

Performance of Co Operative Credit Societies in Indian Agriculture

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Abstract—*Co-operative credit societies are organized and managed on the principles of co-operation, self-help, and mutual help. The co-operative societies in India in fact are playing multifunctional role in both rural as well as urban areas. The basic structure of cooperative societies is organized on three tier basis. There are PACs working at village level with the membership of 121.2 million. Above them are DCCBs working at the district level and then at the top, there are StCBs, the apex co-operative institutions working at state level. Up to the 1970, non-institutional sources, moneylenders in particular, supplied all the credit availed by the agriculturists and credit flow from the institutional sources were small. By the end of the 1970s the situation changed significantly with institutional sources accounting for 63.2 per cent and 79.5 per cent of the total borrowings of cultivator households in 1981 and 2012 respectively.*

The share of cooperative banks in advancing short-term direct credit was as high as 77per cent of the total credit to agriculture and allied activities. But, gradually its performance in terms of percentage fell to 67.71 in 1980-81, to 57.35 in 2000-01 and further to 21.36 in 2011-12. The number of cooperatives were increased but the share of cooperatives from the total credit decreased from 59.8 per cent in the year 1980-81 to 12.8 per cent in the year 2016-17. The share capital, reserves deposits were increased over the years. The NPAs of StCBS decreased from 16.84 in 2005-06 to 4.52 in 2015-16 and for DCCBs NPA decreased from 19.65 per cent in 2005-06 to 9.46 per cent in 2015-16. Only 48.45 per cent of primary agricultural credit societies are working in profit and 66.45 per cent of PACs are viable remaining societies needs the improvement in their working.

Keywords: *Cooperative credit societies, PACs, NPA.*