



Report of the High Level National Webinar on Rejuvenation of Primary Agricultural Cooperative Societies organised by National Council for Cooperative Training (NCCT) held on 29 April 2022



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WEBINAR FLYER



NATIONAL COUNCIL FOR COOPERATIVE TRAINING

(An Autonomous Society Promoted by Ministry of Cooperation,
Government of India)



HIGH LEVEL NATIONAL WEBINAR ON THE OCCASION OF 75TH YEAR OF AZADI KA AMRIT MAHOTSAV

“Rejuvenation of Primary Agricultural Cooperative Societies
(PACS) – Emerging Issues, Challenges and Way ahead”

29 April, 2022 at 11.00 am - 12:25 pm

CHIEF GUEST

Shri Devendra Kumar Singh

Secretary, Ministry of Cooperation,
Government of India

SPEAKERS

1. Shri Abhay Kumar Singh, Joint Secretary, Ministry of Cooperation, Government of India
2. Shri Arun Pratap Das, Chief General Manager, NABARD, Uttarakhand
3. Shri P.S. Rajan, Chief Executive Officer, Kerala State Cooperative Bank Ltd.
4. Shri A Praveen Reddy, President, Mulkanoor Cooperative Rural Society
5. Shri Bhima Subrahmanyam, Managing Director, National Federation of State Co-operative Banks Ltd. (NAFSCOB)
6. Shri K. Ravinder Rao, Karimnagar District Cooperative Bank Ltd, Telangana
7. Shri Mrityunjay Kumar Baranwal (IAS), Registrar Co-operative Societies, Jharkhand

MODERATOR

Shri Mohan Kumar Mishra

Secretary, NCCT

Meeting Link

[https://ncct.webex.com/ncct/j.php?
MTID=m75d2279b7c092d53b26158f0162dac3d](https://ncct.webex.com/ncct/j.php?MTID=m75d2279b7c092d53b26158f0162dac3d)

Meeting number : 2517 152 0141

Meeting password: 1234

Live Streaming Link

<https://youtu.be/iWiZCcU4ftU>



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PROGRAMME AGENDA AND TIME SCHEDULE

**Topic: Rejuvenation of Primary Agricultural Credit Societies (PACS) –
Emerging Issues, Challenges and Way ahead**

**on 29th April 2022
from 11:00 AM to 12.25 PM**

11:00 AM to 11:05 AM	Shri Mohan Kumar Mishra, Secretary, NCCT - Welcome address and Opening remark
11:05 AM to 11:10 AM	Address by Shri Abhay Kumar Singh, Joint Secretary, Ministry of Cooperation, Government of India <i>Context setting and enumeration of new initiatives of Ministry of Cooperation related to PACS.</i>
11:10 AM to 11:20 AM	Shri Arun Pratap Das, Chief General Manager, NABARD, Uttarakhand <i>Topic: Improving the effectiveness and control system covering inspection, MIS, Audit and Compliance, of PACS etc.</i>
11:20 AM to 11:30 AM	Shri P.S. Rajan, Chief Executive Officer, Kerala State Cooperative Bank Ltd. <i>Topic: Factors affecting the viability of PACS –business development and diversification, issues of deposits, recoveries loan, products and services</i>
11:30 AM to 11:40 AM	Shri A Praveen Reddy, President, Mulkanoor Cooperative Rural Society <i>Topic: Discussion on need for improvement in the Model Byelaw for PACS</i>
11:40 AM to 11:50 AM	Shri Bhima Subrahmanyam, Managing Director, National Federation of State Co-operative Banks Ltd. (NAFSCOB), New Delhi <i>Topic: Rejuvenation of Primary Agricultural Credit Societies (PACS) – emerging issues, challenges and way ahead</i>
11:50 AM to 12:00 Noon	Shri K. Ravinder Rao, Karimnagar District Cooperative Bank Ltd, Telangana <i>Topic: Effectiveness of Governance – various issues and challenges – election process, capacity building and training, member participation, leadership etc.</i>
12:00 Noon to 12:10 PM	Sri Mrityunjay Kumar Baranwal (IAS), Registrar Co-operative Societies, Jharkhand <i>Topic: Best Practices from PACS</i>
12:10 PM to 12:20 PM	Address by Shri Devendra Kumar Singh, Secretary, Ministry of Cooperation, Government of India
12:20 PM to 12:25 PM	Vote of thanks (By NCCT)

Welcome Address and Opening Remarks by Shri Mohan Kumar Mishra, Secretary, National Council of Cooperative Training



Shri Mohan Kumar Mishra, Secretary, NCCT, welcomed all the dignitaries, the participants, and acknowledged the representatives from the international agency UNDP and Michigan State University.

He acknowledged the presence of each and every participating institution, and the representatives thereof, by their name and position in the institution.

He highlighted the importance of the day of the National webinar as it was the 75th year of Azadi ki Amrit Mahotsav and also the dedicated day for Ministry of Cooperation to get an opportunity to conduct a webinar revolving around rural India. He introduced the theme of the webinar with the backdrop of the fact that the presence of PACS in India has been for more than a period of 100 years catering to the need of agricultural credit to the farmers.

Objectives of the Webinar :

Primary Agricultural Credit Society (PACS) has been catering to the basic needs of credit to farmers and has made credit available to them at their hour of need hence creating a space for themselves which cannot be overlooked. However, there has been a dwindling share of cooperative credit which makes it necessary to understand the relevance of PACS, given the current scenario with increasing market players and also to discuss and form policies which would strengthen the institution, provide sustainability, transparency and accountability.

Shri Mishra highlighted the following key points for discussion and deliberation:

- the basic challenges and persistent concerns like - operational issues, control issues, regulatory issues, governance issues and issues related to regional variations.
- the core clientele of PACS are the marginal and small farmers, hence the significance of the institution is substantial.
- the coverage of PACS is almost 80% of villages in India, thereby being extremely accessible to the farmers.
- the feature of credit dispensation has to be revisited.
- the capacity to diversify credit activity with diversification of products towards welfare schemes will make PACS more vibrant.

**Shri Abhay Kumar Singh, Joint Secretary, Ministry of Cooperation,
Government of India**



Krishi Bhawan - New Delhi.

The Secretary, NCCT introduced the distinguished speaker, Shri Abhay Kumar Singh, Joint Secretary, Ministry of Cooperation, Government of India and invited him to set the background of the webinar and to focus on the new initiatives that government is taking to capacitate PACS.

The speaker highlighted three key points that the discussion would revolve around in his discussion:

- the issues PACS are grappling with in today's world.
- the efforts of the Government of India, through the Ministry of Cooperation and NABARD.
- the reforms on which PACS can grow and establish themselves a strong body.

Firstly, the area of operation was discussed where the understanding of a threshold limit was established and how each operating unit has to be nurtured for some period for it to turn into an income generating sustainable business was created. Thereafter, the feasibility of this model and its replication throughout the country was put up as idea to the floor.

Secondly, the credit related issues were highlighted where there is a clear picture of a declining trend in the borrowing membership. The KCC loans have reduced from 40% to 15-16% in the past 15-20 years and has been dwindling further. The financial resources that PACS has is inadequate and therefore there is a greater need to explore new credit products. The recovery is poor and NABARD is constantly refinancing which is not sustainable in the long run. Revenues sources apart from NABARD have to be explored. The dichotomy of short-term credit structure and long-term credit structure have to be evaluated.

Lastly, the 10000 FPO Scheme was discussed and how PACS can be deemed as a multi-service center for the same as an area of study was put across. The Model Byelaws for PACS is being developed will also be introduced shortly. The HR and capacity building issues, governance issues and whether there is requirement of legal reforms for PACS is being considered. It was also informed that NABCONS is conducting a nation-wide study on PACS and measures for revival which will strengthen the institution on a common platform.

Shri Arun Prasad Das, Chief General Manager, NABARD, Uttarakhand

Accounting System in Primary Agriculture Credit Societies (PACS)

- Accounting System of PACS are guided by the respective Cooperative Societies Act.
- Common Accounting System (CAS) introduced as part of Revival Package recommended by Vaidyanathan Committee.
- The concept of Income Recognition, Asset Classification, Provisioning and Capital Adequacy was introduced as part of the Accounting Policy for PACS.
- Accounting Standards prescribed by ICAI for Non-corporate entity are not yet mainstreamed in case of PACS.

गाँव बढ़े >> तो देश बढ़े

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The Secretary, NCCT introduced the speaker, Shri Arun Prasad Das, Chief General

Manager, NABARD, Uttarakhand and invited him to set the background of the webinar and to focus on the new initiatives that government is taking to capacitate PACS.

The speaker introduced PACS as being the primary lender arm of the STCCS and the last mile to cooperative credit. According to him, PACS has enhanced role for short term and long-term credit.

The key points highlighted in the speaker's presentation were:

- the explanation of the Common Accounting System at length and how the participation of the states affects adoption of the CAS. The states that have been able to attend the webinars and exercise packages have successfully been able to adopt the CAS while others who were absent have not been able to imbibe it.
- the statutory audit in PACS is generally done once in a year with no system of concurrent or regular audit. A separate practice has been developed such that DCCBs and departmental inspectors do regular inspection which is not regular becoming a major challenge.
- the scope of the audit – whether the bye- laws are being followed, PACS cannot give loans to non-members.
- the creation of an understanding of the stock element and its valuation.
- the deficiencies like non-adherence of KYC norms, monthly balances have to be reconciled at bank level.
- the audit in some areas is not done in same year it is done in subsequent, done once in 2-3 years.
- the erroneous accounting practices which are a major area of concern
- the books of accounts are not closed on a daily basis.
- The absence of maker and checker concept.
- the CRA concept has not been taken up by many states.
- the proper compliance of audit has to be taken.

The speaker concluded by greater need of professionalism, manpower, digitalization of PACS, books of accounts will be closed at the end with computerization, remote monitoring can be done. Classification of the audit has to be done as a tool of improvement and make the scoring system more robust. At the end he requested the incorporation of the recommendations of the Vaidyanathan committee which according to him to solve a majority of the challenges faced by PACS.

Shri P.S. Rajan, Chief Executive Officer, Kerala State Cooperative Bank



The Secretary, NCCT introduced the speaker, Shri P.S. Rajan, Chief Executive Officer, Kerala State Cooperative Bank Ltd. and invited him to throw light on the various factors that affect the viability of PACS and how reforms can improve the current scenario. The speaker gave great insights with respects to the various aspects which would lead to improving the viability of PACS and how it can become more effective and efficient.

The key points highlighted in the discussion which revolved around in his discussion:

- the administration of PACS differs from state to state and there is a lot of variances in the system, creating heterogeneity. Uniformity and unification of the administration would help smoothen operations.
- the deposits in Kerela are commendable establishing the strength of PACS in the state and low dependence on DCCBs and SCBs on borrowings.
- the expression of the need for campaign for CASA share.
- the credit quality is poor, lack of follow up exists and for recovery there is majorly state led. Requirement of management of NPA and overdue. Credit should be person oriented and creation of credit assessment which should be ensure credit dispenses is used for the purpose it is raised for.
- the PACS should think in terms of financing rural NANO MSME for development of rural employment and economy.
- the diversification of business and facilitation of transaction banking through Apex Bank and restrictions in cash transactions will further lead to creation of a robust transparent system.
- the incorporation of last mile delivery of financial inclusion products with the greater social objective.

Shri A Praveen Reddy, President, Mulkanoor Cooperative Rural Society



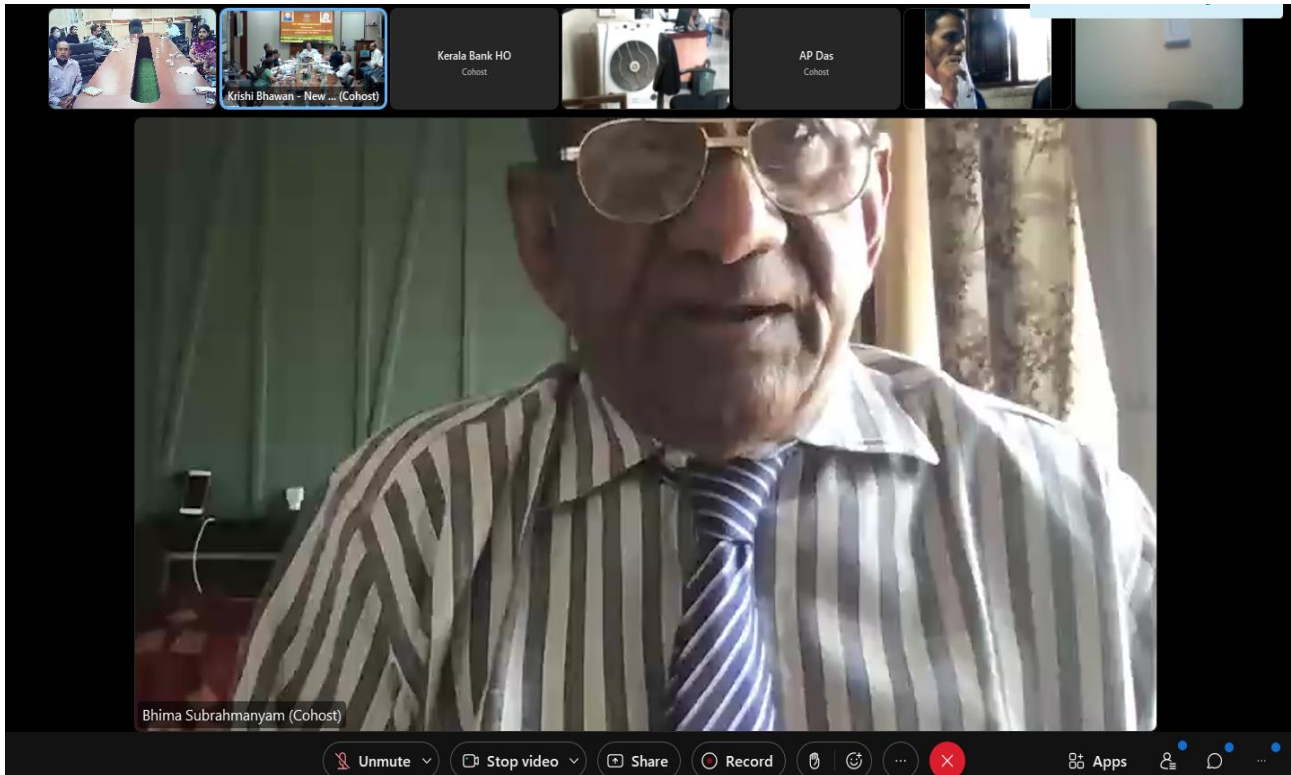
The Secretary, NCCT introduced the speaker, Shri A Praveen Reddy, President, Mulkanoor Cooperative Rural Society to elucidate the need for improvement in the model byelaws of PACS and how it can be achieved.

The speaker explained the vicious cycle of moneylender and how they trap farmers with respects to the various aspects which would lead to improving the viability of PACS and how it can become more effective and efficient.

The key points highlighted in the discussion which revolved around in his discussion:

- the agricultural finance can be used to as non-farm finance, for utilization in backward and forward linkages and for setting up value chain so that there end to end proper management.
- the establishment of Common Service Center for digital transaction, arrangement of insurance facilities, facilitating the implementation financial security schemes and participation in DBT schemes of the government.
- the proposal of membership of two types was introduced and membership will be for a minimum of two years.
- The BOD will be elected through voting with relevant guidelines.
- the need for concurrent audit was raised and it books of accounts to be open to BOD only during office hours.

Shri Bhima Subrahmanyam, Managing Director, National Federation of State Co-operative Banks Ltd. (NAFSCOB)



The Secretary, NCCT introduced the speaker, Shri Bhima Subrahmanyam, Managing Director, National Federation of State Co-operative Banks Ltd. (NAFSCOB) highlight the rejuvenation of PACS and challenges.

The key points highlighted in the discussion which revolved around in his discussion:

- the revival package suggested by the Vaidyanathan committee set up Government of India with special emphasis on PACS has not seen much a change for the effectiveness of PACS.
- the recapitalization package was discussed at length focusing on how states who did not utilize the recapitalization package which was given in the last couple of years has created different results.
- the inability of state government to spend recapitalization support is the one of the main reasons behind the
- the HR policy has only been implemented by Andhra Pradesh in the entire nation which should done in all states with assistance.

Shri K. Ravinder Rao, President, Karimnagar District Cooperative Bank Ltd, Telangana



The Secretary, NCCT introduced the speaker, Shri K. Ravinder Rao, Karimnagar District Cooperative Bank Ltd, Telangana to throw light on the various factors that affect the viability of PACS and how reforms can improve the current scenario.

The speaker gave a detailed description of the effectiveness of governance, issues and challenges how support through new opportunities to PACS can be provided at various levels.

The key focus areas that revolved around in his discussion are:

a. Effectiveness of governance:

- Despite Political allegiance, the members of the Board should be apolitical and never bring the tinges of parties into PACS.
- Board Members should be committed to the cause of development of PACS and its members. No bias and prejudice should be in their hearts & minds.
- Diversity of opinions should be welcomed for deliberations to arrive at a decision. Once decisions are taken, all the team members should support the decision & implementation.
- Democracy should prevail in conducting the board meetings and functioning of Board.
- The President of Governing body and members should confine to the job of making policies & procedures and not to interfere/intervene in the operations and management.
- Transparency and fairness should be ensured in the deliberations and all

- actions of the members of board.
- State holders should be engaged and their requirements should be taken into consideration while making policies/procedures.
- Manager of Bank/Financing institution be included on the Board of PACS and the financing Bank be empowered to control the activities of PACS and initiate disciplinary proceeding against erring staff.
- Implementation of recommendations of HR policy committee of NAFSCOB for staff of PACS for transfers, promotions etc.

b. Issues and Challenges

- Addressing the needs & problems of different types of members of Society.
- Difficulties in winning the confidence of people to have their patronage.
- The stigmas, if any, of yesteryears come in the way of increasing the business of PACS.
- Weak financial background & positions of PACS.
- Low level of commitment and knowledge of staff of PACS.
- Casual approach of Board Members Coupled with lack of awareness and vision but hankering after power & position.
- Competition from RRBs/private Banks/PSBs and private lenders.
- Non availability of credit guarantee & deposit insurance coverage to PACS.
- Weak technology in the PACS and staff also weak in technical skill. PACS computerization with robust technology on the lines of small finance bank will help PACS and integration with CBS (DASHBOARD) of DCCBs will go a long way.
- Trainings & capacity building programs for staff & members of Board will help.
- Audits of PACS are conducted by State Govt. department of cooperative. The delay in completion of Audits is reason for delay in filing tax returns and notices of penalties being served under section 270 and U/s 148 Income tax Department may be advised to drop issuing notices.

c. Providing support through new opportunities to PACS by the allotment of:

- Cooking Gas Agencies to PACS.
- Petrol, Diesel & CNG outlets and converting existing consumer outlets into retail outlets.
- Charging points to meet future needs of E- Vehicles.
- E-Seva centers.
- Aadhar enrolment centers.
- Public Distribution System (PDS) stores.
- Routing PM Kisan Samman amounts through cooperative Banks/PACS.
- All subsidies/incentives intended to farmers be routed through PACS.
- 100% refinance to be provided by NABARD for all crop loans & term loans sanctioned through PACS. This will reduce interest burden.

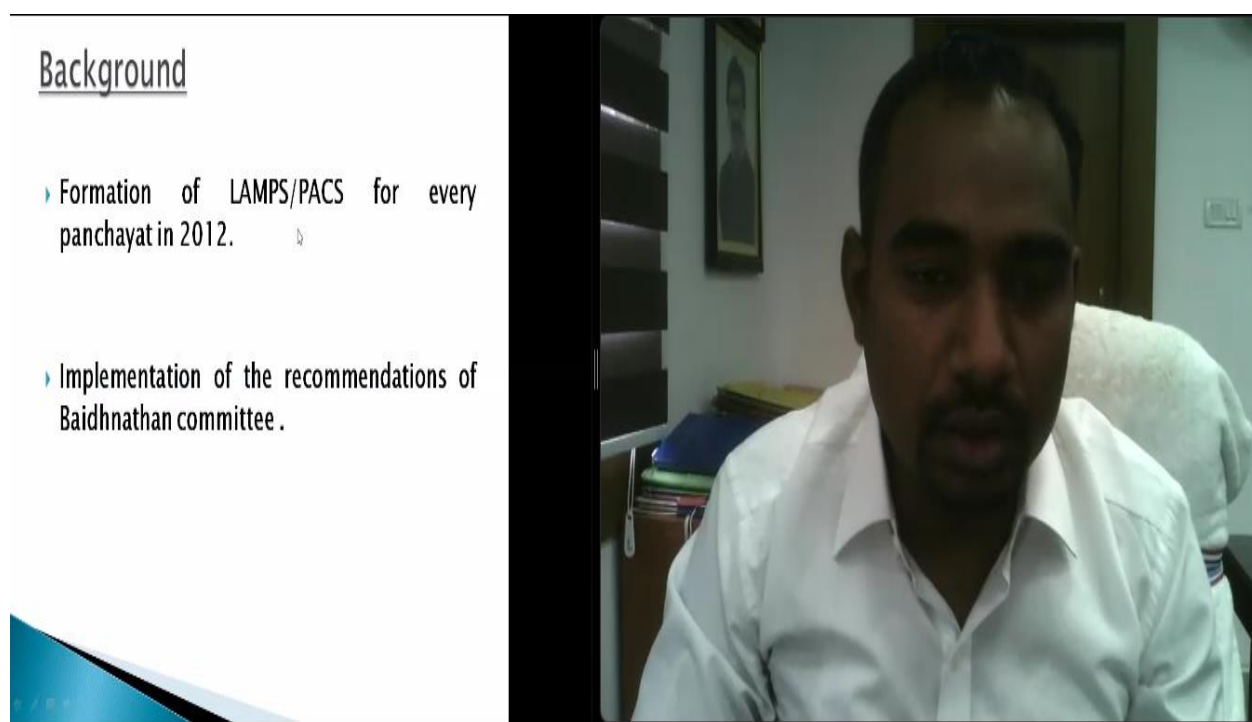
d. Election Process:

- Enrolment of membership is fraught with local issues. Membership is demanded with the motive to garner votes & contest without contributing in any way to PACS.
- Election as Board member is seen as a platform in furtherance of political interest
- Indirect election of presidents & vice presidents should be dispensed with and should have direct election.
- Provision for no confidence motion by directors after 3 years should be removed.
- Pressures in preparation of voter list. (Defaulting members also want to be included.)
- Expenditure of elections is being borne by even weak PACS. This is burden.
- Adopting elections of members in staggered manner with 1/3rd of members retiring periodically will facilitate continuity.

e. Capacity building & Training:

- Training to staff of PACS & Board members to be conducted by qualified faculty for better understanding & implementation of best practices. Participation of trainees be made compulsory with provision of penalty for absence.
- Exposure visits to good working PACS be conducted at least twice in a year.

Shri Mrityunjay Kumar Baranwal (IAS), Registrar Co-operative Societies, Jharkhand



The image shows a presentation slide on the left and a video call window on the right. The slide is titled "Background" and contains two bullet points: "Formation of LAMPS/PACS for every panchayat in 2012." and "Implementation of the recommendations of Baidhnathan committee." The video call window shows a man with a beard and mustache, wearing a white shirt, sitting in an office environment.

The Secretary, NCCT introduced the speaker, Sri Mrityunjay Kumar Baranwal (IAS), Registrar Co-operative Societies, Jharkhand and invited him to throw light on the various factors that affect the viability of PACS and how reforms can improve the current scenario.

The speaker gave great insights with respects to the various aspects which would lead to improving the viability of PACS and how it can become more effective and efficient.

The key points highlighted in the discussion which revolved around in his discussion:

- Grading of LAMPS/PACS - 4270 LAMPS/PACS out of 4412 have been graded A, B, C, D as per their performance based upon parameters i.e. - Annual Profit, Business Module, Annual General meeting, Audit, documentation of Records, Infrastructure and Maintenance etc. Grading has been done for providing financial assistance and benefits of other schemes to LAMPS/PACS.
- Computerization of LAMPS/PACS and linkage to CSC - 403 LAMPS/PACS have been computerized and 430 are under process. 573 LAMPS/PACS started working as Common Service Centre. LAMPS/PACS working as CSC are empowering their members financially and providing valuable amenities in rural areas. A sum of Rs. 10 cr. is allocated in financial year 2022-23 for Computerization and LAMPS/PACS graded better will be given priority.
 - Setting up of Cold Room
 - 30 MT - 139 unit of 30 MT capacity cold room have been set up at LAMPS/PACS level.
 - 05 MT- 57 unit of 5 MT capacity eco-friendly solar cold room have been set up at local haats and markets for short duration storage of perishable goods providing safeguard to small vendors.
- Working Capital to LAMPS/PACS - Total 432 LAMPS/PACS has been given Rs.2 (two) lakh each, for working capital and infrastructure development. In current financial year A sum of Rs. 21.00 Cr. has been provisioned for Nodal LAMPS/PACS doing business of seed and fertilizer at block level and will be given 8-10 lakh each.
- Godown Construction at LAMPS/PACS level — Total 1339 Godowns cum office have been constructed at LAMPS/PACS level with capacity of 1,46,600 MT helping in implementation of schemes like paddy procurement, seed and fertilizer distribution etc. In current financial year creation of 32000 MT storage facility at LAMPS/PACS level is proposed through NCDC and societies graded better will be given priority.
- Paddy Procurement Centre - LAMPS/PACS are main tool of Paddy procurement in state of Jharkhand. 294 LAMPS/PACS worked as procurement centre in current season enabling the state to achieve the target of paddy procurement. LAMPS/PACS working as PDS — Department has directed district official to develop LAMPS/PACS as PDS. Currently 53 LAMPS/PACS are working as PDS. Website development and database digitization of LAMPS/PACS-New Website for Cooperative division has been developed. It aims at the database digitization of LAMPS/PACS and provides the information about the programs, schemes and achievements related to the department for public that will-strengthen the root of cooperative movement in State of Jharkhand.

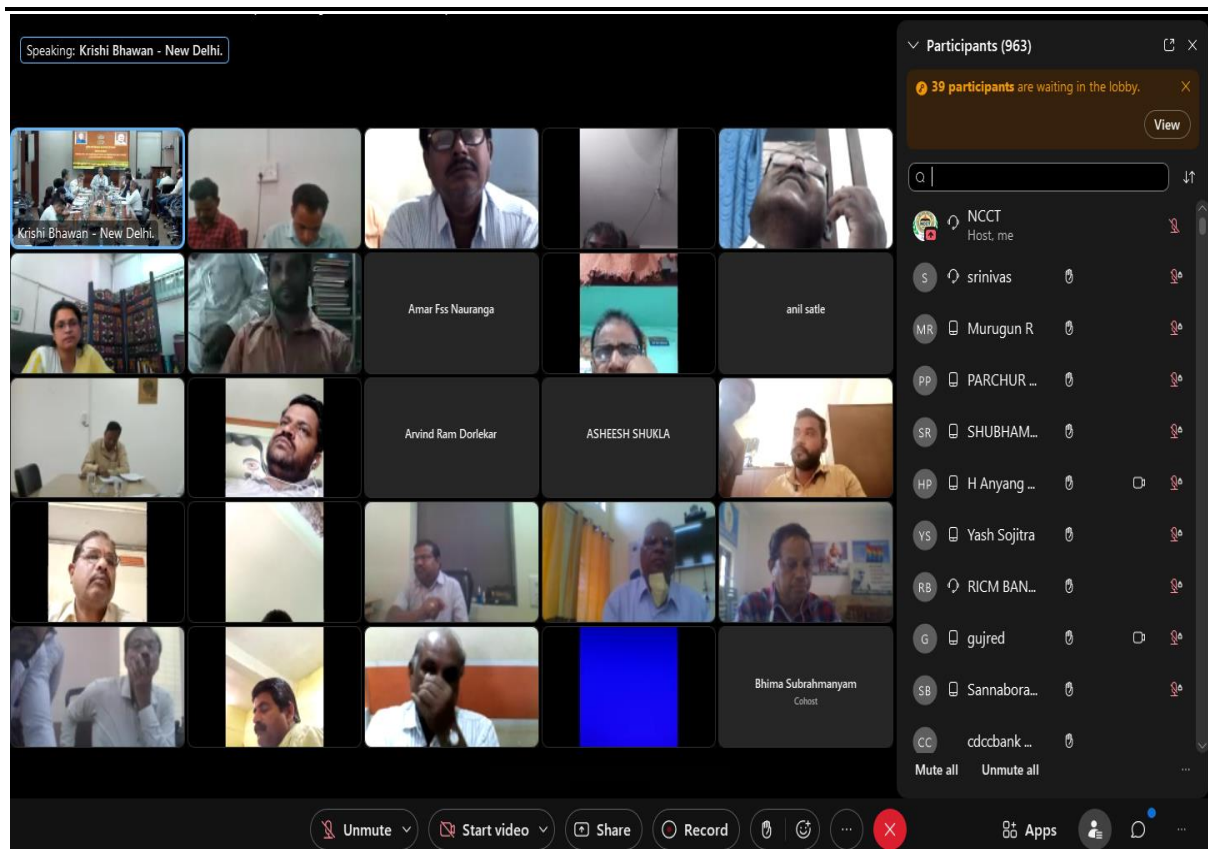
Address by Shri Devendra Kumar Singh, Secretary, Ministry of Cooperation, Government of India



Shri Devendra Kumar Singh, appealed to the audience to connect through social media, to visit the website of the Ministry of Cooperation and provide feedback and suggestions so that they can be understood and worked upon to create policies and framework which would lead to the upliftment of the community as a whole. The Secretary also reiterated that, for building the institution, a combined effort is the need of the hour. The schemes under different ministries are also available online and everyone should try to go through them and make the most of the opportunities.

Vote of Thanks, Shri Mohan Kumar Mishra, Secretary, National Council for Cooperative Training (NCCT)

Shri Mohan Kumar Mishra thanked the Secretary, Ministry of Cooperation and wholeheartedly extended his regard for the participation of all the representatives of PACS, resource persons and all the dignitaries for such an insightful discussion with this national webinar on PACS.



Key recommendations made by Speakers in the Webinar

The speakers in the Webinar offered valuable recommendations for the revitalization of PACS. As the issues identified and recommendations were similar in nature, this report presents a consolidated list of the key recommendations:

1. The adherence to compliance and regularity of audit for PACS and its digitalization formed a key recommendation for improving the effectiveness and control system covering inspection of the institution.'
2. Audit of PACS needs to be comprehensive, more frequent, and timely.
3. The proper implementation of Vaidyanathan Committee recommendations would solve major issues faced by PACS.
4. Focus on improving credit quality
5. PACS need to diversify to serve emerging needs in society, in areas such as the non-farm sector, and to ensure a viable portfolio for themselves
6. PACS should innovate to serve financial inclusion goals
7. Ensuring an apolitical and professional system
8. The diversification of products and facilitation of implementation of schemes of Government of India would help in financial inclusion and create a greater impact with a social objective.
9. Exposure visits can be a good learning experience and should be conducted at least twice a year.
10. The use of recapitalization support for states should be revisited.
11. Training and capacity building of PACS would act as a catalyzing effect in making PACS more vibrant.

Annexure – Acronyms Used

BIRD - Bankers Institute of Rural Development

FPO – Farmers’ Producer Organization

ICM - Institute of Cooperative Management

INR – Indian Rupees

JLG – Joint Liability Group

MEDP – Micro Enterprise Development Programme

LEDP - Livelihood and Enterprise Development Programme

NABARD - National Bank for Agriculture and Rural Development

NCCT – National Council for Co-operative Training

NGO – Non Governmental Organization

NPA - Non-Performing Assets

PACS - Primary Agricultural Credit Societies

SHG – Self Help Group

UNDP - United Nations Development Programme

Attendees List

1. Total 1886 Participants attended the High Level National Webinar on “Rejuvenation of Primary Agricultural Cooperative Societies” held on 29.04.2022

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Session Detail Report

Session detail for 'National Webinar on "Rejuvenation of Primary Agriculture Cooperative Societies (PACS)- emerging issues, challenges and Way Ahead".'

All sessions in India Time (Mumbai, GMT+05:30)

Meeting information			
Topic:	National Webinar on "Rejuvenation of Primary Agriculture Cooperative Societies (PACS)- emerging issues, challenges and Way Ahead	Meeting type:	Meetings
Start date:	4/29/22	Start time:	10:12 am
Duration:	190 mins	Invited:	0
Registered:	N/A	Client attended:	1886

2. More than 5000 members of PACS have viewed this Mega Event through YouTube live streaming.

