

# Primary Agricultural Credit Societies (PACS)

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**In News:** Prime minister while inaugurating the Rs 1 lakh crore Agriculture Infrastructure Fund (AIF) on August 8, interacted with members of Primary Agricultural Credit Societies (PACS) from various states

## About PACS

- A Primary Agricultural Credit Society (PACS) is the first building block of the century-old cooperative banking system of India.
- Each PACS was designed to be a village-level credit society into which the farmers brought in share capital, deposits and provided loans to each other.
- It has features like elected members, one- member-one- vote, transparency, ground-level reach, ease of operations, speed, human connect etc.

## PACS have important role in agri-marketing reforms:

- The recent amendments in agriculture marketing acts are an effort towards opening up the market for the Indian farmer.
- These amendments reinforce the role PACS can play in bringing farmer communities closer to credit, inputs, market and value addition.

## PACS have an important role in scheme's success:

- While inaugurating the AIF, the PM interacted with members of PACS.
- PACS have an important role to play to bring the objectives behind the AIF closer to farmers.
- The AIF, set up for establishing decentralised farm gate

infrastructure, holds huge as India currently loses 15% of its food grains due to poor post-harvest management (PHM) facilities and lack of farm-gate storage.

### **To be effective PACS**

- PACS must turn into multi-service centres (MSCs)
- For the PACS to really make a difference, they will need to first transition from being just a credit society to a multi-service centre (MSC).
- They must turn into a one-stop shop for both goods and services.
- The recent decision by NABARD to develop 35,000 PACS into MSCs in mission-mode is a step in this direction.

### **About the Agriculture Infrastructure Fund**

It is a new pan India Central Sector Scheme.

- The scheme shall provide a medium – long term debt financing facility for investment in viable projects for post-harvest management Infrastructure and community farming assets through interest subvention and financial support.
- The duration of the Scheme shall be from FY2020 to FY2029 (10 years).

### **Beneficiaries**

Under the scheme, 1 Lakh Crore will be provided by banks and financial institutions as loans to-

1. Primary Agricultural Credit Societies (PACS)
2. Marketing Cooperative Societies
3. Farmer Producers Organizations (FPOs)
4. Self Help Groups (SHG)
5. Farmers
6. Joint Liability Groups (JLG)
7. Multipurpose Cooperative Societies
8. Agri-entrepreneurs & Startups

9. Aggregation Infrastructure Providers
10. Central/State agency or Local Body sponsored Public Private Partnership Projects

### **Eligibility:**

- Under the scheme, Rs. One Lakh Crore will be provided by banks and financial institutions as loans to Primary Agricultural Credit Societies (PACS), Marketing Cooperative Societies, farmer producer organisations (FPOs), SHGs, Farmers, Joint Liability Groups (JLG), Multipurpose Cooperative Societies, Startups etc.

### **Duration**

- The duration of the Scheme shall be from FY2020 to FY2029 (10 years).

### **Validity Period**

- Loans will be disbursed in four years starting with sanction of Rs. 10,000 crore in the current year and Rs. 30,000 crore each in next three financial years.

### **Interest subvention:**

All loans under this financing facility will have interest subvention of 3% per annum up to a limit of Rs. 2 crore. This subvention will be available for a maximum period of seven years.

### **Credit guarantee:**

- Credit guarantee coverage will be available for eligible borrowers from this financing facility under Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme for a loan up to Rs. 2 crore.
- The fee for this coverage will be paid by the Government.
- In case of FPOs the credit guarantee may be availed from

the facility created under FPO promotion scheme of Department of Agriculture, Cooperation & Farmers Welfare (DACFW).

**Management of the fund:**

- It will be managed and monitored through an online Management Information System (MIS) platform.
- The National, State and District level Monitoring Committees will be set up to ensure real-time monitoring and effective feed-back.