

Performance of Primary Agricultural Co-Operative Credit Societies in Kanyakumari District

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R. Sreedevi

*Research Scholar, Women Christian College Research Center
(Affiliated to Manonmaniam Sundaramar University), Tirunelveli - 627012, Tamil Nadu, India*

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Dr. S. Murugan

*Associate Professor & Head, Determent of Commerce
Vivekananda College, Agasteeswaram, Kanyakumari District, Tamil Nadu, India*

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Abstract

The cooperative movement in India has been deep-rooted in various sectors and is making a significant contribution towards agriculture and economic development of the nation. The primary Agricultural cooperative credit societies play a very important role in agricultural development and it is the backbone of the agricultural development in India. Primary Agricultural Cooperative Credit Societies actively engaged in providing integrated service to the farmers and serve as a point of dissemination of the scientific cultivation practices. In this paper, the researcher attempts to study the Performance of Primary Agricultural Cooperative Credit Societies in Kanyakumari district.

Keywords: PACCS, Loans, Financial aspects

Introduction

Agriculture Development is a dominant sector of Indian economy. It is the backbone of Indian economy. As per census, near about 70 percent of the population resides in the rural area and depending directly or indirectly upon agriculture for their livelihood. Therefore in India Agricultural development is very important. The cooperative movement in India has taken deep roots in various sectors and is making a significant contribution towards Agricultural and economical development, Particularly the primary Agricultural cooperative credit societies play a very important role in agricultural development it considered as the pillars of the Agricultural development in India. Primary Agricultural Cooperative Credit Societies actively engaged in the provision of integrated service to the farmers and served as a point of dissemination of the technology and the improved cultivation practices. It is expected to increase the prosperity of farmers by availing better services particularly in the area of technological intervention. At present in India, there are 92789 Cooperative credit societies.

Functions of PACCS

1. Provides credit to the farmers, distribute inputs like fertilizers and also run outlets under the Public Distribution System .
2. Provides short term and medium term credit for agriculture and allied activities. The short-term loans are repayable within a period of 12 to 15 months and the medium term loans are repayable within 3 to 5 years.
3. Crop loan is the prominent item of credit to the farmers by Primary Agricultural Cooperative Credit Societies, provided without collateral security up to 10 acres in respect of registered sugarcane growers and up to Rs.1 lakh in respect of other crops. The loan amount exceeding this limit is secured with the mortgage of property or pledge of jewels.
4. Primary Agricultural Cooperative Credit Societies also issue loans for other agricultural purposes like purchase of farm machinery and
5. To provide marketing facilities for the sale of agricultural produce and to associate itself with economic and social welfare programmes of the village. Role of PACCS in Agricultural Development

Objectives of the Study

The primary objective of the study is to analyze the overall performance of the PACCS and the secondary objectives of the study are:

To analyze the performance in terms of growth in membership, working capital, Loan Disbursement,

Repayment of loans, Recovery Performance, and profit & loss structure.

To analyse the performance regarding profit & loss.

Methodology

The present study is based mainly on secondary data. The data was collected from Library books, Published Annual reports, Journals, websites, Research Articles and other published materials. For data analysis, percent analysis is used to understand growth level of performance.

Data analysis and interpretation

Kanyakumari District has 9 blocks. The present study covered all the blocks. The block-wise Performance of primary agriculture cooperative credit societies in Kanyakumari District is discussed in the following.

Membership

Membership of the co-operative society is open to all persons of good character who reside within the area of operation of the society. The minimum initial membership for a primary society is 10. At percent tenants and other weaker sections such as agricultural laborers and artisans are admitted as members. The growth of membership for the past five years of the primary agricultural co-operative banks in Kanyakumari District is given in Table 1.

Table 1 Distribution showing the growth of membership from 2011-2012 to 2015-2016

The growth of Membership - Block wise											
Sl.No	Year	Agasteeswaram	Killiyoor	Kurunthencode	Melpuram	Munchirrai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	25834	15661	21546	15898	16164	20996	28303	11708	12796	168900
2	2012-13	26624	16625	22738	16541	16821	22073	29280	12227	13226	176149
3	2013-14	28459	17606	14417	17328	17836	23181	30785	12950	13896	186458
4	2014-15	29019	18960	25945	18187	18261	23976	31795	13503	14530	194176
5	2015-16	30366	20944	29029	19113	19004	25344	33871	14117	15004	206792

The total membership of primary agricultural co-operative banks in nine blocks has increased from 168900 in 2011-12 to 176149 in 2012-13. Further, it increased from 186458 in 2013-14 to 194176 in 2014-15 and finally it has increased to 206792 in 2015-16 According to table 5.1, the membership of the nine blocks gradually moves upwards in all the five financial years.

ensure the success of a business. While its inefficient management can lead not only to a loss of profits but also to the ultimate downfall of what otherwise might be considered as a promising concern. A study of working capital is of major importance because of its close relationship with current day-to-day operations. The sources of working capital of Primary Agricultural Co-operative Banks in the study area generally consist of share capital, reserve funds, deposits and borrowings.

Working Capital

It may be regarded as the lifeblood of a business; its effective provision can do much to

Share Capital

Table 2 Distribution showing blocks wise share capital of the banks

(Amount in Rs.)

Share Capital of the Bank - Block wise											
Sl. No	Year	Agaseswaram	Killyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	4122674	4720317	4189336	2759365	3096176	3491330	4974211	2680737	243596	32468742
2	2012-13	4405117	5029681	4779770	3301195	3355754	3821561	5347727	2832600	2518746	35392151
3	2013-14	5716765	5177538	5980279	4655900	4014829	4197319	6338279	3050648	2897604	42029161
4	2014-15	6158823	5357790	6782902	5223486	4377210	4804657	6814004	3169362	3030864	45719098
5	2015-16	7167694	5691122	7826435	6038352	4973521	5285009	7745959	3447906	3387064	51563062

Source: Records of the Society

An analysis of the total share capital of the banks for the period 2011-12 to 2015-2016 shows and an upward trend

Reserve Capital

Table 3 Distribution Showing Block wise Reserve fund of the banks

(Amount in Rs.)

Reserve Fund of the banks - Block wise											
Sl. No	Year	Agaseswaram	Killyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	869018	277394	577745	437678	433569	631418	808507	264706	354480	4654515
2	2012-13	869018	356128	596743	534120	446564	712999	837416	292614	362476	5008078
3	2013-14	869018	483569	601040	558028	449664	758605	880563	339913	364476	5304876
4	2014-15	890206	612739	669007	685143	474153	761905	945542	379451	36676	5784822
5	2015-16	900294	698237	708597	731569	489293	769617	984980	406727	368728	6058042

Source: Records of the Society.

The total reserves of the primary agricultural co-operative banks stood at Rs. 4654515 in 2011-12 which reached Rs. 6058042 in 2015-2016.

Deposits

Table 4 Distribution showing blocks wise members' deposits of the banks

(Amount in Rs.)

Members Deposits - Block wise											
Sl. No	Year	Agaseeswaram	Killyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	29963109	44565000	30749695	21648632	23387507	33932314	38372349	18292415	17724842	258635863
2	2012-13	40343410	47180000	77733411	28389962	29956513	46132584	49609577	21321532	21443058	329043524
3	2013-14	60182291	57880000	60411791	39159556	40532931	61144355	68769237	26843153	29126306	443932245
4	2014-15	94311897	64980000	79630977	55367142	57810133	93895707	97135509	37066562	44973124	624923267
5	2015-16	120892445	79680000	93930659	71599208	71297757	118918975	123224063	48538153	57516306	785142456

Source: Records of the Society.

The major types of deposits made by the members are fixed deposits, savings deposits, thrift deposits and recurring deposits. The deposit position of the primary agricultural co-operative bank was quite satisfactory in the study area. The total deposits have shown an increasing trend. The above study reveals

that the member's deposits have been increasing steadily year after year. If we put some more efforts towards deposit mobilization, there is ample chance to achieve a good target.

Borrowings

Table 5 Distribution showing block-wise borrowings of the banks

(Amount in Rs.)

Borrowings - Block wise											
Sl. No	Year	Agaseeswaram	Killyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	101396503	79040995	69005569	63985451	62788908	108768603	45076140	45076140	49726030	641230460
2	2012-13	195554170	89765360	89938987	78579454	64413921	125257665	59483880	59183880	53094388	827007327
3	2013-14	326606190	90323240	129073271	97683351	73476350	147621377	69221433	69221433	63247188	1070954934
4	2014-15	40762980	93172231	14869256	98361232	89717020	176111616	72489493	72489493	78682202	845764421
5	2015-16	462874790	94717216	18662880	173152092	90454960	182630252	86536362	86536362	78820820	1197488382

Source: Records of the Society.

The total borrowings of these banks increased from Rs. 641230460 in 2011-12 to Rs. 1070954934 in 2013-14 and declined to Rs. 845764421 in 2014-15, Further the total borrowings of this bank increased to Rs. 1197488382 in 2015-16.

Loan Disbursement

The primary agricultural co-operative banks advance loans to members who are tillers of the soil, owning their own land or cultivating it as tenants and to creditworthy agriculturist members whose vocation is normally remunerative business enabling

them to repay their borrowings from the proceeds of the crops raised by them. The bank has a right to sanction any portion of the loan applied for or reject the same in entirety. A member who defaults

repayment is normally not eligible for further loans. In case of late repayment, his demand for further loans is subject to delay and reduction in amount.

Table 6 Distribution showing blocks wise disbursement of loans

(Amount in Rs)

Disbursement of Loans - Block wise											
Sl. No	Year	Agaseewaram	Killiyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	102794275	82204032	212463590	83634057	64594860	115166130	111592504	50819494	56796300	880065242
2	2012-13	1181137855	25709075	113498570	83734057	70018790	136820430	14132098	66634821	63558904	1755244600
3	2013-14	141319605	152379269	102553183	97599055	155853185	164484828	75412098	72251350	118168465	1080021038
4	2014-15	139206521	32417502	118804958	111390806	102878386	173315700	175932620	90794184	68880100	1013620777
5	2015-16	145309186	214486896	155471308	124347604	117002636	681728552	193281568	105867282	88983300	1826478332

Source: Records of the Society

It is clear from the table that the total amount of loans increased from Rs. 88065242 in the year 2011-12 and increased to Rs. 1755244600 in 2012-13 and declined from Rs. 1080021038 in 2013-14 to Rs. 1013620777 in the year 2014-15. During the period 2015-16, the total amount of loan advanced increased to a greater level.

Repayment Of Loans

The repayment of loans given by the Primary Agricultural Co-operative Banks to the members

is of considerable importance for the success of the credit movement. Repayment of loans not only ensures re-cycling of public money for economic development but also builds confidence among the credit users regarding their ability to foster the growth and development in the agricultural sector. Besides, that outstanding loan not only indicates a sluggish use of credit but also affects the future plan of economic activities and restricts the change of credit for new customers.

Table 7 Distribution showing the repayment of loans

(Amount in Rs)

Repayment of loans - Block wise											
Sl. No	Year	Agaseewaram	Killiyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	23914715 (102794275)	43383763 (82204032)	71130964 (212463590)	23839439 (83634057)	40488868 (64594860)	89893367 (115166130)	86874777 (111592504)	37939320 (50819494)	48162198 (56796300)	465627411 (880065242)
2	2012-13	92911264 (1181137855)	41203422 (25709075)	71664215 (113498570)	54707650 (83734057)	58382137 (70018790)	95677417 (136820430)	10208770 (14132098)	35355023 (66634821)	49461098 (63558904)	509570996 (1755244600)
3	2013-14	17216806 (141319605)	23632251 (152379269)	70072556 (102553183)	60338755 (97599055)	62371662 (15853185)	89150168 (164484828)	11284758 (75412098)	37831668 (72251350)	55348502 (118168465)	427247126 (1080021038)
4	2014-15	20925288 (139206521)	32536515 (32417502)	62289232 (118804958)	56030403 (111390806)	54780564 (102878386)	117943723 (173315700)	10168229 (173932620)	34528620 (90794144)	49946230 (68880100)	439148804 (1013620777)
5	2015-16	38033045 (145309186)	11838072 (214486896)	29991996 (155471308)	22286436 (124347604)	21918788 (117002636)	12054912 (681228552)	40376996 (193281568)	17862118 (105867282)	16812184 (88983300)	319665547 (1826478332)
	Total	193001118	152594023	305148963	217202683	237942019	513210587	158913530	163516749	219730212	2161259884

Source: Records of the Society

Table .7 shows the repayment of loans during the study period among the nine blocks of the study area. The amount of repayment of a loan is highest in Rajakkamangalam (Rs. 513210587) block and

the amount of repayment is very poor in Killiyoor block (Rs. 152594023). The overall analysis of the repayment of loans in the study area is not sound.

Recovery Performance of the Primary Agricultural Co-operative Banks

The recovery performance of the banks that consists of overdue and recovery.

Overdue

Overdue are considered to be a serious problem to the short-term co-operative credit structure.

Mounting overdue erode the financial resources of an institution and ultimately cripple its normal functioning. In other words, the test for the sound working of a co-operative institution is the overdue. The Review Committee supports this view as “an important test for judging whether any system of credit is working efficiently or whether loans are recovered on due-date.

Table.8 Distribution showing overdue performance of the banks

(Amount in Rs)

Loan Overdue - Block wise											
Sl. No	Year	Agaseewaram	Killyoor	Kuruthancode	Melpuram	Munchirai	Rajakkamangalam	Thiruvattar	Thovalai	Thuckalay	Total
1	2011-12	5740700	5688133	16980640	5174751	3893440	8522200	6970991	3234131	2664840	41188886
2	2012-13	7976830	5796756	24550732	24173253	5061332	7669046	28223985	4057618	3550732	111060284
3	2013-14	9005850	7804245	27862340	8603755	5552340	11514888	10266095	4222585	3562340	88394438
4	2014-15	8197445	8697308	29378978	9311414	5078978	10614061	8190392	4271925	2878978	86619479
5	2015-16	9433610	8656611	32903444	10338981	5553444	11679082	12342425	4462259	5853444	212305300

Source: Records of the Society

The table shows that the overdue performance of the bank is Rs 41188886 in the year 2011-12. In 2012-13 the overdue position was tremendously increased and during the period 2013-14 and 2014-15 it has declined. On the whole, the overdue performances of these banks have increased to a greater level.

Recovery

Recycling of funds is one of the major determinants of credit expansion. Recovery performance makes any financial institution more viable and self-sustainable, speedy recovery of loans in primary agricultural co-operative bank accelerates the pace and progress of rural development. Since credit is a dynamic input, it plays a vital role in the upliftment of the weakest of the weak.

Table9 Distribution showing recovery performance of the banks (Rs in Crores)

Sl. No	Year	Recovery Performance of the Banks-Block wise			
		Loan disbursement (Loan issued)	Loans Recovery (Collection amount)	Loan overdue	Recovery percentage
1	2011-12	52.46	46.56	5.90	88.75
2	2012-13	76.29	60.17	16.12	78.87
3	2013-14	71.72	62.88	8.83	87.67
4	2014-15	71.72	63.06	8.66	87.92
5	2015-16	44.05	33.97	10.12	77.11
	Total	316.24	266.64	49.63	

Source: Records of the Society.

In the year 2015-2016, the recovery performance of the bank was poor. It is necessary to mention that the recovery rate of the bank deteriorated year after year.

Profit and Loss Structure

The profit and loss statement is a summation of the income and out go of a business regarding rupees over a specified period with a residual showing of

profit or loss. It discloses the revenue realized from the sale of goods and the costs incurred in the process of producing the scheme. It tells a story of progress or decline over a given period and why and how an indicated result was achieved. The profit and loss appropriation statement indicates the various uses to which the profit was put to.

Table 10 Distribution showing profit and loss structure

(Rs. in Lakhs)

Sl. No	Year	Profit and Loss Structure - Block wise																	
		Agaseerwaram		Killiyoor		Kuruthancode		Melpuram		Munchirai		Rajakkamangalam		Thiruvattar		Thovalai		Thuckalay	
		Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss	Profit	Loss
1	2011-12	0.72	2.71	62.31	24.89	8.01	21.50	1.94	18.51	2.16	15.29	2.11	11.50	0.61	30.66	0.67	14.76	0.15	14.34
2	2012-13	0.31	12.33	88.65	20.39	0.93	13.07	1.61	11.81	44.63	8.70	0.63	8.68	0.30	18.25	0.69	11.88	0.16	8.70
3	2013-14	0.52	20.15	169.42	13.48	1.63	19.72	3.09	13.85	55.98	13.49	2.98	12.99	0.54	24.27	0.71	13.31	0.18	13.49
4	2014-15	0.52	5.33	178.17	14.32	10.19	10.50	3.09	7.55	57.06	9.67	8.43	10.78	0.58	13.75	0.85	11.31	0.22	9.67
5	2015-16	0.62	8.29	150.21	7.23	28.30	4.83	23.09	6.13	73.37	10.93	24.29	5.04	31.05	13.42	20.55	1.53	15.09	2.74
Total		2.69	48.81	648.76	80.31	48.06	69.62	32.82	57.85	233.2	58.08	38.44	48.99	33.08	100.35	23.47	52.79	15.8	48.94

Source: Records of the Society

Regarding the analysis of the profit and loss structure of the Primary Agricultural co-operative Banks reveals that only in Killiyoor and Muchirai Block area the banks are earning profits during the study period. The banks in the other seven blocks are running at a loss. It is observed that the loss is due to the failure of beneficiaries in repaying their debts.

Conclusion

Primary Agricultural Co-operative Credit Societies are double-pronged instruments designed to fight against the contagion of rural indebtedness and to improve a lot of the poor peasants. This chapter presents the service attributes and Finance composition of Primary Agricultural Co-operative Credit Societies. The financial performance of Primary Agricultural Co-operative Credit Societies reveals the growth of membership and working capital, the decline and fluctuation position of disbursement of loan and recovery performance and the poor condition of profit and loss structure of the Primary Agricultural Co-operative Credit Societies.

It is observed that the loss is due to the failure of beneficiaries in repaying their debts.

Suggestion

The government should concentrate on the recovery of loans. If the recovery performance of the primary agricultural co-operative bank is poor, then the loan outstanding will be higher. This will badly affect the profits as well as the performance of the bank.

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