

Role of Primary Agricultural Credit Co-Operative Society in Agricultural Developments

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Abstract - The primary sectors driving the economic and financial development of a nation like India are cooperative banks in particular or the cooperative sector in general. The NABARD serves as the principal funding source for primary lending institutions and is the national apex institution for agricultural loans. By providing general guidance for rural lending and financial assistance to NABARD for its functioning, the RBI plays a significant role. Since a significant majority of the population relies on agriculture, the agricultural credit plays a crucial role in both the growth of the agricultural sector specifically and the development of the whole economy generally. This paper explains how primary agricultural credit works. cooperative society for the development of agriculture.

Keywords - Agriculture, Co-operative, Customer, Loan, Repayment, Satisfaction

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INTRODUCTION

We are commemorating the country's 50th year of independence with a big party. Throughout these 50 years, co-ops have worked tirelessly to fulfill national pledges of economic decentralization and protection against group exploitation. An emphasis was placed on balancing economic progress with fair treatment of all members of society. Small and marginal farmers, craftsmen, weavers, landless agricultural labor, fishers, and the urban poor, among others, have benefited greatly from the co-organizational operative's and financial assistance, which has provided a boost to their income-generating activities. All members of the community, regardless of their background, beliefs, or sexual orientation, would benefit from the co-ops' long-term objectives for sustainable community development.[1]

The co-operative movement, which is one of the greatest volunteer movements, has made significant contributions to improving the region's economic and social initiatives. Despite its many successes, the cooperative sector has been plagued by intractable issues that threaten its long-term existence. Despite promises that co-ops would be given the freedom to operate democratically. Interference in the day-to-day operations of cooperatives and all-out super sessions are both commonplace. It's both perplexing and distressing that, with the exception of Marathwada, all of the other co-operative Acts have been updated to reflect the recommendations of the model co-operatives legislation.

Several steps have been launched at the levels of the co-operative movement and the Government to build

up the competitive power of the co-operative sector in response to the new challenges posed by economic reform policies from the Government via further liberalization of the economy. In light of the above, it's clear that our society has to adopt a multi-pronged approach if we want co-ops to survive the transition period while retaining their distinctiveness, unity, and philosophy. This multi-pronged approach includes sensitization of people, enacting the necessary structural adjustment / reformation, and a micro- and enterprise-level action plan encompassing many components of a co-operative, such as members, leadens, workers, capital resources, etc. the government and co-operative organizations in the Nanded District will need to rethink their roles in light of the new environment, and co-operative organizations will need to investigate new opportunities for developing cooperative-to-cooperative trade in addition to determining how best to attract technological and other forms of investment. The majority of rural financing is used for farming. The majority of the funding for this agricultural system has come from the government. NABARD isn't the only bank that gives out loans to farmers, however.[2]

Formation of Primary Agricultural Credit Co-Operative Society

The promoters of a primary agricultural credit founder society must file an application with the appropriate registrar of co-operative societies in accordance with the Indian Cooperative Societies Act, 1912, or the applicable state or district co-operative societies act. The local ordinances that govern the area where the society is located. The

following items must be submitted to the Registrar of co-operative societies in order for the society to be officially registered.[3]

Bye-laws for a prospective co-op must be submitted to the Registrar for approval; however, the promoters may also use the sample bye-laws available from the Registrar of Co-Operative Society if they like. It is up to the organization to decide whether to accept the sample bylaws exactly as written or to make any necessary changes. The registrar should sign and validate both sets of bylaws with his or her official seal, and then deliver one set to the co-operative organization. The bylaws become binding once they have been thus approved.[4]

If the registrar is content in all aspects after reviewing the application as well as the bye - laws, he will register the society and give a certificate of registration. When the registration certificate is issued, the society is formally established as of the registration date. It also acquires the status of a separate legal entity with full legal capacity as of the date of registration. Also, it may be used as proof or evidence in court. It has a common seal and its incorporation gives it the right to exist indefinitely. It has the legal capacity to possess property, to engage into contracts, to start legal procedures, to defend legal cases against it, and to do all these things as are essential for the attainment of its purposes and objects, all of which may be done once it has been registered.

a community of cooperative shoppers. Members, in their capacity as consumers, are able to get their needs at fair costs by eliminating the need for intermediaries. The society saves on intermediary commissions to the extent possible and shares the savings among its members. Unlike in a traditional retail establishment, there is no need to make speculative purchases of various items at a co-op shop. The success of a retail establishment depends on the retailer's ability to anticipate client needs for a wide variety of products and to stock them appropriately. If his prediction is true, he will make a profit; otherwise, everything he brings will be wasted. In a co-op, since the promoters know their consumers and what they need, this kind of uncertainty does not exist. As a result, a co-op grocery shop will only make purchases based on the feedback of its regulars. Therefore, a cooperative shop is protected against the inevitable losses experienced by retail establishments.[5]

People who make up a group or community. Unlike in a traditional retail business, there is no need for speculative purchases of various items in a co-op. The success of a retail establishment depends on the retailer's ability to anticipate client needs for a wide variety of products and services. If his prediction is true, he will make a profit; otherwise, everything he brings will be wasted. In a co-op, since the promoters know their consumers and what they need, this kind of uncertainty does not exist. Since the needs and wants

of the regulars are prioritized, all transactions in a co-op shop are made accordingly. Thus, a cooperative shop is protected from the inevitable die-offs that plague the retail industry.

Capitalists who make a living by exploiting the people see the rise of co-operative organizations, which aim to provide basic necessities to members of the public, as a threat to their business model. It has protected the average person from the greed of corporations and put an end to the abuses of other businesses. Demand is predictable, therefore there is no need to have an abundance of supplies on hand. An excellent method of tying consumers to the society and enticing them to make all of their purchases from inside the society is the system of providing bonus and rebate on purchases from the society. But the co-op movement is much more than just saving money for Marilee on a few items. There is social significance in the goals and values of the main agricultural credit co-operative organizations. The members of the society, who mostly originate from economically disadvantaged backgrounds, are given a chance and a means of self-government that they would not have access to anywhere else. Workers have been greatly aided by the cooperative movement, which has given them an alternative to the capitalist system.[6]

Function of Primary Agricultural Credit Co-Operative Society

To facilitate the provision of short- and medium-term financing to members, agriculture credit co-operative societies provide as their principal role. In addition to ensuring the continued availability of essential consumer goods, society must be able to withstand the widespread use of credit. As a community, we need to get behind economic and social programs that help the villagers. One need to make saving a habit. Societies also have to perform additional duties, which is what gave rise to the first multifunctional societies. With the registrar co-operative societies' permission, to invest in the share capital of primary credit and multipurpose and other co-operative societies registered under the Maharashtra co-operative societies Act for the purpose of financing such societies. To organize for the examination and credit assessment of connected co-operative societies.[7]

- **Management**

Honor and democracy govern society's leadership. One man, one vote; that's the premise upon which it rests. The whole membership acts as a single governing body. From five to nine members of the management team are elected by the whole group. Each aspect of society's day-to-day operations is overseen by its management committee. Executive duties are handled by the secretary. The management team is responsible for accepting new members, maintaining order, and securing financial

support. The secretary handles the company's books. The management is volunteer, and the sole salaried employee is the secretary, who earns a pittance for her administrative duties. Most people in the society are illiterate, and the fact that they speak multiple languages further makes matters worse. Once a co-registrar op's has been appointed, he or she will temporarily take the place of the management committee.

- **Evaluating and Monitoring**

Auditing is crucial for reducing the likelihood of inefficient management and maximizing societal effectiveness. A Cooperative Registrar is the one responsible for conducting audits. There is a centralized authority in charge of monitoring and checking everything. Different states have different policies. The supervisory union in Maharashtra operates under the direction of the local central bank.

- **The Club Participation**

Because of the importance of fostering meaningful connections between its members, a society should limit its size to a manageable scope. This main level of organization, a separate society in each village, was mandated by a Resolution passed on November 9, 1958. Due to their tiny size, it is possible for two or more villages to merge into a single community. Unless there's a sudden surge in population of more than a thousand. Farmers, craftspeople, and small-scale merchants from rural areas are welcome to join. Joining costs as little as 10 rupees.[8]

- **Financial Obligations and Fund-Raising**

There was a transition from unlimited to limited liability of societies during the early stages of the co-operative movement; by 1994- OS, 75% of societies had limited liability, up from 70% in the preceding five years. Two distinct funding mechanisms exist.

- **Reserves and Deposits**

The encouragement of thrifty behavior among its members is a key social goal. Funding from basic cooperative societies rose. If the society experiences a loss, it may dip into its reserve money to cover the costs.

- **A Borrowing Perspective**

The majority of the money the cooperative lends to its members comes from the district regional co-operative bank. There are several different criteria that central banks use when deciding whether or not to lend money to the public. As separate entities and individual states. It is possible to borrow up to eight times the sum of a company's paid-in-full share capital and accrued losses in the state of Maharashtra.

- **Prepayment of a Loan**

The agricultural cooperative society provides its members with access to both short- and medium-term land loans. The purpose of the short-term loan is to finance the acquisition of agricultural inputs, as well as the payment of laborer salaries and property taxes. Most farmers take out crop loans, which may be used for everything from buying livestock to putting in place a new irrigation system or fixing up an old one. Creating bunds and bettering the land. It's worth noting that just 38% of members borrow * from these organisations on average. This is due to the difficult payback schedule, the inadequate loan amounts, and the lengthy processing times involved in getting new loans issued. Improvements in society's functioning should be made public, so that most members may borrow them and put them to use.[9]

- **Privacy and Safety**

Having a permanent place of residence is required for safety in the majority of countries. In addition to a member's ability to repay the loan, other factors are considered such as the value of the member's personal assets and the value of the member's employment.

- **Interest Rate**

In the Nanded area, farmers were saved from the extortionate loan rates charged by several lenders thanks to the establishment of cooperative groups. Therefore, the credit should be low-cost as much as possible. Primary agricultural credit organizations typically charged its members an annual percentage rate (APR) of 7% to 10% on loans and advances. The interest rate that a state government subsidizes might vary widely based on the cultivator's specialty.[10]

- **Repayment Timeframe**

Short terras loans are expected to be paid back as soon as output is delivered. Medium-term loans may last anywhere from five to seven years, while short-term loans typically have a maximum tenure of 18 months. If the loan amount is not returned within the agreed upon repayment schedule, then the late amount will be assessed. The issue of being overdue is a major one in these cultures. There are genuine defaulters and complete defaulters, both of which are of interest to the defaulters. A significant deal of damage is done to the cooperative movement by these deliberate defaulters. Although the government's goal is honorable, borrowers may mistakenly believe that they would eventually be granted forgiveness for their loan payments. Therefore, it will be worth the white to establish reasonable terms and conditions before really issuing the loan. The rise of the cooperative movement may be stymied if societies don't keep a close eye on people's usage of credit and make sure that no one is abusing it.[11]

The residents of, like the rest of the country, were full of optimism and fresh ideas about how to tile faster and more efficiently just after independence. This wave of ambition was also seen in the collaborative sector. Periodically during the course of many centuries. This is the principal credit society with limitless liability, although it is just a tiny one. Having just a handful of members and a little annual revenue because of its exclusive focus on a single village's agricultural needs. But otherwise, a tightly knit group of people who trust and respect one another. Yet it didn't take long to see that this system fell short of fully meeting the farmers' requirements since it catered to only one of them—credit. These communities would also provide the farmers' other critical requirements. It was at the suggestion of the Reserve Bank of India that a new set of tests were conducted on the multifunctional model of societies at the Nanded district regional co-operative bank, and the results were met with some degree of enthusiasm. After that came the rural credit study and report, which concluded that the preexisting rural credit framework was unable to take on the far larger obligations of district-building.[12]

Management of Primary Agricultural Credit Co-Operative Society

All of a co-members op's and leaders jointly own the business. They own it, and it exists for their benefit. Every member's hopes and dreams must be met, and the co-management op's team must be aware of and able to meet those needs. A management committee is elected from within the membership and is responsible for running the co-op efficiently and effectively on behalf of its members. In a cooperative the elected and professional parts both serve as a term. When the two parts come together, there can be no bumps on the road.

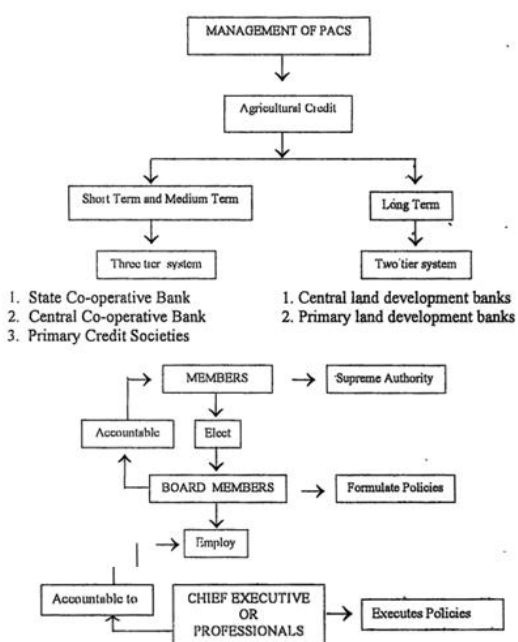


Figure 1. Overview of management

The credit pyramid has three levels. The State Co-operative Bank acts as the apex bank for the state, while central co-operative banks operate at the regional and county levels, and primary credit societies serve the smallest communities at the village level. The number such primary credit societies is directly proportional to the number of villages in a given district, which in turn is directly proportional to the number of districts in the state. There is often just one state-level "apex bank," many regional "central co-operative banks," and several "primary credit societies" in a given state.[13]

CONCLUSION

The farmer now has government support to meet its financial needs. When it is anticipated that it will take too long for the co-operative credit structure to be established or reactivated, or for the promotion of supplementary credit agreements by the institutional agencies, governments often step in to provide a cash or in-kind loan to dying farmers in those areas. However, the government's track record of providing loans to business owners is hardly stellar. The government's lending policies are often too stringent to adequately meet the demands of individuals based on the production strategies they have devised. Smaller farms are typically discriminated against by lower-level authorities in favor of larger and medium-sized farms due to the former's emphasis on safety rather than production.

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