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PERFORMANCE EVALUATION OF PRIMARY AGRICULTURAL CREDIT SOCIETIES IN MAHARASHTRA

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ABSTRACT :

India has basically as Agricultural economy. Agriculture occupies a place of cardinal importance in the economy of India like any other productive activities, agriculture needs finance for its progress and prosperity. In the process of agricultural development, finance assumes the role of not mere a single distinct input but as a activating for the entire package of inputs. The rural people need lot of services in daily life which are meant by village co-operative societies. Therefore co-operative sector is one of the most important sectors in Indian economy.

KEYWORDS : Agricultural economy , productive activities , agricultural development.

I) INTRODUCTION :

The co-operative credit have emerged as the most important agencies supplying the largest amount of institutional credit to agriculture due to their local participation, democratic management and responsiveness to local needs and urges. Due to the establishment of co-operative Bank at different levels a three tyre system came to existence. At village level primary Agricultural credit societies (PACS) has come into picture to meet the short-term and medium-term credit requirement of agriculture. These societies keep direct relationship with farmers and serve their short-term credit needs. Now a day the operational efficiency of the central co-operative banks affects not only the PACS but also the State Co-operative bank because, the later finds it difficult to channelise the credit through the weak, inefficient. Therefore it is said that the weakness of the co-operative movement is synonymous with the weakness of central co-operative banks. Hence a need is felt to evaluate the performance of primary Agricultural credit societies in Maharashtra.

II) OBJECTIVES OF THE STUDY: -

- 1) To analyze the performance of primary Agricultural credit societies.
- 2) To provide the certain remedial suggestions for improving their day-to-day performance.

III) METHODOLOGY OF THE STUDY: -

The present study is based on secondary data which covers a period from 1961 to 2013. The information is collected from the co-operative movement at a glance in Maharashtra – 2013. The data so drawn has been tabulated according to the parameters of effective disbursement and analyzed accordingly, with the help of growth rate and indicates wherever necessary.

IV) LIMITATIONS OF THE STUDY: -

- 1) The whole study will be depends upon the secondary data.
- 2) The paper covers only the study of limited variable i.e. number of societies, members, share capital, deposits, loans advanced etc.

V) PERFORMANCE EVALUATION: -

The primary Agricultural credit societies are directly deal with the inhabitants of a locality and serve as the last link between the ultimate borrowers on the one hand and the refinancing agencies such as the DCCB, SCB, RBI and NABARD on the other hand. Various development activities in agricultural are now carried on through primary Agricultural credit societies. This progress was evaluated with the help of following tables.

Table No. 5.1
Number of Societies

Year	Number of Societies	Growth Rate
1961	18998	- - -
1971	20014	5.35
1981	18389	-8.12
1991	19491	5.99
2001	20524	5.30
2013	21191	3.25

(Source: - Co-operative movement at a glance in Maharashtra - 2013)

Table 5.1 shows that in 1961 18998 primary agricultural credit societies established in Maharashtra, which has increased to 20014 in 1971, growth rate was 5.35 percent moreover in 1981, 18389 societies were functioning it means the growth rate in 1971 to 1981 was decreasing by 8.12 percent. Then again 1991 to 2013 the growth rate was showing increasing trend in two decades, but the growth rate was not constant. It was clear indicate that after 1971, there was not increased more credit societies because co-operative movement failed on different stages.

Table 5.2
Society Members

(In Thousand)

Year	No. of Members	Growth Rate
1961	1827	- -
1971	3136	71.65
1981	5391	71.91
1991	7507	39.25
2001	10121	34.82
2013	14950	47.71

(Source: - Co-operative movement at a glance in Maharashtra – 2013)

Table 5.2 shows that, in 1961 there are 1827 thousand of members, it was increased to 71.65 percent in 1971. In 1971 to 1981 the growth rate of members again remarkable i.e. 71.91 percent. The table 5.2 shows that, throughout the study period the growth rate of members was shows the increasing trend, but it was not a constant.

Table 5.3
Share Capital
(Rs. in Lakhs)

Year	Share Capital (Rs.)	Of which Govt. (Rs.)
1961	1212	90
1971	5231	142
1981	10691	238
1991	30719	928
2001	96019	981
2013	201519	565

(Source: - Co-operative movement at a glance in Maharashtra-2013)

Table 5.3 shows that, in 1961 credit societies share capital was Rs. 1212 lakhs, out of these Rs. 90 lakhs share was Government. Moreover in 1991 credit societies share capital was Rs. 10691 lakhs and government share in share capital was Rs. 238 lakhs. Again it was increased to Rs. 96019 lakhs and Rs. 981 lakhs in 2001 respectively. Similarly credit societies share capital and Govt. share in share capital increasing every decade upto 2001. But in 2013, Government decreasing his share in share capital from Rs. 981 lakhs to Rs. 565 lakhs.

Table 5.4
Deposits
(Rs. in Lakhs)

Year	Deposits (Rs.)	Owned Funds (Rs.)
1961	99	1519
1971	405	6277
1981	1035	13386
1991	2157	37914
2001	8792	122414
2013	18644	299963

(Source: - Co-operative movement at a glance in Maharashtra – 2013))

Table 5.4 shows that, in 1961 deposits of credit societies was Rs. 99 Lakhs and owned funds was Rs. 1519 lakhs, which has increased upto Rs. 18644 lakhs and Rs. 299963 Lakhs in 2013 respectively. It means it is increasing trend in deposits as well as owned funds also.

Table 5.5
Working Capital
(Rs. in Lakhs)

Year	Working capital (Rs.)	Growth Rate (Rs.)
1961	5668	- - -
1971	20984	270.21
1981	52695	151.11
1991	178399	238.55
2001	516790	189.68
2013	1012524	95.93

(Source: - Co-operative movement at a glance in Maharashtra – 2013))

Table 5.5 shows that working capital of credit societies from 1961 to 2013. Moreover, in 1961, Rs. 5668 Lakhs working capital available in credit societies, it was increased 270.21 percent in 1971. Again it was increased

from 1971 to 2013 of Rs. 52695 to Rs. 1012524 respectively. It means there was an increasing trend in working capital throughout the study period but, the growth rate of increasing trend was not constant.

Table 5.6
Loans Demanded, Advanced and Recovered
(Rs. in Lakhs)

Year	Loans Demanded (Rs.)	Loans Advanced (Rs.)	Loans Recovered (Rs.)
1961	3990	4036	3125
1971	15408	11493	9224
1981	35004	24993	20044
1991	127693	76855	78417
2001	451903	373412	276550
2013	1110525	854544	773011

(Source: - Co-operative movement at a glance in Maharashtra-2013)

Table 5.6 shows that, in 1961 more loans were advanced than the actual demanded. After that from 1971 to 2013 the demanded loan amount was more than loan advanced amount, it means the credit societies was not fulfils the required demand of loan amount of farmers. Table 5.6 also shows that the every decade the loan recovered amount was less than actual loan advanced, it means every decade the credit societies was failed to recovered the cent percent loan amount from farmers.

VI) FINDINGS: -

Co-operative movement is much deep rooted in Maharashtra after passing the Maharashtra co-operative societies Act-1960. Although the primary credit societies have done a remarkable job in the disbursement of short term rural credit, but they have also faced much more challenges, weaknesses.

The primary credit societies have meager resources. They depend on borrowings from higher financing agencies. A serious challenge of the primary credit societies in India is the increasing amount of overdue and ineffective management. One more weakness of primary credit societies is the lack of trained staff, inadequate supervision, inadequate credit facility and defective audit system.

VII) SUGGESTIONS: -

It is evident from preceding discussion that the overall performance evaluation of primary Agricultural credit societies in Maharashtra is found to be ineffective in terms of parameters discussed. Therefore, the following suggestions are offered to improving their day-to-day working and future challenges. Steps should to be taken for effective supervision and regular audit. The credit societies should inculcate the habit of thrift amongst the members and given the top priority to deposit mobilization. Action should be taken against defaulters and efforts should be made to recover the outstanding loans. Procedural delays in sanctioning and actual disbursements of loans should be reduced to the minimum. These suggestions, if rightly perceived and properly implement make the primary Agricultural credit society most effective and fulfils the ideals of day-to-day workings.

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