CHAPTER - II

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The present study is titled as 'Problems of Primary Agriculture Credit Co-operative Societies (PACCS) in Koregaon Taluka (Dist.Satara)'. This is an attempt to understand the working difficulties of PACCS and to see whether their working can be improved with some policy changes/policy prescriptions.

PACCS assumes a stratigic position in the three tier structure of credit for agriculture. In fact this agency actually goes to target beneficiaries for the distribution of any benefit - shether in cash or in kind, intended in any scheme devised at the state level. At the same time, it has got backward linkages with the District Central Co-operative Bank and State Co-operative Bank. In short, due to significant and unique position enjoyed by PACCS in the institutional co-operative farm credit structure, the working of PACCS at village level needs attention and probing at regular intervals. The evaluation of performance of PACCS is a crucial point in our analysis since it will go a long way in determining the effectiveness of institutional co-operative flow of farm credit to actual beneficiaries.

The study has got basically two objectives :-

1) To know and assess the impact of crucial socio-economic variables obtaining at the village level in determining the performance of PACCS. This is of course with special reference to Koregaon taluka since well developed irrigation system appears to be crucial variable determining the performance of PACCS in Koregaon taluka.

Some part of the taluka could reap the benefits of well developed irrigation system while in some parts farmers are mainly dependent on Mansoon.

2) Secondly in the co-operative institutional credit structure PACCS has been assigned with the role of providing inputs like fertilizer and equipments needed for agriculture production. Therefore, both - farm credit and non-credit activities of PACCS assumes importance. In fact non-credit operations like providing inputs and making available agricultural equipments at reasonable rental charges happens to be very significant activity having a considerable bearing on productivity. This has also been an objective in the study to assess both credit and non-credit operations of PACCS, particularly with reference to the objects of PACCS.

3) The problem of loan recovery is a crucial factor determining the success or failure of any PACCS. This is not only the function of loan supervision but also of incremental agricultural income available at the disposal of farmer. In fact low levels of agriculture income perpetuates this problem of loan recovery affecting the financial results of PACCS. This has its reflection in case of Koregaon Taluka where more than 75% of the societies have been classified as Audit Class 'C'. The present study also aims at probing this crucial aspect of working of PACCS in Koregaon Taluka.

The Scope :

The present study has well set its parameters since it confines its probing and analysis to only Primary Credit Co-operative Societies (PACCS) in Koregaon Taluka of Satara District. The selection of taluka becomes a viable unit in this kind of analysis as taluka is also an administrative and development unit for the purpose of micro-level developmental planning in India. The physical and agro-economic profiles of Koregaon taluka have been considered as premise of the study. Hence the conclusions of the present study may not necessarily be applicable for the entire Satara District since agro-economic variations will not allow us to do so.

Hypothesis in Nutshell :

The above problem as occurs to the researcher can be hypothesised with the limited range of facts as under :-

(1)   The socio-economic variables obtaining in different regions have their role as crucial determinant of the working of PACCS at the village level, both with reference to their credit and non-credit activities.

(2)   Secondly the aspect of loan recovery is a crucial determinant of the financial performance of PACCS at the village level.

With this hypothesis we proceeded further to analyse the problem in a methodological framework.

Methodology for the Study :

In our present study, the Primary Agricultural Credit
Co-operative Society is our unit of analysis. As our unit of
analysis is PACCS i.e. institution, our data needs are also well
identified. In all 80 PACCS have been functioning in Koregaon
taluka; out of which 10 percent sample has been selected (i.e.
8 PACCS in number).

In the present study, stratified random sampling method
has been used. This stratified random sampling method seems to
be convenient - this is more so when a fair representation accor-
ding to stratified class becomes necessary. In the present study
while selecting the sample of PACCS three-fold classification has
been followed i.e. (1) Classification according to size in terms
of membership of the society. (2) Classification according to
location. (3) Classification according to Audit Class given to
societies.

A fair representation to size, location and the performance
level has been ensured with a view to have all sided picture of the
working of PACCS. This becomes sound and rational premise for
further probing. Moreover conclusions drawn from the study are
broad based and balanced for the purpose of policy formulation.

Out of 80 PACCS working in Koregaon taluka, 8 PACCS (i.e.
10% of the lot) have been selected. These societies have different
locations in different parts of the taluka. This is with a view to
test our hypothesis that socio-economic as well as geographic

variation have got impact on the working of PACCS. It may be noted that these societies are under the financial control of eleven different branches of Satara District Central Co-operative Bank - an important funding agency of these PACCS operating within its jurisdiction.

Data Collection :

As our unit of analysis is Primary Credit Co-operative Society and the area of probing is the operations of PACCS, data needs have been clearly identified. (1) Primary data was collected from sample PACCS in the course of research with the help of personal interview technique. In order to obtain the operating results of PACCS, the research had to rely on such financial documents like Balance Sheet and Profit and Loss Account. Of course, still then data derived from this was supported and substantiated with the help of Personal Interviews. The personal interviews of the secretaries and office bearers of sample societies were conducted to seek primary data with reference to working of PACCS. (2) Since PACCS are working in a given three-tier setting, it was all the more necessary for the researcher to obtain secondary data from the records of the office of the Assistant Registrar of Co-operatives. Another important source of secondary data is the booklet titled 'Co-operative Movement at a Glance in Maharashtra' published as authentic document of Co-operative Department of Maharashtra. It may be pointed out that this secondary data was required with a view to obtaining comparative picture of working of PACCS.

In the process of data collection i.e. both primary as well as secondary data it was supported by the technique of personal interview - both at the level of sample PACCS as well as at the level of funding agencies i.e. District Central Co-operative Bank, Satara.

Limitations of the present study :

The present study hardly claims itself to be a comprehensive one. This is on account of two important limitations of the study. (1) The present study covers only limited range of facts as it confines itself to Koregaon taluka only. The socio-economic and geographical variations obtaining in different parts of the district as well in the state will not allow the researcher to go in far generalisations to be adopted at the state level, especially when it comes to policy prescriptions part of the study.

(2) Secondly the present study has got inherent limitations in the fact that it could throw light especially on the financial performance and operating results. It can hardly be claimed for itself to have established co-existence or co-variance of socio-economic variables and the level of performance of PACCS.

Inspite of these important limitations of the study, it could arrive at meaningful conclusions in regard to working of PACCS which need attention and at times also policy reformulation by the authorities.

(3) The third important limitation of the study arises out of methodology adapted while collecting the figures of loan recovery.

In case of crop loan especially for sugarcane it is an agreement entered into two parties i.e. loanee of the PACCS and Co-operative Sugar Factory to which sugarcane of a loanee is sent that out of the payment due to sugarcane grower, an amount of loan of PACCS will be automatically deducted at source i.e. at the concerned Sugar Factory and will be repaid to the concerned PACCS. In the figures of loan recovery; even, the figures of recovery through linkage are added and no separation of such amount repaid to sample PACCS has been shown. This may give us somewhat overestimation of loan recovery picture at the level of PACCS. This limitation of the present study is specifically being mentioned to have cautions approach in interpreting the loan recovery data at hand.

Chapter Scheme :

The dissertation is divided into the following five chapters.

1) Chapter I gives the background analysis of the subject and also of Koregaon Taluka.

2) Chapter II is devoted to the Methodology.

3) Chapter III gives details of working of the PACCS in Koregaon Taluka.

4) Chapter IV presents data pertaining to the working of the sample PACCS for a period of four years.

5) Chapter V given in summary form the problems of PACCS in Koregaon Taluka.