

3. Primary Agricultural Credit Societies (PACS)

Why in News?

- The Union Budget 2023 has recently announced Rs 2,516 crore for digitization of 63,000 Primary Agricultural Credit Societies (PACS) over the next five years

Highlights

- It aims at bringing greater transparency and accountability in their operations and enabling them to diversify their business and undertake more activities.
- It aims to help PACS become a nodal centre for providing various services such as Direct Benefit Transfer (DBT), Interest Subvention Scheme (ISS), Crop Insurance Scheme (PMFBY), and inputs like fertilizers and seeds.
- PACS are village level cooperative credit societies that serve as the last link in a three-tier cooperative credit structure headed by the State Cooperative Banks (SCB) at the state level.
- Credit from the SCBs is transferred to the District Central Cooperative Banks (DCCBs), that operate at the district level. The DCCBs work with PACS, which deal directly with farmers.
- PACSs provide short-term, and medium-term agricultural loans to the farmers for the various agricultural and farming activities. The first PACS was formed In 1904.
- PACS provide small farmers with access to credit, which they can use to purchase seeds, fertilizers, and other inputs for their farms. This helps them to improve their production and increase their income.
- PACS help to increase financial inclusion in rural areas, where access to formal financial services is limited. They provide basic banking services, such as savings and loan accounts, to farmers who may not have access to formal banking services.
- These more than a century-old institutions deserve another policy push and can occupy a prominent space in the vision of Atmanirbhar Bharat as well as Vocal for

Local of the Government of India, as they have the potential to be the building blocks of an Atmanirbhar village economy.

- PACS have played a crucial role in the rural financial sector and have the potential to play an even greater role in the future.
- To achieve this, PACS must be made more efficient, financially sustainable, and accessible to farmers.
- At the same time, the regulatory framework must be strengthened to ensure that PACS are effectively governed and able to serve the needs of farmers.

