Nandinathapura Primary Credit Co-operative Society: A Stimulant for other PACS

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Introduction:
Primary Credit Co-operative Society occupies an important role in the co-operative credit structure. Such PACS are aimed at meeting the credit requirement of its members. PACS acts as an intermediary between district central co-operative banks and its members. These PACS compact areas federate themselves into banking unions and organized central banks to collect funds from the district central co-operative banks and divert it to farmers members.

The district central co-operative banks finance PACS from their own resources of share reserves and deposits and form the credit limit sanctioned by NABARD through the Apex bank.

Objectives:
- To explain the deposits, loans (crop loan) and recovery position of PACS of Nandinathpur.
- To highlight the best business practice of the PACS of study area.

Methodology:
This research work is related to one PACS, which is situated at Nandinathpur, 80 kms away from Mysore city. This village comes under Kasaba hobli of Periyapatna taluk of Mysore District.

The deposits and loan provided by this PACS along with its recovery amount will be analyzed for about a decade between 2003-04 to 2013-14.

This research work is based on primary data and simple table and charts are made used to analyse the data.

Nandinathpur Primary Agricultural Credit Co-operative Society (NAPACS):
Nandinathpur, PACS is functioning at Periyapatna taluk of Mysore district. It is lending short term and medium term loans to its members. This society has deposits of 3,84,41,321 Rupees as on 31/3/2014 and it has provided loans to the tune of 9,03,88,551 crores Rupees as on 31/3/2014.

This society overall development of its members, it is providing short term duration loan for the purpose of crop loans mainly to the farmers who grow maize, sugarcane, cotton, ginger, potato, ragi, paddy, banana, pulses, tobacco and it is providing medium term loans for setting up pumpsets, for adopting sprinkler irrigation facilities, to construct bulking shed for tobacco, to start pitty shops, jewel loans, silk worm rearing loans, to purchase tractors, loans to linkage and self help groups.

This society is unique in its function when compare to other PACS, because it is owning a own building for its business purposes, well infrastructure processing unit with computers and computer knowledge based staff.

Deposits Operation:
The deposits are generally collected from its members. This society has saving deposits, Nandi fund deposits, everyday fund deposits and economy deposits. As on 31/3/2014 it has total deposits of 3,84,41,321 crores of rupees. This is the highest amount of deposits created among 245 PACS of Mysore and Chamarajanagar District Central Co-operative Bank.
Table - 1
Cash deposit of Nandinathpur Credit Co-operative Society

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</thead>
<tbody>
<tr>
<td>Deposits</td>
<td>1,64. 91</td>
<td>1.90. 64</td>
<td>1.52. 27</td>
<td>3.75. 77</td>
<td>2.77. 70</td>
<td>285. 21</td>
<td>2.40. 53</td>
<td>240. 5</td>
<td>238. 38</td>
<td>260. 67</td>
<td>333. 20</td>
<td>3.84. 41</td>
</tr>
</tbody>
</table>

Source : Audit report of Nandinathpur Credit Co-operative Society

Table -1 shows the deposits of this society during 2003 to 2014. During the year 2003, the total deposits was Rs. 1.64.91 lakhs and in the year it has Rupees 384.41 lakhs. It has increased tremendously during this decade. The decadal growth of deposits is about 70%.

Crop Loan : (Kissan Credit Card)
Nandinathpur Primary Credit Co-operative Society advances loan to its members for meeting their financial need short term are given upto 12 months for financial seasonal agricultural operations while medium term loan are given for a period ranging from one to three years for purchase of well and improvement of loan.

Table – 2
Crop loan of Nandinathpur PACCS

<table>
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<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Loans</td>
<td>4.17. 17</td>
<td>4.75. 09</td>
<td>6.73. 74</td>
<td>6.13. 33</td>
<td>7.63. 55</td>
<td>4.40. 39</td>
<td>6.63. 86</td>
<td>8.51. 52</td>
<td>1.004. 59</td>
<td>1.126. 02</td>
<td>1.328 .3</td>
</tr>
</tbody>
</table>

Source : Audit Report of Nandinathpur PACS
Table 2 shows the crop loan issued by Nandinathpur PACS during 2003 to 2013. During the year 2003 total amount of short term loan was Rs. 4,17,17 lakhs and in the year 2013, was Rs. 1,328.3 lakhs. The trend of crop loans provided shows a fluctuating during the study period. This may be to seasonal variation in rainfall, because the farmers of this study area, has to relay on monsoon or has to create artificial irrigation facilities since this area is not the beneficiary of river dam projects. The percentage of growth ranged between 100% and 116.33%.

Recovery Position of NAPCS:
Recovery means collection of a loan amount from a borrower in default. It is societies cannot work smooth. They cannot prove themselves successful or financial strong without complete recovery. Drought situation creates financial strain on agriculturists, market societies increase competition and lower demand for funds make difficulties in loan recovery and interest collection of loans. Yet this society has recovered 96% of loans provided to its members. One best business practice of this society is that it has not met with overdues either with short term or medium term loans to District Central Co-operative Bank.

Other Business Practices of this Society:
Apart from following best business practice of accepting deposits, lending of loans and recovery, this society
a) Sells clothes to its members at reasonable price by owning textile shop in its campus,
b) Hire tractors to its members client, for agricultural purposes,
c) Receives quota of basic necessity commodities and distribute to its members through public distribution system.
d) It sells durables like chairs, pillows, beds and bedspreads to its members at low prices.
e) It provides financial assistance to Self Help Groups.

Research Findings: Best Business Practices of NAPCS:
- It is performing since 1976, it has not met with default, there is no case of overdues. It has created highest deposits and has provided maximum of Kissan Credit Crop Loans along with other loans, it has succeeded in its recovery process. This is all proven with the data of ten years during 2003 to 2013. This society due to its commitment has retained its name within its members and has created fame throughout the district.
- Nandinathpur PACS has attracted NABARD by its best performance and competitiveness thus NABARD has sanctioned 20 lakhs to this PACS to start up the processing unit of Maize,
Maize yield will be more during September, which is a rainy season and not possible to store it. Thus this PACS creates a warehouse to preserve maize directly purchased by farmers and it has a drier to dry up the moisture level of maize, and this PACS has decided to export maize to foreign countries.

- By following these activities every year it provides dividends to its share holders to the tune of 11%.

**Suggestions and Recommendations:**
The following important suggestions and recommendations are as under:

- The society should increase its share capital base by collecting the capital from the existing share holders.
- In order to increase the deposits of this society they should offer attractive new scheme to its members.
- Provision should be made for opening different types of necessary to the varying requirement of its members. Fixation of target for co-operative societies can be made. Steps should be taken to mobilize deposits from educational institutions and local bodies.
- The societies should reorient their loan pattern on the basis of crop loans system. Loan should be given in installments and there should be a proper linkage between advancing and repayment of loans with sowing and harvesting seasons.

**Conclusion:**
Economic reforms has lid to many changes in policies in Indian economy, co-operative societies and the most important element of protection of the rural poor population need to improve their competitiveness PACS have to be self reliant and their survival finally depend upon their commitment performance and competitiveness. Thus NAPCS has set a model to other PACS by its best business practice of accepting deposits, lending loans and successful recovery, which has resulted in the rural sustainable development.
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