

The Role of Primary Agricultural Cooperative Credit Society in reducing rural Poverty and improving Standards of Living: The study on A N Mangalam at Salem District**G. Vigneshwaran¹, Dr. K. Ravichandran²**

PhD Research Scholar, Department of Cooperation, Gandhigram Rural Institute (Deemed to be University),
Gandhigram - 624 302, Dindigul District, Tamil Nadu

Senior Professor Department of Cooperation, Gandhigram Rural Institute (Deemed to be a University),
Gandhigram -624 302, Dindigul District, Tamil Nadu

Abstract

This research examines the contribution of the A.N. Mangalam Primary Agricultural Cooperative Credit Society (PACCS) in Salem District to alleviating rural poverty and improving living standards. PACCS, as a local financial institution, offers key services such as short- and medium-term credit, agricultural support, and promotion of self-employment and economic inclusion. The study focuses on how PACCS facilitate access to institutional credit for small and marginal farmers, reducing their reliance on informal moneylenders. Furthermore, the study examines the role of society in generating rural employment, empowering women through self-help groups (SHGs), and promoting the development of allied agricultural activities, including dairy and mushroom production. Through the provision of access to essential farming inputs, financial literacy education, and the promotion of community projects, PACCS significantly contributes to empowering rural families and enhancing their socio-economic conditions. The evidence supports the importance of cooperative credit institutions in enhancing inclusive rural development.

Keywords

PACCS, Rural Poverty, financial inclusion, Self-Help Group (SHGs), Agricultural Credit, Rural Livelihood.

1 Introduction

This research examines the role of PACCS in alleviating rural poverty and enhancing rural living standards. PACCS, as financial institutions with a grassroots orientation, play a crucial role in providing access to credit, financing agricultural activities, improving employment opportunities, and promoting inclusive financial practices. The research explores the mechanisms through which these societies facilitate infrastructure development and community empowerment.

PACCS are India's oldest and most pervasive rural financial institutions. As village-level cooperatives, PACCS have been formed to provide farmers and rural families with short- and medium-term credit. Through their special nature of being owned by members and democratically controlled, PACCS can operate with a clear understanding of local needs and limitations. By providing low-interest credit to agriculture, allied industries, and other rural businesses, PACCS have decreased rural families' reliance on unlicensed moneylenders and encouraged income-generating activities among all sectors.

2 Objectives

1. To study how PACCS help rural people get easy Access to credit.
2. To analyse the support given by PACCS for agriculture and farming activities.
3. To assess how PACCS helps credit job opportunities and empowers rural people.
4. To examine the role of PACCS in promoting financial inclusion in rural areas.

3 Statement of the Problem

Marginal and small farmers in rural India have yet to access formal credit. Due to inadequate collateral, a time-consuming process, and insufficient financial literacy, most rural citizens are compelled to turn to informal sources, such as moneylenders, which charge very high interest rates. This leads to a debt trap and poverty, which generally hurts their health. In addressing such issues, Primary Agricultural Cooperative Societies (PACCS) were established to enable farmers and rural communities to access credit easily. Societies are to finance rural incomes, agricultural output, and inclusion in financial services. However, the actual performance of PACCS at the village level remains to be extensively studied. This study aims to address these concerns by analysing the functioning of the PACCS in A.N. Mangalam and its contribution to reducing rural poverty and improving livelihood.

4 Methodology

This study employs a case study method to investigate the role of the A.N. Mangalam PACCS in alleviating rural poverty and improving living standards. The case study approach facilitates a detailed understanding of the society's real-time operations and its contributions at the village level. The analysis is entirely based on secondary data. Information has been sourced from published materials, including the annual reports of the PACCS, records from the Registrar of Cooperative Societies, government publications, research articles, and books on cooperative development.

5 Review of Literature

1. **Deshpande, R. S. (2012)** improved that cooperative credit societies, especially Primary Agricultural Cooperative Credit Societies (PACCS), are essential in addressing the rural credit gap through timely and inexpensive credit to marginal and small farmers. The study further enhanced the role of PACCS in mitigating moneylender dependence and increasing agricultural productivity.

2. **NABARD Annual Report (2017–18)** said that PACCS are rural doorstep institutions that create diversified rural development plans at the door of the rural household. Their financial inclusion strategy has introduced improved savings habits, access to credit, and economic empowerment for rural families

3. **Radhakrishnan, L. (2015)**, in research on rural cooperatives in Tamil Nadu, established that PACCS not only extend financial credit but also offers support services, including the supply of inputs, marketing, and training. These enhance farm revenues and promote self-employment activity at the village level.

4. **Kumar, S. & Balu, T. (2020)** explained the socio-economic impacts of PACCS in South India. They found that PACCS is responsible for poverty alleviation through assistance to ancillary industries, such as dairy and poultry, as well as small enterprises, primarily targeting youth and women through Self-Help Groups (SHGs).

5. **Sivakumar, G. (2019)** carried out a case study of PACCS in Salem district and found that access to credit in the form of mainly interest-free and short-term credit has led to increased crop production, reduction in rural indebtedness, and improved living standards among members of the cooperative.

Discussion

6 Access to Credit through A.N. Mangalam PACCS

The A.N. Mangalam Primary Agricultural Cooperative Credit Society (PACCS), located in Salem District, plays a crucial role in ensuring that rural people, particularly small and marginal farmers, have improved access to institutional credit. Many farmers in the region rely on this society for timely financial support to conduct their agricultural and related activities. The PACCS provides various types of loans, particularly short-term and medium-term credit, which help farmers meet their seasonal needs, such as purchasing seeds, fertilisers and maintaining crops. The processes involved in accessing credit are straightforward, and members can access it through an established and transparent mechanism.

7 Impact on Rural Livelihood

The Primary Agricultural Cooperative Credit Society (PACCS) at A.N. Mangalam has significantly enhanced rural livelihoods by expanding beyond the mere cultivation of crops. It actively supports agricultural, dairy, and allied activities by providing credit and helping them diversify beyond seasonal farming. Besides, the society fosters self-employment schemes by supporting small rural industries. Most members have been able to open petty shops, poultry farms, or home-based businesses utilising the credit and support offered by the PACCS. There is also special emphasis on empowering women by promoting Self-Help Groups (SHGs). These groups help rural women participate in economic activities and earn a steady income. PACCS had made a visible contribution to reducing rural poverty by supporting productive activities and enabling access to credit. It has brought a sense of economic stability and progress among the member households in A.N. Mangalam, improving their overall living standard.

8 Employment Generation and Promotion of Self-Employment through A.N. Mangalam PACCS

The A.N. Mangalam Primary Agricultural Cooperative Credit Society does more than finance crop production; it also nurtures a range of home- and village-based enterprises that create steady employment in the off-season and broaden the local economy. By extending small working-capital loans, arranging group training, and helping members pool orders for raw materials, they encouraged several livelihood activities: Primary Agricultural Cooperative credit societies contribute to creating job opportunities, increasing income for members, and empowering rural people. Promoting self-employment.

1. **Mushroom cultivation** – farmers can convert unused sheds or backyard spaces into low-cost mushroom units. The PACCS finances spawn racks and humidity kits, and links growers to wholesale buyers in Salem, providing families with a quick, three-to-six-week income cycle.
2. **Preparation of pickles and other preserved foods**- Women's Self-Help Group takes short-term credit for raw produce, jars, and packaging. Collective production lowers cost, and the society arranges stalls at local fairs, turning a seasonal household skill into a small business.

3. **PACCS Support for Dairy Farming** - Dairy farming is one of the major livelihood activities in rural areas, and the Primary Agricultural Cooperative Credit Society (PACCS) in A.N. Mangalam has been actively supporting this sector. The Society provides small and marginal farmers with dairy loans to purchase milch animals, such as cows and buffaloes. These loans enable rural families to generate a regular income through milk production and sales, providing financial stability throughout the year.
4. **PACCS Support for Poultry farming** – A.N. Mangalam PACCS helps improve the rural economy by supporting poultry farming. It provides small loans to farmers for purchasing chicks, constructing sheds, and covering feed costs. This helps rural families easily start or expand their poultry units. As a result, people – especially women and young people – receive a regular income, better nutrition, and local employment opportunities. The PACCS also guides farmers with basic training and connects them to the market, reducing migration and boosting self-reliance in the village.

9 Role of PACCS in promoting financial inclusion

Financial inclusion means ensuring that everyone, especially those in rural and underserved areas, can access affordable and practical financial services, such as savings accounts, loans, insurance, payment services, and financial literacy education.

Purpose

- ❖ Help people manage money, save and invest.
- ❖ Protects against financial risks.
- ❖ Support income generation and economic growth.

Benefits

- ❖ Reduces poverty and income inequality.
- ❖ Promotes economic participation and financial stability.
- ❖ Empowers marginalised communities.
- ❖ Offer affordable credit to small and marginal farmers
- ❖ Reduce dependence on moneylenders and informal credit
- ❖ Facilitate Direct Benefit Transfers and government subsidies
- ❖ Promote financial literacy and encourage rural savings

Livelihood	Financial Inclusion
Social Capital	<ul style="list-style-type: none"> ❖ Women's help group ❖ Farmer producer organisation ❖ Joint liability group
Financial Capital	<ul style="list-style-type: none"> ❖ Loan ❖ Deposit ❖ Savings
Human Capital	<ul style="list-style-type: none"> ❖ Cooperative members' education ❖ Training for a women's self-help group ❖ Exploring a visit
Natural Capital	<ul style="list-style-type: none"> ❖ Land ❖ Farming services ❖ Fertiliser provide ❖ Seeds provide
Physical Capital	<ul style="list-style-type: none"> ❖ Godown (Infrastructure)

10 Agricultural Support by A.N. Mangalam PACCS

The A.N. Mangalam PACCS supports farmers' day-to-day agricultural activities. One of its key services is the timely supply of inputs such as seeds, fertilisers, and pesticides. These materials are made available to members during the cultivation season, helping them avoid delays and ensuring better crop productivity. The society also guides the proper use of inputs, encouraging members to follow good farming practices. The A.N. Mangalam (PACCS) provides short-term loans to eligible farmer members without interest, especially under specific government-supported schemes.

11 Infrastructure and Community Development

A.N. Mangalam PACCS in the Salem district actively support rural infrastructure and community development. It has set up a godown to store fertilisers and seeds, helping local farmers access timely inputs. The society also runs a Fair Price Shop under the public Distribution system, ensuring essential items reach poor households at subsidised rates. To facilitate digital access, the PACCS has enabled a Common Service Centre (CSC) where villagers can pay utility bills and access government services. It also runs an Agricultural Service centre that supplies farm equipment, fertilisers, and counselling to enhance agricultural productivity. These centres develop the rural economy and improve the standard of living in A.N. Mangalam village.

Public Distribution System – The Public Distribution System (PDS) is implemented through the primary Agricultural Cooperative Society (PACCS). The following have to be strictly observed by the shops.

- ❖ The shops should be open between 9 A.M and 1 P.M. and 2 P.M. and 6 P.M
- ❖ Stock availability should be displayed on the notice board daily.
- ❖ The stock should be arranged in order, and neatness should be maintained.
- ❖ Besides the PDS items, the following items should be sold: salt, tea, and stationery.
- ❖ The Books and forms should be maintained as instructed by the Registrar.
- ❖ Weighing balance, weight and measures should be maintained properly and get the renewal of the registration department regularly.

12 Common Service Centre Services Provided by PACCS

- ❖ Insurance Services
- ❖ Passport Services
- ❖ E – Citizen and E – District
- ❖ Pension Services
- ❖ Aadhaar Printing and Enrolment
- ❖ PAN card
- ❖ E-Court Services
- ❖ Postal Department Services
- ❖ State Electricity and Water Bill Collection Services

13 Conclusion

PACCS have emerged as essential in addressing the financial and development needs of rural communities. This study highlights the vital role of PACCS in providing affordable credit, supporting agricultural activities, generating employment, promoting financial inclusion, and contributing to rural infrastructure and community development. Through their grassroots presence and member-driven approach, PACCS have helped reduce the dependence of rural households on informal sources of credit and has enabled them to invest in productive and income-generating activities. Their efforts in distributing agricultural inputs, encouraging savings habits, and facilitating government schemes have further strengthened their impact on rural livelihoods.

14 Reference

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