



Growth and Performance of Primary Agriculture Cooperative Societies (PACS) in Haryana

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Abstract— Primary Agricultural Cooperative Societies (PACS) constitute the foundation of the rural short-term cooperative lending framework in India. This paper aims to evaluate the performance of Primary Agricultural Cooperative Societies (PACS) in Haryana. The research uses secondary data obtained from the annually published reports of the National Federation of State Cooperative Banks and State Cooperative Apex Banks for the period from 2004-05 to 2021-22. The result of the study, derived from the annual growth rate, is the compound growth rate in growth in PACS. It suggests that a negative growth rate is observed in the number of PACS; however, an increasing growth rate is noted in the number of memberships. Positive growth is evident in several metrics, including paid-up share capital, reserves, deposits, borrowings, and working capital. Both loan credit and balance due increased during the study period. A considerable credit-deposit ratio is also observed. The accumulation of overdue payments significantly decreases the effectiveness of PACS, as government-announced debt relief projects discourage borrowers from repaying loans punctually.



Keywords— PACS, paid-up capital, loan advancement, recovery, cooperative society.

I. INTRODUCTION

Civilians collectively have organized themselves from time to time in order to bargain for vested interests or gain the attention of the larger society in order to fulfill their objectives. Cooperative societies have been instrumental in a sense of collective activism and the pooling of civilian resources for mutual benefits. The cooperative society is a fundamentally voluntary organization that has its membership open to all irrespective of religion, gender, caste, and other factors. However, occupational roles may play an important part in defining the stake each individual holds in the activities of the cooperative society, which indirectly show the roles that they take within this collective. Shaffer (1999) has argued that a long time back, in the mid-18th century, in France, local cheese makers set up a cheese cooperative. Even later, in 1844, the Equitable Pioneers of Rochdale Society (EPRS) was formed with the

goal of social improvement by 28 economically marginalized members who pooled their resources to achieve the interests of the collective and improve their conditions (Dogarawa, 2005: 3), which has subsequently been viewed as the first modern cooperative in history.

Primary Agriculture Cooperative Societies-

The 2011 Census (Government of India, 2011) records that around 68.8 percent of the population in India resides in rural areas and depends on agriculture directly for their livelihood. However, the benefit of the agricultural sector to the GDP has been decreasing at an alarming rate, at around 14.5 percent in 2010-11. In such situations, local-level cooperatives may act as a safeguard against the total collapse of the agricultural sector and economy. It has been noted that credit societies are an important source of agricultural credit for many farmers in rural India (Senapati and Bhatia, 2018). Primary Agricultural Cooperative

Societies are collective institutions that operate at the Indian village level and satisfy the credit needs of farmers. Many scholars point out that PACS are the foundation upon which the agricultural credit economy in India is built (Senapati and Bhatia, 2018; Ghosh et al., 2018; Rao, 2016). The National Bank for Agricultural and Rural Development Bill (1981) states that a national bank be created in order to lend

credit to farmers in the agricultural sector and defines PACS as a cooperative society that:

- [1]. Has as its object or business the provision of financial accommodation to its members for agricultural operations, marketing of crops or for rural development;
- [2]. The bylaws of which do not permit the admission of any other cooperative society as a member.

Structure of Cooperative Credit Institutions in India-

Level	Name	Description	Main Functions
1. Primary Level	Primary Agricultural Credit Society (PACS)	Grassroots cooperative at village or block level	Provides short-term and medium-term loans, seeds, fertilizers, etc.
2. District Level	District Central Cooperative Bank (DCCB)	Operates at district level serving PACS and individual members	Acts as an intermediary between PACS and state-level bodies; provides refinance and financial services
3. State Level	State Cooperative Bank (SCB)	Apex cooperative bank at the state level	Funds allocation, policy implementation, audit, supervision of DCCBs
4. National Apex Level	National Bank for Agriculture and Rural Development (NABARD)	Apex Development Financial Institution	Refinance, development assistance, capacity building, policy support for cooperative credit structure

Growth & Expansion of PACS in Haryana-

The cooperative movement in Haryana operated under two governing acts: the Punjab Agriculture Development Act of 1957 and the Punjab State Cooperative Act of 1961, both of which were replaced by the new Cooperative Societies Act of 1984, along with an additional act enacted in Haryana. As of September 2025, Haryana has made significant progress in strengthening its cooperative sector, particularly through the expansion and modernization of Primary Agricultural Credit Societies (PACS). Here's an in-depth look at the current status:

1. Total PACS Established: Since January 2021, Haryana has established 46 new PACS, as per the National Cooperative Database (Press Information Bureau).

2. Digitization Efforts: By December 2024, 710 PACS in Haryana were digitized, ensuring comprehensive coverage of all Gram Panchayats in the state (Babushahi.com).

3. Expansion Plans: The state government aims to establish 477 new Multi-Purpose Cooperative Societies (M-PACS) and 583 new Dairy Cooperative Societies (DCS) by 2028–29 to further strengthen the cooperative network (Hindustan Times).

Objective of the Study-

To analyse the performance of PACS on the basis of its Paid up share capital, reserve amount, deposit, borrowing amount and working capital.

II. DATA SOURCE & METHODOLOGY

The present study is based on secondary data collected from the annual published report of NAFSCOB (National Federation of State Cooperative Bank). The collected data has been analysed with growth rate, percentage, compound growth rate (CGR) and ratio analysis.

The compound growth rates were computed using the exponential trend function of the form:

$$X_t = ab^t$$

t

ut

$$\text{Log} X_t = \log a + t \log b + \log ut$$

Where,

X_t = number of societies, membership, share capital, own funds in year 't'

t = Time elements which take the value 1, 2, 3, 4...n

a = Intercept

b = Regression coefficient

ut = Standard error term

Compound growth rates were worked out as follow:

$$\text{Compound growth rate (r)} = (\text{antilog } b - 1) \times 100$$

III. RESULTS AND DISCUSSION

Table 1.1 depicts the performance of PACS in Haryana in terms of owned funds, deposits, borrowings, others, and working capital from the year 2005-06 to 2021-22. In the initial year of the study, paid up share capital, reserve, deposit borrowing and working capital were 32121, 1964, 31961, 391210 and 503523 lakh rupees in 2004-05. The growth percent were 9, -4, -7, 8 and 6 percent respectively next year. Deposits increased sharply from 2 percent in 2008-09 to 16 percent in 2009-10 and continue to increase 26 percent for next year. The share of borrowings decreased continuously from 8 per cent to 3 percent in the same time period. As a result, profit increased for PACS. The government of the state signed an MOU with the Government of India and NABARD on February 20, 2007, in order to revive the short-term cooperative credit structure. This action was taken in response to the recommendations of the Vaidyanathan Committee. The total Revival Package for PACS has been calculated to be Rs. 701.72 crore, and 566 merged PACS affiliated with 19 DCCBs have received financial assistance totalling Rs.

499.50 crore. Therefore, the PACS's borrowings decreased, and there were fewer borrowings from central cooperative banks. Throughout the duration of the research, the proportion of borrowings has been consistently decreasing. Nevertheless, the proportion of borrowings remains higher throughout the duration of the study. The maximum and minimal borrowings were Rs. 1188925.57 lakh in 2021-22 and Rs. 3912.10 lakh in 2005-06, respectively. Additionally, the borrowing rate experienced a complete increase while simultaneously decreasing throughout the duration of the study. The compound growth rates of paid up share capital, reserves, deposits, borrowing and working capital remains 4, 21, 3, 7, and 7 percent respectively. In spite of the fact that the proportion of borrowings in working capital has decreased, it has been determined that borrowings remain the major source of working capital. Therefore, it can be inferred that PACS has demonstrated satisfactory performance in terms of paid up share capital, reserves, deposits, borrowings, and working capital, as these parameters have steadily increased throughout the study period. We conclude that the PACS performance improves continuously with increasing financial status.

Year	Paid up share capit	Growth rate	Reserves	Reserve growth rate	Deposite	Deposite growth	Borrowing	Borrowing growth rate	Working capital	Working capital
2005-06	32121	.	1964	.	31961	.	391210		503523	.
2006-07	35142	9%	1883	-4%	29848	-7%	423022	8%	533774	6%
2007-08	38419	9%	3557	47%	30459	2%	400283	-6%	573268	7%
2008-09	40134	4%	16980	79%	31114	2%	434008	8%	636345	10%
2009-10	42756.13	6%	2004.56	-747%	37095.06	16%	448529.33	3%	699239.84	9%
2010-11	45839.97	7%	34596.33	94%	50118.15	26%	493651.44	9%	782140.71	11%
2011-12	48716.99	6%	35717.04	3%	53168.73	6%	559331.27	12%	880513.8	11%
2012-13	53303.89	9%	32607.34	-10%	57963.54	8%	632142.72	12%	980160.41	10%
2013-14	59915.17	11%	27206.12	-20%	56461.81	-3%	690163.35	8%	1058548.99	7%
2014-15	61507.55	3%	28210.03	4%	49718.05	-14%	749417.3	8%	1122640.74	6%
2015-16	62185.53	1%	25243.04	-12%	50476.85	2%	813396.56	8%	1214036.65	8%
2016-17	62185.53	0%	25243.04	0%	50476.85	0%	813396.56	0%	1214036.65	0%
2017-18	58025	-7%	126652	80%	126652	60%	824250	1%	1131093	-7%
2018-19	47664.5	-22%	28118.6	-350%	94823	-34%	10001.67	58%	1294192	13%
2019-20	63304.6	25%	25894.01	-9%	99075.71	4%	1014408.24	-93%	1288769.66	0%
2020-21	63819.42	1%	26221.35	1%	49955.75	-98%	1142561.47	11%	1341057.18	4%
2021-22	61312.06	-4%	48621.73	46%	50343.46	1%	1188925.57	4%	1629777.51	18%
CGR(%)	4%		21%		3%		7%		7%	

(Source: Annually Published Reports of NAFSCOB)

IV. CONCLUSION AND SUGGESTIONS-

The results have been drawn from the above discussion about the performance of primary agricultural cooperative societies in terms of deposits, borrowing and working

capital. Credit-deposit ratios show that more loans have been disbursed than deposits, which is a clear indicator of performance enhancement of PACS.

The following recommendations may be regarded to expand the membership of Primary Agricultural Cooperative Societies:

1. The government may offer an interest subvention scheme to borrowers instead of a debt relief system, as the latter may encourage violations among decent borrowers.
2. The PACS may extend long-term loans to meet the ongoing financial needs of borrowers.
3. The credit limit may be expanded and the loan amount may be disbursed promptly to borrowers.
4. To enhance deposit mobilization, members should be periodically educated and informed about the various schemes offered by the organization.
5. The PACS extend a significant share of agricultural loans to farmers, while also offering a considerable amount of non-agricultural loans to individuals.
6. PACS workers should receive regular education on the effective operation of the societies.
7. Staff members must exhibit collaborative behaviour towards individuals and ensure the provision of essential information.
8. Borrower members should be incentivized for timely loan payback.
9. Awareness programs should be implemented to explain the advantages of cooperative credit.

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