish even to developed countries provided the challenges can be faced. This can be achieved through formation of cooperatives which will help to modernize and strengthen the value chain to cater to the demand of international markets.

4. **World's Largest Decentralized Grain Storage Program in Cooperative Sector to Ensure Food Security:** The government aims at creating the world's largest storage scheme in the cooperative sector. Indian agriculture is characterized by inter and intra seasonal fluctuations in prices. Further, farmers due to their urgent need for cash are forced to make distress sales in the post harvest season when prices are very low. Such circumstances arise as agriculture is a biological industry and farmers do not get a regular flow of income. Taking this into consideration, the government has approved foodgrain storage scheme so that farmers can hold their produce and avail of higher prices. Through a warehouse receipt, they can also avail of loans while their produce is in the godown. Storage also creates time, place and form utility and is thus beneficial to the consumers as well. Other initiatives by the government include custom hiring centres, processing units and fair price shops. Since farmers do not have funds for investment in machinery, etc. they can avail of the same through custom hiring centres. In case of bumper crop seasons, especially with respect to horticultural produce, the surplus can be channelized for processing so as to prevent the price from falling to unduly low levels and at the same time making available the produce in lean season through processed form. The government aims to permit PACS to perform these economic activities as a step towards reviving the rural economy through income and employment generation.
5. **PACS as Common Service Centres (CSCs) for Better Access to e-Services:** The government provides about 300 e-services to citizens

through CSCs which is an initiative towards good governance and easy accessibility of several major services to the citizens. The scheme serves the dual purpose of revamping the front-end delivery of public services to citizens and also promotes rural entrepreneurship with a view to create jobs. A CSC is the access point for delivery of various electronic services to villages in India, thereby contributing to a digitally and financially inclusive society. CSCs are also considered as agents of change, promoting rural entrepreneurship and building rural capacities and livelihoods. They are enablers for community participation and collective action in order to bring about social change for holistic inclusive growth. CSC contributes to the Digital India program by providing, major services in every sector such as agriculture, education, health, rural banking & insurance, utility, etc through digital infrastructure and thus digitally empowering the citizens.

As CSCs have the potential to stimulate the rural economy by providing services through Village Level Entrepreneurs, and PACS are major institutions serving the rural sector, the government with the support of other Ministries aims at allowing PACS to provide e-services. Till date more than 17,000 PACS have been onboarded as CSC and attempts are being made to scale up. The onboarded PACS are given training by CSC-SPV and NABARD and about 6000 PACS have started providing services as CSCs. This initiative of the government serves as a holistic approach to strengthen rural India through digital skill development, rural entrepreneurship, job creation and convenience to rural population through easy accessibility of services.

6. Formation of New Farmer Producer Organizations: An important initiative by the government is to permit PACS to perform economic activities related to agriculture and thus operate like PACS. An amendment was made in 2002 Companies Act, 1956, which legalized farmers to operate as companies and a new form of economic organization-Farmer Producer Company (FPC), was created. While Indian agriculture is getting commercialized, the holdings are dominated by marginal farmers who have small lots for sale and weak bargaining power. Out of total landholdings 68.5% are marginal and 17.7% are small, thus together constituting 86.2% of total holdings and occupying 46% of area. The average size of holding is also declining over the years and the average size which was 2 hectares in 1976-77 is now almost halved to 1.08 hectares in 2015-16. Taking this landscape into

consideration, the FPCs conceived as a hybrid variant of the cooperative and corporate system hold the potential to create a huge network of farmers which can collectively address the problem of procurement aggregation, and sale of farmer's produce and thus increase their returns. FPCs can also extend their activities by providing certified inputs and technology to farmers. Besides domestic markets, the FPCs can capitalize on export markets and thus enable the farmers to benefit from higher prices. The PACS through government initiatives are now permitted to undertake economic activities related to agriculture as FPOs.

7. Eligibility of PACS for LPG Distributorship: A major initiative taken by the government is to amend the rules so as to make the PACS eligible for LPG distributorship which will enable them to distribute LPG. A major problem in rural areas is the usage of solid fossil fuels for cooking and other household uses. It is well recognized that these traditional methods like burning firewood, etc are hazardous and have negative health, environment, social and economic outcomes. Household air pollution is the cause of many diseases especially in case of women and children. The practice of using bio mass for household cooking etc. is common due to lack of awareness as well as lower number of LPG dealerships which leads to poor distribution network. Realizing the severity of the problem, the government has amended norms and permitted PACS to become eligible for obtaining LPG dealership. This will enable PACS to promote rural development as the distribution network of LPG will increase and made easily available.
8. Permission to convert Bulk Consumer Petrol Pump operated by PACS into retail outlet: The Ministry of Petroleum and Natural Gas has consented to converting existing Wholesale Consumer Licensed PACS into retail outlets. Under this, the existing PACS will be given a one-time option to convert their wholesale consumer pumps into retail outlets, provided they fulfil all the requirements for setting up retail outlets in rural areas including statutory approvals and other permissions.
9. PACS as Jan Aushadhi Kendra for Access to Generic Medicines at Rural Level: The government has taken a decision to open Jan Aushadi Kendras at identified PACS for sale of generic medicines. A pharmaceutical company develops new medicines after extensive research and testing. The non –generic medicines are patent protected, which ensures that the

company has the sole right to manufacture and sell the non-generic brand name medicine while the patent is in effect. When patents or other periods of exclusivity expire, other manufacturers or the same company can apply to develop and sell a generic version of the non-generic medicine. The generic medicines are similar to non-generic as they are made with the same active substance and checked for safety and quality before a license is issued. Their manufacturing is also closely monitored by the Central Drugs Standard Control Organization and the efficiency of the medicine is tested to ensure that it is safe for public use. The main advantage of generic medicines is that they are budget friendly and covered by all insurance companies. They are also completely safe for consumption. Hence in order to reduce the cost of medicines and make them easily affordable the government has identified several PACS where generic medicines will be easily available. As the availability and supply of generic medicines increase, it will also create awareness among the rural people that cheaper options of medication are available. Such measures by the government will go a long way in reducing the cost of health care.

10. PACS as Fertilizer Distribution Centre: The functional PACS will also be eligible to act as fertilizer retailers and drone entrepreneurs not only for spraying fertilizers and pesticides but also to be used for property surveys. Fertilizer is a very important yield increasing input in agriculture. In case the supply is not available timely, the crop production is likely to get negatively impacted. In order to ensure smooth availability of fertilizers for the convenience of farmers, the government has permitted PACS to act as fertilizer retailers. This will give boost to the agricultural economy and also create new business opportunities.
11. Convergence of PM-KUSUM Scheme at PACS Level: PACS operate at the grassroot level and reach out to almost the entire farming community. Their structure therefore can be leveraged to set up decentralized solar power plants at the Panchayat level. This will encourage farmers who are connected to PACS to replace diesel pumpsets with solar pumpsets. Farmers can also ensure their energy security by installing Photovoltaic Modules on the periphery of their land. This will allow the reach of PM Kusum scheme to the last mile. Petroleum products are a major item of import for India and PM KUSUM will lead to reduction in the use of diesel and thus reduce the import bill, thereby saving precious foreign exchange. Use of solar panels will also help to mitigate pollution in farms. Any farmer having barren or uncultivable land can utilize the same for

installing solar panels which in turn will fetch him an additional source of income. Further, the solar plants can also be installed above a certain minimum height in cultivable lands, so that farmers can continue to cultivate their land and also get the benefit of solar energy. Renewal energy is environmental friendly in contrast to use of fossil fuels, besides the huge fiscal impact. Encouraging PACS to install solar panels will go along way in increasing the use of solar power in the rural economy and reducing the use of diesel, besides being a source of income.

12. Micro-ATMs to Bank Mitra Cooperative Societies with the help of NABARD: Dairy and Fisheries cooperatives have also been made Bank Mitra of DCCBs and StCBs. To ensure the ease of doing business, transparency and financial inclusion, Micro ATMs are also being given to these Bank Mitra Cooperative Societies with support from NABARD to provide “Door Step Financial Services”. Hence all efforts are being made to make finance available easily and promote financial inclusion.
13. Rupay Kisan Credit Card to Members of Cooperative Societies: The government has initiated a pilot project in Panchmahal and Banaskantha districts of Gujarat to ensure that Rural Cooperative Banks reach the last mile with easy availability of finance. Under this project, Bank Accounts of all members of the cooperative societies are being opened in the selected DCCBs and with the support of NABARD, Rupay-Kisan Credit Cards are being distributed to account holders. With the help of these cards, the members will be able to avail of loans at reasonable rates of interest and the card can also be used for financial transactions. The government intends to scale up this programme and make it PAN India.
14. PACS as Jal Shakti: The government has also taken initiatives to make PACS eligible as “Paani Samiti” so that they can undertake the work of operation and maintenance of Piped Water Supply schemes in rural areas. Proper maintenance of piped water supply ensures adequate and regular water supply to the door step. It is well recognized that women in rural areas spend considerable time on fetching water for household and sanitation purposes. Easy availability of water will enable them to utilize their time for other activities including economic activities. This will therefore serve as an additional source of income for rural persons.

Conclusion:

PACS dominate in their reach to the rural hinterland and are thus accessible to the marginal and small farmers who comprise the vulnerable segment of the economy. However, although PACS have a huge outreach and were perceived to be the major source of rural credit even before independence, their overall performance since last few decades has been far from satisfactory. Realizing their potential and the need to make rural India an engine of growth through cooperatives, a separate Ministry of Cooperation was established on July 6th, 2021. The newly formed Ministry in coordination with other Ministries, took several initiatives and path breaking steps for strengthening the cooperative sector. A large number of initiatives were enforced so as to strengthen PACS, diversify their activities through backward and forward linkage, promote easy access to credit, financial inclusion, digital services, health care etc. All these economic activities are being facilitated through computerization of their operations including legacy data. As the PACS begin to respond to the schemes being launched by the government and take advantage of revisions in their Bye-laws, there is no doubt that not only will the agricultural sector be promoted but employment will also be created, thus increasing rural incomes. The rural sector which accounts for about 65% of the population, will serve as a catalyst of growth for the industry and service sector and thus the overall economy will be on a higher growth trajectory and the country will be on the path towards becoming a developed nation.

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