

SCHEME OF FINANCING PRIMARY AGRICULTURE CREDIT SOCIETIES (PACS) AND FARMERS SERVICE SOCIETIES.

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The scheme of financing PACS by commercial banks was introduced initially in June 1970 in 49 selection districts of five states which was subsequently extended to eight more states. Under the scheme, the branches of commercial banks in selection districts will finance PACS in compact areas within a radius of 10 to 15 miles of the branch offices. The aim of the scheme is to fill in, to the extent possible, the production and medium term investment credit gaps of these areas with special reference to the credit needs of the small farmers so as to eliminate recourse by farmers to non-institutional credit agencies. Another objective of the scheme is to revitalize the working of societies so that they become efficient business organizations operating at the village level. The commercial banks financing PACs under the scheme, are eligible for refinance from the Reserve Bank of India at a concessional rate of interest of 9/2 percent. As on

30th June 1980. The scheme was in operation in 135 districts of 13 states where 679 branches of 25 commercial banks had adopted 2888 societies for financing.

A scheme of financing farmers through farmers service societies (FSS) ORGANISED by commercial bank came into operation on an experimental basis in a few selected SFDA/MFAL areas. These have been set up on the recommendation of the national commission on agriculture to provide integrated services to small and marginal FARMERS. The FSS are designed to provide short, medium and long term advance to their members, mostly small and marginal farmers. FSSs which are being organised and financed by commercial bank, central co-operative banks and RRBs and which are multi-purpose in character, are expected to function as a single contact point for providing credit, other services covering supply of inputs and consumer goods, marketing of produce, customer service for maintenance of agriculture equipment and veterinary assistance as also guidance for adoption of improved agriculture practices. As on June 30 1987 there were 1,745 farmers service societies of these 1,263 of 72 percent were located in two states viz U.P. (1,049) and Karnataka (214). The membership as at the end of June 1987 was 42.43 lakhs, of which scheduled castes and scheduled tribes constituted 23.6 percent. The FSS issued loans of Rs 199.09 CRORES to 11.57 lakh borrowers during 1986-87.