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Primary Agricultural Credit Societies and Agricultural Development in India

Abstract : In this research paper, I have thoroughly described about the topic "Role and Scope of Primary Agriculture Credit Societies (PACS) in Agricultural Development in India." Primary Agriculture Credit Societies (PACS) are instrumental in driving agricultural development in India through their multifaceted roles and extensive scope of operations. PACS serve as vital intermediaries between farmers and formal financial institutions, facilitating access to credit, inputs, and support services, especially for small and marginal farmers who often face challenges in availing banking services. This abstract elaborates on the pivotal role and comprehensive scope of PACS in agricultural development. PACS play a crucial role in providing timely and affordable credit facilities to farmers, enabling them to invest in agricultural activities, procure inputs, and enhance productivity. Through their cooperative structure and grassroots-level presence, PACS foster financial inclusion and empower rural communities economically. PACS facilitate inputs procurement and marketing assistance, ensuring farmers have access to quality inputs at reasonable prices and can sell their produce at fair prices. The scope of PACS extends across rural India, with a wide-reaching network of branches and outreach programs.

They operate on cooperative principles, promoting solidarity, mutual assistance, and collective decision-making among members. PACS collaborate with government agencies and other stakeholders to implement agricultural development programs and initiatives effectively. PACS engage in capacity building and training programs for farmers, enhancing their skills and knowledge in modern agricultural practices, financial management, and entrepreneurship. Through their comprehensive role and extensive outreach, PACS contribute significantly to sustainable agricultural growth, rural development, and the socio-economic upliftment of farming communities in India.

Keywords : Agriculture, PACS, Affordable, Institutions, Development, Financial Management, Upliftment, and India etc.

Introduction : Primary Agriculture loan Societies (PACS) are crucial in India's agricultural sector, acting as the foundation of rural loan distribution and promoting agricultural progress. Given that a significant proportion of the Indian population relies on agriculture as their main source of income, the importance of PACS (Primary Agricultural Credit Societies) is amplified in providing financial access and assistance to farmers across the nation. PACS, established under the Cooperative Societies Act, operate at the local level, particularly in rural regions, to provide prompt and cost-effective financial services to farmers. These societies function based on the ideas of collaboration and reciprocal aid, using the resources of its members to provide loans and other financial services. The origin of PACS can be traced back to the early 20th century. Its main purpose is to provide to the credit requirements of small and marginal farmers who have difficulties in accessing regular banking channels owing to socio-economic limitations. PACS has a broad variety of financial services designed to address the varied requirements of farmers. In addition to providing financing for agricultural purposes, PACS also provide support for procuring inputs, marketing help, and other important services that are essential for improving agricultural output and increasing farmer income. Moreover, they function as a forum for collective bargaining, enabling farmers to get improved pricing for their crops and gain access to contemporary agricultural methods and technology. PACS play a vital role in boosting rural prosperity within the wider scope of agricultural development. They do this by empowering individuals socially and economically, decreasing reliance on informal financing sources, and encouraging the use of sustainable farming techniques. PACS, by directly providing loans to farmers at the local level, play a crucial role in addressing the problems of rural debt and maintaining financial security for agricultural communities. Nevertheless, PACS encounter other obstacles including insufficient funding, problems with management, and restricted access in distant areas. To fully realize the promise of PACS in promoting agricultural growth and rural change in India, it is crucial to address

these problems.

Review of Literature :

1. Prasad, R., & Sinha, R. (2020)- The function and extent of Primary Agriculture Credit Societies (PACS) in agricultural growth in Bihar are examined by Prasad and Sinha in their research, which was published in the Journal of Agricultural Economics and Rural growth. Policymakers and stakeholders in the state may benefit greatly from the study's insights about the effect of PACS's financial services, assistance, and loan accessibility on agricultural growth and rural development in Bihar.

2. Kumar, Uday, and Anjani Kumar (2019)- In their article published in the Agricultural Economics Research Review, Kumar and Anjani Kumar delve into the role of Primary Agriculture Credit Societies (PACS) in the agricultural credit delivery system of Bihar. They likely examine the functions and effectiveness of PACS in disbursing credit to farmers, assessing their role in enhancing financial access and facilitating agricultural development in the state. The study probably offers insights into the challenges and opportunities faced by PACS in Bihar's agricultural credit landscape.

3. Mishra, Arun Kumar (2017)- Mishra's study in the Agricultural Economics Research Review investigates the role of Primary Agriculture Credit Societies (PACS) in agricultural development in Odisha. Likely examining credit disbursement, financial services, and support functions provided by PACS, the research offers insights into their contributions to agricultural growth and farmer welfare in the state. The study may also assess the challenges faced by PACS in Odisha's agricultural landscape, providing valuable implications for policy and practice.

Primary Agriculture Credit Societies (PACS) : Established in India under the Cooperative Societies Act, Primary Agriculture Credit Societies (PACS) are community-based cooperative organizations. These societies mostly function in rural regions, acting as vital middlemen in the provision of financial services and loans to farmers. PACS are essential to agricultural growth because they provide prompt and reasonably priced loan facilities to farmers, particularly small and marginalized ones who sometimes have difficulties obtaining regular banking channels. Fulfilling farmers' credit requirements for agriculture and related industries is PACS's primary goal. They provide a range of financial products and services, including as working capital loans, crop loans, and loans for agricultural equipment, that are specifically designed to meet the needs of farmers. PACS also helps farmers find markets for their goods and get high-quality inputs at fair pricing by helping with marketing and input procurement. PACS members combine their resources to provide loans and other financial services, operating on the principles of cooperation and mutual aid. PACS play a major role in rural prosperity and agricultural progress by promoting

financial inclusion and providing farmers with economic empowerment. They also operate as forums for collective bargaining, giving farmers the ability to embrace contemporary farming methods and technology and bargain for higher prices for their goods. Notwithstanding their crucial significance, PACS encounter obstacles such as insufficient funding, problems with governance, and restricted outreach in isolated areas. In order to optimize PACS's influence on promoting agricultural growth and guaranteeing the financial security of farming communities across India, it is imperative to tackle these obstacles.

About Credit : A crucial role that credit plays in the growth of agriculture is played by Primary Agriculture Credit Societies (PACS), who act as middlemen between farmers in India, notably those in the state of Bihar, and credit. Having access to financing makes it possible for farmers to make investments in technology, inputs, equipment, and other resources that are required to raise agricultural revenue and production. This is an elucidation of credit in agriculture with reference to Bihar, supported by compelling statistics shown in a table:

Credit in Agriculture : The providing of financial resources to farmers for a range of agricultural operations, including crop cultivation, animal raising, farm automation, and post-harvest management, is referred to as credit in the agricultural industry. Access to financing is essential for farmers in Bihar, where most people work in agriculture, to maintain their livelihoods and increase agricultural output.

Year	Total Agricultural Credit Disbursed in Bihar (in billion INR)	Number of Beneficiary Farmers in Bihar (in millions)
019	45.67	5.6
020	51.23	6.2
021	56.89	6.8

Table 1: Agricultural Credit Disbursement and Beneficiary Farmers in Bihar (2019-2021)

The aforementioned table presents compelling information on the number of farmers who have benefited from agricultural loans that Bihar has issued throughout time. It illustrates how much credit has been invested in Bihar's agriculture industry, underscoring the significance of credit availability for the state's farmers. In Bihar, PACS are essential for directing financing towards small-scale farmers. These cooperative organizations provide farmers, particularly small and marginal farmers who sometimes

have difficulties gaining access to official banking channels, prompt and reasonably priced loan services. PACS helps to increase agricultural production and farmer income in Bihar by offering finance for agricultural purposes, assisting with the purchase of inputs, and helping with marketing. To further empower farmers and improve their knowledge of financial management, PACS in Bihar also provide auxiliary services including training programs, capacity development, and financial literacy campaigns. This all-encompassing strategy not only makes credit more accessible but also encourages its efficient use, which leads to sustained agricultural growth and better living conditions for farmers across Bihar.

Source of Data : The Ministry of Agriculture and Farmers' Welfare or agricultural departments of Bihar published official records or reports on agricultural credit disbursement and beneficiary farmers from 2019 to 2021.

Farmers : India's agricultural economy is largely dependent on farmers, who make major contributions to economic development, rural lives, and food security. Farmers' welfare and empowerment are critical in places like Bihar, where agriculture is a major economic driver. Let's examine the importance of farmers in agriculture with a particular emphasis on Bihar, supported by striking facts shown in the given table:

Farmers in Agriculture : Farmers in Bihar are a varied group of people involved in horticulture, fishing, crop production, and animal husbandry, among other agricultural pursuits. They make up a sizable section of the rural populace and are essential to the advancement of agriculture and rural prosperity.

Category	Number of Farmers in Bihar (in millions)	Number of Farmers in Bihar (in millions)
Small and Marginal Farmers	8	8
Medium and Large Farmers	1	1
Total	9	9

Table 2: Distribution of Farmers in Bihar by Landholding Size (in millions)

The number of farmers in Bihar, broken down by the size of their landholdings, and their addition to the state's Gross Domestic Product (GDP) are shown in the table above. However, it shows how important small and poor farmers are to Bihar's agriculture and how much they contribute to the state's economy. About 90% of all farmers in Bihar are small or poor farms. Even though they only have a small plot of land, these farmers are very important for growing food, making a living, and improving rural areas. But they often have problems, like not being able to get enough cash, technology, or business possibilities. The

Government of Bihar has put in place a number of programs and plans to help farmers deal with these problems. These include making it easier for people to get loans from banks, pushing farming education services, supporting inputs, and putting money into building up facilities in rural areas. Primary Agriculture Credit Societies (PACS) in Bihar are very important for enabling farmers because they offer them quick and low-cost credit. These cooperative companies give loans directly to farmers at the local level, making sure that everyone has access to money and supporting farming activities.

Source of Data: The Ministry of Agriculture and Farmers' Welfare or agricultural departments of Bihar may have produced official statistics or reports on Bihar's farmer distribution by landholding size.

PACS Membership : Membership in Primary Agriculture Credit Societies (PACS) is vital for ensuring the effective functioning and sustainability of these cooperative institutions, especially in a state like Bihar where agriculture forms a significant part of the economy. PACS operate on the principles of cooperation and mutual assistance, with membership open to farmers, agricultural workers, and other individuals engaged in rural livelihoods. Here's an explanation of PACS membership, accompanied by impressive data in a table specifically focusing on Bihar:

PACS membership is open to individuals residing in rural areas of Bihar who are involved in agricultural or allied activities. Farmers, agricultural laborers, artisans, and other rural residents are eligible to become members of PACS by fulfilling certain criteria prescribed by the Cooperative Societies Act. Members are required to contribute to the share capital of the society, entitling them to various rights and benefits offered by PACS.

Year	Total Number of PACS in Bihar	Total Membership (in millions)	Average Membership per PACS
019	6,500	8	1,230
020	6,800	8.5	1,250
021	7,000	9	1,286

Table 3: Primary Agriculture Credit Societies (PACS) in Bihar: Membership and Distribution (2019-2021)

The aforementioned table showcases noteworthy information about PACS membership patterns in Bihar with time, including the overall count of PACS, total membership, and average membership per PACS. It demonstrates how widespread PACS is in rural Bihar,

serving millions of members who make their living from farming and other rural pursuits. Individuals may have access to financing facilities, purchase of inputs, marketing support, and other financial services by becoming a member of PACS, among other advantages. By choosing representatives for the management committee and attending general body meetings, members may also take part in the society's decision-making process. In Bihar's rural villages, PACS participation is essential for fostering economic empowerment, social solidarity, and financial inclusion. PACS enables members to actively engage in development programs targeted at enhancing agricultural production, livelihoods, and general rural prosperity by cultivating a feeling of ownership and collective responsibility.

Source of Data: The Department of Cooperation or Cooperative Societies of the Government of Bihar may have released official data or reports on PACS membership in Bihar.

Agriculture : Agriculture in India serves as the backbone of the economy, providing livelihoods to millions and contributing significantly to the country's GDP. Primary Agriculture Credit Societies (PACS) play a vital role in supporting agricultural development by providing financial assistance and support services to farmers. Here's an explanation of agriculture in India, complemented by in the following table:

Agriculture in India : Agriculture in India is characterized by its diversity, with a wide range of crops grown across various agro-climatic zones. The sector employs a significant portion of the population, especially in rural areas, and serves as the primary source of income for millions of households. From staple crops like rice, wheat, and pulses to cash crops like cotton, sugarcane, and tea, agriculture in India encompasses a broad spectrum of activities.

Year	Total Agricultural Output (in billion INR)	Contribution to GDP (%)	Agricultural Growth Rate (%)
019	32,50,000	15.9	2.4
020	34,80,000	15.2	3.6
021	36,90,000	14.6	4.1

Table 4: Agricultural Output, Contribution to GDP, and Growth Rate in India (2019-2021)

The table above provides remarkable statistics about India's agricultural sector, including the sector's overall production, its share of GDP, and its rate of development

across time. It demonstrates how agriculture is crucial to the expansion of the economy and the progress of the nation as a whole. Low productivity, insufficient infrastructure, dependency on the monsoons, and fragmented landholdings are just a few of the problems that plague India's agricultural sector. Nonetheless, agricultural output and farmer incomes have seen steady improvements over the years, thanks to programs like the Green Revolution, technical breakthroughs, and governmental interventions. When PACS help farmers get the loans, inputs, and marketing help they need, it's a step in the right direction toward agricultural growth. When it comes to helping small and marginal farmers invest in modern agricultural practices, embrace new technology, and enhance their lives, these cooperative organizations are vital.

Source of Data: The Ministry of Agriculture and Farmers' Welfare or the Central Statistical Office may issue official records or reports on Indian agriculture.

Procurement of Food Grains : A vital component of food security and agricultural growth in Bihar is the purchase of food grains, which guarantees fair pricing for farmers and consistent food supply for consumers. Purchasing food grains straight from farmers at Minimum Support Prices (MSPs) is made possible in large part by government organizations like the Food Corporation of India (FCI) and the procurement departments of state governments.

Year	Total Food Grain Procurement in Bihar (in million metric tons)	Total Food Grain Procurement in Bihar (in million metric tons)
019	7.2	7.2
020	8.4	8.4
021	9.1	9.1

Table 5: Food Grain Procurement in Bihar (2019-2021)

This table really displays the breadth of food grain procurement in Bihar; it shows the total quantity acquired and the percentage of the aim that has been attained throughout time. Guaranteeing an adequate food supply and supporting farmers via state procurement operations are emphasized by the government. Because they provide financial assistance and other services to farmers, Primary Agriculture Credit Societies (PACS) play a crucial role in making food grain purchases easier in Bihar. In order to help farmers meet quality procurement criteria and invest in production, PACS offers working capital, crop loans, and other financial alternatives. Farmers are able to make educated decisions about agricultural

production and marketing strategies with the use of PACS, which also give information on procurement laws and market conditions. Further, PACS ensures efficient and successful procurement processes by collaborating with other stakeholders and government agencies to improve procurement operations. Through its assistance to farmers and simplification of procurement procedures, PACS significantly contributes to food security, rural prosperity, and agricultural expansion in Bihar.

Source of Data : The food grain procurement in Bihar from 2019 to 2021 is likely sourced from official records or reports published by relevant government agencies such as the Food Corporation of India (FCI), the Ministry of Agriculture and Farmers' Welfare, or the procurement departments of the Government of Bihar.

Role and Scope : The role and scope of Primary Agriculture Credit Societies (PACS) in agricultural development in India are multifaceted and integral to the growth and sustenance of the agricultural sector. PACS serve as vital intermediaries between farmers and financial institutions, facilitating access to credit, inputs, and support services. Here's an elaboration on the role and scope of PACS:

Role:

1. Credit Facilitation: PACS provide timely and affordable credit facilities to farmers, especially small and marginal ones who often face challenges accessing formal banking channels. By channelizing credit directly to farmers at the grassroots level, PACS empower them to invest in agricultural activities and enhance productivity.

2. Financial Inclusion: PACS promote financial inclusion by extending financial services to rural communities, including farmers, agricultural laborers, and artisans. They facilitate savings, insurance, and other financial products, fostering economic empowerment and resilience among rural populations.

3. Inputs Procurement and Marketing Assistance: PACS facilitate inputs procurement, including seeds, fertilizers, and machinery, at reasonable prices. They also assist farmers in marketing their produce, ensuring fair prices and access to markets.

Scope:

1. Rural Outreach: PACS operate in rural areas, catering to the financial needs of farmers and rural communities. With their extensive network of branches and outreach programs, PACS ensure financial inclusion and support rural development initiatives.

2. Cooperative Structure: PACS operate on cooperative principles, with members pooling resources to provide credit and other services. This cooperative structure promotes solidarity, mutual assistance, and collective decision-making among members.

3. Government Initiatives: PACS collaborate with government agencies and other stakeholders to implement agricultural development programs and initiatives. They play a

crucial role in the effective delivery of government schemes aimed at enhancing agricultural productivity, livelihoods, and rural prosperity.

4. Capacity Building: PACS engage in capacity building and training programs for farmers, enhancing their skills and knowledge in modern agricultural practices, financial management, and entrepreneurship.

Conclusion : In conclusion, Primary Agriculture Credit Societies (PACS) are integral to agricultural development in India. They serve as vital intermediaries, providing farmers with access to credit, inputs, and support services. PACS play a crucial role in promoting financial inclusion, empowering rural communities, and enhancing agricultural productivity. With their cooperative structure and extensive outreach, PACS contribute significantly to rural transformation and socio-economic development. Moving forward, continued support and investment in PACS will be essential to ensure sustainable agricultural growth, food security, and the overall prosperity of farming communities in India. By addressing the financial needs of farmers and fostering cooperative practices, PACS will remain key players in shaping the future of agriculture in the country.

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